



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
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11 June 2019

NOTICE OF MEETING

A meeting of the **AUDIT AND SCRUTINY COMMITTEE** will be held in the **COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD** on **TUESDAY, 18 JUNE 2019** at **11:15 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**

- 3. MINUTES** (Pages 5 - 10)

Minutes of the Audit and Scrutiny Committee as held on Tuesday, 19 March 2019.

AUDIT ITEMS

- 4. INTERNAL AUDIT SUMMARY OF ACTIVITIES** (Pages 11 - 20)
Report by Chief Internal Auditor
- 5. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2018/2019**
(Pages 21 - 106)
Report by Chief Internal Auditor
- 6. INTERNAL AUDIT REPORT FOLLOW-UP 2018-19** (Pages 107 - 120)
Report by Chief Internal Auditor
- 7. INTERNAL AUDIT - ANNUAL REPORT 2018/19** (Pages 121 - 130)
Report by Chief Internal Auditor
- 8. MANAGEMENT REPORT 2018/19** (Pages 131 - 136)
Report by Audit Scotland

9. LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE
(Pages 137 - 186)

Report by Audit Scotland

SCRUTINY ITEMS

10. STRATEGIC RISK REGISTER (Pages 187 - 192)

Report by Chief Executive

11. MONEY SKILLS ARGYLL SCRUTINY REVIEW (Pages 193 - 212)

Report by Chief Internal Auditor

12. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 - ANALYSIS AND COMMENTARY (Pages 213 - 340)

Report by Head of Improvement & HR

13. COUNCIL PERFORMANCE REPORT - OCTOBER TO MARCH 2019 (Pages 341 - 370)

Report by Chief Executive

14. COMMUNICATIONS TEAM SELF-EVALUATION FINDINGS (Pages 371 - 374)

Report by Head of Improvement and HR

15. 2019 EMPLOYEE SURVEY AND ORGANISATIONAL CULTURE AUDIT (Pages 375 - 408)

Report by Chief Internal Auditor and Communications Manager

16. UNAUDITED FINANCIAL ACCOUNTS - TO FOLLOW

Report by Head of Strategic Finance

17. 2019/20 SCRUTINY PLAN (Pages 409 - 436)

Report by Chief Internal Auditor

18. SAFEGUARDING PUBLIC MONEY (Pages 437 - 488)

Report by Chief Internal Auditor

19. REVIEW OF CODE OF CORPORATE GOVERNANCE (Pages 489 - 530)

Report by Governance and Risk Manager

20. EXTERNAL AUDIT UPDATE REPORT (Pages 531 - 538)

Report by Audit Scotland

21. DRAFT AUDIT AND SCRUTINY COMMITTEE WORKPLAN (Pages 539 - 544)

Audit and Scrutiny Committee

Martin Caldwell (Chair)

Councillor George Freeman

Councillor Alan Reid

Councillor Richard Trail

Councillor Jim Findlay

Councillor Sir Jamie McGrigor

Councillor Sandy Taylor (Vice-Chair)

Councillor Andrew Vennard

Shona Barton, Area Committee Manager

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

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**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on TUESDAY, 19 MARCH 2019**

Present: Martin Caldwell (Chair)

Councillor Jim Findlay Councillor Sandy Taylor
Councillor George Freeman Councillor Richard Trail
Councillor Sir Jamie McGrigor

Attending: Kirsty Flanagan, Head of Strategic Finance
Laurence Slavin, Chief Internal Auditor
Shona Barton, Area Committee Manager
Annemarie McLean, Compliance Officer
John Cornett, Director, Audit Scotland
Jim Rundell, Manager, Audit Scotland

The Chair notified the Committee of the sudden death of the previous Vice Chair, Sheila Hill and asked the Committee to join him in a moments silence to honour her and also the victims of the recent terrorist attacks in New Zealand.

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting and in particular to John Cornett, Director of Audit Scotland and Annemarie McLean who will soon be joining the Audit team.

Apologies for absence were intimated on behalf of Councillor Andrew Vennard.

The Area Committee Manager advised of the request from Councillor Alan Reid to join the meeting by Skype. She outlined the protocol for Video Conferencing and advised that due to IT difficulties Councillor Reid was unable to join the meeting, she further advised of the efforts that were being made to meet the request.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minute of the Audit and Scrutiny Committee as held on Tuesday, 18 December 2018 was approved as a true record.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during Quarter 4 of 2018/19 against a number of areas, which included:

- 2018/19 Audit Plan progress
- Additional audit team activity
- Continuous monitoring

- Internal Audit development plan
- Performance indicators

The Chief Internal Auditor highlighted an additional audit which has been requested, following receipt of correspondence, in relation to the Council's approach to Traffic Regulation Orders which would be a departure from the already agreed Internal Audit Plan. He advised that he was confident that resources are available to carry out this additional audit within the timescales requested. It was noted that the output of this audit would be reported to the June meeting of the Committee.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report.

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

5. INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE 2018/19

The Committee gave consideration to a report containing the action plans in relation to the following 4 audits:

- Performance Management
- Environmental Health
- CareFirst
- Commercial Waste Management

Decision:

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

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

6. INTERNAL AUDIT REPORT FOLLOW-UP

The Committee gave consideration to a report and accompanying appendices which provided an update on all open actions as at 31 December 2018 including information on actions where the agreed implementation date has been rescheduled.

Decision:

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

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

7. EXTERNAL AUDIT ANNUAL PLAN

The Committee gave consideration to a report by Audit Scotland which outlined the audit plan for the 2018/19 financial statement. It highlighted the generic key risks; the reporting arrangements; the audit fee and the responsibilities of the Audit and Scrutiny Committee; the accountable officer and the appointed auditor.

Decision:

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

(Reference: Report by Audit Scotland, dated 19 March 2019, submitted.)

8. 2019/20 INTERNAL AUDIT ANNUAL PLAN

The Committee gave consideration to a report which introduced the 2019/20 Internal Audit Annual Plan.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note the change between the draft 2019/20 Internal Audit annual plan presented to the Committee in December 2018 and the proposed final 2019/20 plan; and
2. to approve the Internal Audit Annual Plan 2019/20 (Appendix 1).

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted)

9. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report outlining the proposed changes to the Internal Audit Charter and Internal Audit Manual, both of which had been updated to reflect changes in the working practices within Internal Audit and to better align them with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Decision:

The Audit and Scrutiny Committee agreed:

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

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted)

10. EXTERNAL AUDIT STATUS REPORT

The Committee gave consideration to an update report by Audit Scotland which outlined the Annual Audit Plan 2018/19; Governance work; Audit dimensions work; Best Value; Grant claims; Annual accounts audit and the National performance audit reports. Information in relation to the proposed audit programme for 2019/20 to 2023/24 was also provided.

Decision:

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

(Reference: Report by Audit Scotland, dated 19 March 2019, submitted)

11. UNAUDITED ANNUAL ACCOUNTS 2018-19

The Committee gave consideration to a report advising of the plans in place for the financial year end 31 March 2019 and the preparation of the Council's Unaudited Annual Accounts for 2018-19. Information on the timetables for the closure of the Council's 2018-19 General Ledger, the Social Work Closedown and the Annual Accounts Preparation Plan was also provided.

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 2019 in line with the Scottish Government's requirements.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted)

The Chair ruled and the Committee agreed, to adjourn for a ten minute comfort break at 1.05pm. The Committee reconvened at 1.15pm with all in attendance as per the sederunt.

12. AUDIT SCOTLAND REPORT - FINANCIAL OVERVIEW 2017-18

The Committee gave consideration to a report summarising the key points from Audit Scotland's Financial Overview 2017-18 report, which included commentary alongside the questions for Councillors to consider.

Having identified a possible learning opportunity for the Committee and Elected Members, the Chair and the Vice Chair agreed to have discussions in relation to the questions for Councillors to consider and take forward a development plan with the Head of Strategic Finance.

Decision:

The Audit and Scrutiny Committee agreed to note the key points from the Audit Scotland Financial Overview 2017-18 and the comments included in Appendix 1 alongside the suggested questions for Councillors.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted.)

Councillor Jim Findlay left the meeting at 1.30pm during discussion of item 12 (Audit Scotland Report – Financial Overview 2017-18).

13. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report outlining the arrangements for managing the Council's treasury activities.

Decision:

The Audit and Scrutiny Committee agreed:

1. to endorse the approved Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. to note the use of Option 1 (statutory method) for the repayment of loan fund advances in respect of existing capital expenditure and new advances up to 31 March 2021 at an interest rate of 4.095%, with the exception of spend to save schemes where Option 4 (funding/income profile method) will be used; and
3. to note the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted)

14. AUDIT AND SCRUTINY COMMITTEE WORKPLAN

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

Decision:

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

(Reference: Audit and Scrutiny Committee Workplan, dated 19 March 2019, submitted)

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ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

STRATEGIC FINANCE

18 JUNE 2019

INTERNAL AUDIT SUMMARY OF ACTIVITIES

1. EXECUTIVE SUMMARY

- 1.1 The objective of the report is to provide a summary of Internal Audit activity and progress during Quarter 1 of 2019/20.
- 1.2 Core activities together with a progress update statement are shown below.
- **2018/19 Audit Plan progress:** The audit plan is complete.
 - **2019/20 Audit Plan progress:** The audit plan is currently on track.
 - **Individual Audits undertaken:** Six audits have been completed during the period. Of these audits, none are rated as high, two as substantial, two as reasonable and two as limited.
 - **Continuous Monitoring Programme Testing:** A number of auditable units are subject to continuous testing. Management have responded to previous quarter notifications and there are no outstanding issues.
 - **Performance indicators:** Current status is green / on track.

INTERNAL AUDIT SUMMARY OF ACTIVITIES

2. INTRODUCTION

2.1 The objective of the report is to provide an update on Internal Audit activity during Quarter 1 against a number of areas;

- 2018/19 Audit Plan progress
- 2019/20 Audit Plan progress
- Additional audit team activity
- Continuous monitoring
- Internal Audit development plan
- Performance indicators

3. RECOMMENDATIONS

3.1 Members are requested to review and endorse this report.

4. DETAIL

4.1 At the time of writing six audits have been completed since the previous Committee in March 2019. Four audits are currently in progress and these will be reported to a future Committee.

Audits Completed

- Land & Asset Disposal
- Self-Directed Support
- Early Years Provision
- Off-Payroll Working
- School Fund Governance
- Traffic Regulation Orders

Audits in Progress

- Following the Public Pound
- Care Home Provision
- Additional Support Needs
- Oban Airport

4.2 In addition to those already in progress indicative audits planned for Quarter 2 2019/20 are:

- Business Continuity Planning
- Health & Safety
- School attendance
- Cleaning in Council Premises
- Winter Maintenance
- Building Standards
- Normal Operating Procedures/Emergency Action Procedures (Live Argyll)

4.3 Additional updates from Quarter 1:

- The Chief Internal Auditor completed the first draft of the Governance and Accountability BV3 submission which has been presented to the Strategic Management Team and Chief Officer Group. The CIA is now working with colleagues in Strategic Finance to help complete the Use of Resources BV3 theme and continues to attend the BV3 Working Group chaired by Head of Improvement & HR.
- We have continued to progress the Money Skills Argyll (MSA) and roads resurfacing scrutiny reviews. For the MSA review four scrutiny panels have taken place and the draft report has been prepared and will be considered by the Audit and Scrutiny Committee. For the roads review four scrutiny panels have also taken place and findings are currently being to inform the draft report. A panel attendee from The Improvement Service gave positive feedback on our approach to scrutiny commenting that it is very innovative.
- The 2019/20 Scrutiny plan has been drafted. Proposed topics were assessed against the agreed prioritisation process and the plan will be considered by the Audit and Scrutiny Committee.
- We attended the year end lighting stocktake for the Lochgilphead stores depot and the completed stock sheets were passed to finance for valuation.
- We support Audit Scotland in providing a summary of fraud activity identified within the Council. Returns are submitted on an annual basis and this was completed during April 2019. This exercise will be undertaken on a quarterly basis in future.
- Our new trainee accountant has started in post and has been provided with in-house training on internal audit and scrutiny. She has also started her studying for the CIPFA qualification.

4.4 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.

4.5 A follow up process is in place whereby management are advised of continuous monitoring findings and, where appropriate, requested to take remedial actions. There are currently no outstanding follow-up points arising from previous quarters testing. Due to the volume of CM tests carried out the decision has been made to report by exception only. Issues identified are detailed in table 1 below:

Table 1: Continuous Monitoring Findings

Auditable Area	Areas Tested	Issues Identified	Management comment / action
General Ledger – Suspense Accounts	Inactive suspense accounts	There were three suspense accounts with no transactions in 2018/19, two of which had not had any suspense entries for a number of years.	The codes for the inactive suspense accounts have been disabled.
Creditors - Identification of potential duplicate or erroneous payments.	Review of potential duplicate reports.	There is currently a backlog of duplicate reports to be reviewed. As at 20 March 2019 reports had been analysed up to 21 December 2018. Officers advised this was due to resources being focused on the Oracle upgrade and staff absence.	Backdated duplicate reports have now all been checked and the process is up to date.
Expenditure Bank account reconciliation	Reconciling items	Bank reconciliations are carried out on a regular basis and are subject to secondary review however there are a number of historic reconciling items relating to payroll. Some entries date back to beginning of 2017. The Creditors supervisor sends an email to the payroll team every month to make them aware of the entries. Reviewing these lines adds a significant amount of time to the monthly reconciliation process.	A number of the 2018/19 transactions have now been cleared and the large list of “old” Payroll unreconciled items which amounts to around £40k has been passed to Strategic Finance with a view to these being written off in 2018/19. The net result of this has increased the difference in the bank reconciliation and this is also likely to be written off. Payroll have provided assurance that, from 1 April 2019, they will meet on a monthly basis with all items reconciled in a timely fashion.
Budget Monitoring - Engagement records and frequency of meetings.	Engagement records were reviewed for completeness and frequency of meetings in line with risk category.	Engagement meetings are regularly taking place, however, as so many cost centres are reviewed at any one time, it is not always possible to identify if a particular cost centre has been discussed in line with the risk category. Additionally meetings are recorded inconsistently.	The risk category applied to cost centres and the approach that is currently taken is something that requires to be reviewed and updated. The aim is to have this completed by 30 September 2019.

4.6 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 below details the National Reports issued during Quarter 4.

Table 2: Issue of National Reports in Quarter 1:

National Report	Issued To	Detail	Management response/ Action taken
Local Government in Scotland: Challenges and Performance 2019	Chief Internal Auditor	Scotland's councils are managing to improve and maintain most services. But Scottish Government funding to councils is likely to reduce in future; this, combined with increased demand and less flexibility over spending decisions, means councils need to think differently about how they deliver services to the public	Report being considered by the June 2019 Audit & Scrutiny Committee
How Council's work – Safeguarding public money: are you getting it right?	Chief Internal Auditor	Systems to prevent public money being lost to mistakes and fraud in Scotland's councils may be becoming strained, says Scotland's public spending watchdog for local government.	Report being considered by the June 2019 Audit & Scrutiny Committee
Best Value Assurance Report Stirling Council	SMT	Stirling Council's services largely perform well, and the council manages its resources effectively. It now needs to get better at identifying where and how it needs to change to meet future challenges.	Report considered by SMT on 29 April 2019
Best Value Assurance Report South Lanarkshire	SMT	South Lanarkshire Council demonstrates strong leadership, has a good approach to the way it manages its finances and has delivered improvements to many services. Now the council needs to ensure that service redesign is driven by engagement with local communities.	Report considered by SMT on 15 April 2019

4.7 National Fraud Initiative (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. Trade creditor matches have now been released and the Council is currently progressing matches as identified in the table below. A reminder process is in place to ensure that matches are reviewed on a timely basis.

Table 3: National Fraud Initiative Progress at 08/05/2019:

Operational Area	Total Matches	Recommended / High Risk Matches	Matches Complete	WIP	Match Description
CT to Elect Register	791	791	72	0	CT records to Electoral Register/ other data sets to ensure discount awarded to only those living alone aged over 18, taking into account disregarded occupants.
CT rising 18s	144	144	0	0	
CT to other Datasets	1152	1152	5	0	
Housing Benefits	413	59	24	1	HB records to records in other authorities / other datasets including student loans, payroll and pensions to identify undeclared income and capital.
Payroll	576	1	0	1	Payroll records to other datasets including other payrolls and pensions to ensure employee is not receiving additional income.
Blue Badges	141	111	141	0	Blue badge records to DWP data to identify deceased claimant with valid badge.
Private Residential Care Homes	48	28	46	0	Care home records to DWP data to identify deceased claimant with ongoing payments.
Housing Waiting list	377	28	34	41	Housing waiting list records to other organisations HBCTR and tenant data to identify undisclosed changes in circs or false info.
Personal Budgets	26	3	0	0	Direct payment records to those in other authorities, DWP and pension records to identify individuals claiming from multiple authorities, undisclosed income or where the claimant has died and payments ongoing.
Council Tax Reduction	599	92	2	1	CTR records with records in other authorities / other datasets including; student loans, payroll and pensions to identify undeclared income and capital
Creditors	3572	179	38	0	Analyses Creditors data to identify possible duplicate vendors and payments, VAT errors or fraud and multiple vendors sharing a bank account.
Procurement	102	n/a	0	0	Payroll records to Companies House and Creditors data to identify employees who appear to have a personal interest in a company that the authority has traded with.

Overall Summary of Matches

Matches Complete	Work In Progress	Cleared	Frauds	Errors	Total Value £	Recovering	Recovering Value £
362	44	272	0	90	6571.20	2	3285.60

4.8 The table below details progress against the actions points in our Internal Audit development plan. These include improvements identified as a result of our review against the Public Sector Internal Audit Standards. Additional actions have been added for the creation of a scrutiny report template and making improvements to the continuous monitoring programme. The rolling action in respect of staff development will be removed from reports going forward and committee will be notified of any additional development activity in the additional updates section.

Table 4: Internal Audit Development Key Actions:

Area For Improvement	Agreed Action	Progress Update	Timescale
Consider format for scrutiny reports	The MSA scrutiny report has been drafted and the agreed report format can be used as a template for future scrutiny reports with a caveat that they may be subject to change depending on suitability for each individual review.	Complete	May 2019
Sampling methodology	The internal audit team discussed and agreed a sampling methodology at the May 2019 team development meeting.	Complete	May 2019
Follow-up of External Audit Recommendations	We have agreed with Audit Scotland that Internal Audit will recommence follow-up of External Audit recommendations in conjunction with our current follow-up process.	On Track	June 2019
Conflict Of Interest Register	A register will be prepared to collate any potential conflicts of interest of the internal audit team.	On Track	July 2019
Review and streamline the continuous monitoring programme	Undertake a review of the revised continuous monitoring work programme following the completion of the first year. Identify areas for improvements and make changes where necessary.	On Track	August 2019
Local benchmarking indicators	The CIA has established a working group with the CIAs of four other local authorities who meet on a quarterly basis to share ideas and resources. The group are currently establishing a small suite of performance indicators which will be used for local benchmarking. Once these are finalised these will be reported to the Audit and Scrutiny Committee.	On Track	September 2019
Assurance mapping exercise	Carry out an assurance mapping exercise to ensure that Internal Audit plans are aligned to the Council's key risks, provide assurance that there is a comprehensive risk and assurance framework over the key risks and ensure there is no duplicated effort or potential gaps.	On Track	December 2019
Scrutiny lessons learnt	Prepare and submit a report to the Audit & Scrutiny Committee in March 2020 highlighting lessons learnt from the first two scrutiny reviews and identifying areas for improvement to be considered for future reviews.	On Track	March 2020

- 4.9 Internal Audit scorecard data is available on pyramid. The indicators are currently showing as on track. The undernoted table is an extract of the key information.

Internal Audit Team Scorecard 2019– 20 – FQ1 19/20 (as at May 2019)			
TEAM RESOURCES			
PRDs IA Team G →	TARGET		Percentage of PRDs complete
	90%		100%
	Number of eligible employees FTE		Number of PRDs complete FTE
	5		5
Revenue Finance	BUDGET	ACTUAL	G
YTD Position	£174,402	£179,153	
Year End Outturn	£227,663	£227,663	
BO28 Our processes and business procedures are efficient, cost effective and compliant (SF)			
Annual Risk Assurance Statements completed by Services	Target	On Track	G →
	Status	On Track	
Risk Management Overview report approved	Status	On Track	G →
	Target	On Track	
Review of Strategic Risk register	Status	On Track	G →
	Target	On Track	
Annual Audit Plan approved by 31 March	Status	On Track	G →
	Target	On Track	
% of audits completed in audit plan	Status	100%	G →
	Target	100%	
% of audit recommendations accepted	Actual	100%	G →
	Target	100%	
% customer satisfaction with audit reports	Actual	100%	G →
	Target	80%	

5. CONCLUSION

- 5.1 The 2018/19 Audit Plan is complete and the 2019/20 Audit Plan is on track. Continuous monitoring testing undertaken during the period has provided an overall effective level of assurance in respect of control effectiveness.

6. IMPLICATIONS

- 6.1 Policy - Internal Audit continues to adopt a risk based approach to activity
- 6.2 Financial -None

6.3 Legal -None

6.4 HR - None

6.5 Equalities - None

6.6 Risk – None

6.7 Customer Service - None

Laurence Slavin
Chief Internal Auditor
18 June 2019

For further information contact:

Laurence Slavin, Chief Internal Auditor (01436 657694)

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ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

STRATEGIC FINANCE

18 JUNE 2019

**INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE
2018/2019**

1. EXECUTIVE SUMMARY

- 1.1 There are six audits being reported to the Audit and Scrutiny Committee. Table below is provided for information at the pre-agenda meeting.
- 1.2 The below table 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
Early Years Provision	Substantial	0	1	1
Traffic Regulation Orders	Substantial	0	1	1
Land & Asset Disposal	Reasonable	0	1	1
School Fund Governance	Limited	2	4	2
Off-Payroll	Limited	3	0	1
Self-Directed Support	Reasonable	2	1	1

- 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 detail within each individual report.

3. DETAIL

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

Early Years Provision: This audit has provided a substantial level of assurance as internal control, governance and the management of risk is sound. The Council has a comprehensive 1140 hours delivery plan in place and good progress has been made with the implementation of the 1140 hours. It is clear that the service have made significant progress in terms of workforce development and it is anticipated that these developments will contribute to the recruitment of a suitably skilled and well qualified additional workforce to meet the needs of extended ELC entitlement. One medium recommendation was made for future Community Services Committee progress reports to detail specific changes which have been made to the delivery plan and provide reasons for these changes. One low recommendation was made for minutes of

monthly team meetings to be recorded. This was complete by the date the audit report was published.

Traffic Regulation Orders: This audit has provided a substantial level of assurance as internal control, governance and the management of risk is sound. The Council has a detailed service procedure which is aligned to current legislation and identifies the stages officers should follow during a TRO process. The Council predominantly complies with the Procedure however clarity over the performance of investigation work prior to determining the requirement for a TRO, and the manner in which key evidence is documented and filed, could be improved. A process should be introduced to ensure that the TRO procedures continue to reflect current legislation.

Land & Asset Disposal: This audit has provided a reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. Audit Scotland, as the Council's external auditors have provided assurance that, for the financial period 2017/18 surplus assets have been correctly accounted for in the general ledger and fixed asset register. There is a high level workflow and supporting checklists in place however detailed procedures should be prepared to provide better guidance on the sale or lease of Council assets. Once detailed procedures have been implemented and are established internal audit will carry out a further audit to assess compliance with them. This is provisionally scheduled for the 2021/22 internal audit plan.

School Fund Governance: This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. The Education Management Circular 1.10 which sets out instructions on how to manage school funds is comprehensive however the general consensus amongst the schools visited is that the mandatory requirements are not pragmatic, in particular for small primary schools. Consequently schools are struggling to comply with it. We have recommended that the Circular be streamlined and that consideration is given to reducing the mandatory requirements with greater focus on the more material ones. Whilst there are six additional recommendations in the report the review of the circular is the fundamental one as the other six, bar one about providing training, relate to procedures which can be built into the revised circular.

Off-Payroll Working: This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Manager guidance is in place, however there is a lack of overall control over the appointment and management of agency workers and the IR35 toolkit is not being completed as required. Testing highlighted a range of issues relating to compliance with procedures and maintaining appropriate documentation. It has not been possible to provide any assurance over whether the current appointment processes are delivering value for money.

Self-Directed Support: This audit has provided a reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. The Council has comprehensive policies and procedures which are aligned to relevant legislation though a review of them is outstanding. Officers have received formal SDS training and receive ongoing support from

the SDS officer. Risk assessments are carried out however case files recorded within Carefirst need to be reviewed to ensure that support plans, service reviews and financial reviews are up to date and properly recorded. We also concluded that there needs to be greater clarity around determining when a direct payment should cease in the event that a client does not comply with a request for a financial return.

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 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service – None

Laurence Slavin
Chief Internal Auditor
18 June 2019

For further information contact:

Laurence Slavin, Chief Internal Auditor, 01436 657694

APPENDICES

1. Early Years audit report
2. Traffic Regulation Orders audit report
3. Land and Asset Disposal audit report
4. School Fund Governance audit report
5. Off-Payroll audit report
6. Self-Directed Support audit report

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Argyll and Bute Council

Internal Audit Report

March 2019

FINAL

Early Years Provision

Audit Opinion: Substantial

	High	Medium	Low
Number of Findings	0	1	1

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Early Years Provision.
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.
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. On 15 October 2016 the Scottish Government (SG) pledged to increase the provision of free ELC from 600 to 1140 hours per year by 2020, 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 for the 600 hours free entitlement through the Children & Young People's Act 2014.
5. In February 2018, Audit Scotland published a report on the significant risks surrounding the SG's ambition to double ELC by 2020. This report included recommendations for the SG and local authorities to consider.
6. ELC is currently delivered by 54 local authority pre-5 units and 22 partner providers, such as independent and private nurseries. A further two partner providers and 29 partner childminders provide ELC for eligible two year olds.
7. In order to implement the expansion of ELC by 2020, the Council has developed a delivery plan to roll out 1140 hours of ELC sustainably across Argyll and Bute. The plan has been split into five key areas:
 - introduction
 - current supply and demand
 - consultation with stakeholders
 - future provision
 - implementation.
8. There is also a phasing plan, which outlines the Council's intentions for a phased implementation. It states that 22 establishments will offer 1140 hours by the end of 2018, a further 32 by the end of 2019 and a final 26 by August 2020. This may be subject to change depending on catering, building and staffing requirements.

9. The delivery plan indicates the estimated level of future uptake for ELC although it is recognised these figures may be subject to change. These are shown in exhibit 1.

Exhibit 1 – Projected Uptake of ELC 2018/19-2021/22

	2018/19	2019/20	2020/21	2021/22
Estimated number of 2-4 year olds	1,689	1,627	1,622	1,657

10. Based on these estimates, a provision of approximately 1.9 million statutory hours of ELC will be required across Argyll and Bute by 2021/22.
11. By 2020 the SG will have allocated the Council a total of £9.389 million in revenue funding and £6.790 million in capital funding to support the implementation of 1140 hours. In addition, the SG has made specific 'Realising Change' grant funding available to:
- procure additional change and programme management capacity to deliver 1140 hours by August 2020 and realise the vision of the 'Funding Follows the Child' service model
 - provide backfill to release existing staff to provide change and programme management capacity
 - enable a smooth transition to the 'Funding Follows the Child' service model by August 2020, including ensuring that parents understand the changes and are enabled to make informed decisions about accessing ELC and that supporting partners can build or maintain capacity to deliver the expanded entitlement.
12. The Council has been allocated £113,520 of specific Realising Change grant funding and have received £99,330 of this to date.

Scope

13. The scope of the audit was to assess the Council's progress preparing for the provision of the additional early years hours by 2020, as outlined in the Terms of Reference agreed with the Head of Education: Lifelong Learning and Support on 30 January 2019.

Risks

14. The risks considered throughout the audit were:
- **ORR09:** Failure to deliver 1140 hours of free pre-5 education for three year olds and two years olds from families in receipt of qualifying benefits by 2020
 - **SRR06:** Insufficient resources to ensure effective service delivery

Audit Opinion

15. 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.
16. 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.

Key Findings

17. We have highlighted one medium priority recommendation and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- future Community Services Committee (the Committee) progress reports should detail specific changes which have been made to the delivery plan and provide reasons for these changes
 - minutes of monthly team meetings should be recorded.
18. 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

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

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	The Council has, and is complying with, appropriate planning arrangements to facilitate implementation of 1140 hours by 2020.	ORR09 SRR06	Substantial	<p>The Council has a delivery plan which can be accessed by the public via the Early Years section of the Council's internet page. A comprehensive planning process was undertaken to draft the delivery plan which included consideration of risk and interaction with various stakeholders.</p> <p>The service is required to submit a plan to the SG by 29 March 2019 setting out what they intend to use £113,520 of realising change funding on. At the fieldwork stage detailed costings and a plan were still to be drafted. We highlighted this issue during the audit and detailed costings have now been prepared and submitted to SG.</p>
2	The Council is making suitable progress with the phased implementation of 1140 hours.	ORR09 SRR06	Substantial	<p>The Early Years team have monthly formal meetings to discuss progress against the plan. These meetings are not minuted. There are other meetings to update other stakeholders such as finance, property and catering on progress. The Committee are updated on progress however the committee reports do not clearly</p>

				document the current position versus the original planned position.
3	The Council has considered the recommendations published in Audit Scotland's 2018 report on Early Learning and Childcare.	ORR09 SRR06	Substantial	A paper was submitted to the Committee 14 June 2018 in response to the Audit Scotland report on ELC. This paper included detail on actions taken/to be taken in response to the recommendations set out in the report. We confirmed that that progress has been made with the agreed actions.

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

3. Detailed Findings

The Council has, and is complying with, appropriate planning arrangements to facilitate implementation of 1140 hours by 2020.

21. The Council has prepared a delivery plan for the implementation of 1140 hours which can be accessed by the public via the Early Years section of the Council's internet page. The original plan was approved by the Committee in September 2017 but it is a working document to which updates can be required due to a number of circumstances, such as changes to phasing plans, changes to proposed sites or changes in forecast demand for areas.
22. Regular meetings are held with the various stakeholders within the Council, such as finance, property and catering, to discuss progress with, and changes to, the delivery plan. Changes to the plan are also detailed in newsletters published on the website and posted on Early Years social media sites.
23. Prior to the creation of the delivery plan, local authorities were invited by the SG to bid for funding to undertake 1140 trials. The Council was successful in their bid for funding to trial the delivery of 1140 hours of ELC at Tobermory and Tiree which started in 2017/2018. The funding was received from the SG and the initial learning from the trials was shared at the Scottish Learning Festival in September 2017. Local authorities also had to submit a self-assessment on progress with the trials to the SG identifying what went well, the impact on quality and how any barriers were managed. 14 local authorities developed a range of trials and shared the learning with all 32 Local Authorities across Scotland. This learning was used to inform the creation of the delivery plan.
24. Specific guidance for preparing the delivery plan was provided by the SG which stipulated key planning components which had to be included in the plan. Each of the key components are included in the Council's delivery plan.
25. There was evidence that the service gave consideration to the risks involved in the implementation of 1140 hours, carried out consultation with stakeholders and gathered information from various sources in order to prepare the delivery plan. For example, information was gathered from health colleagues on the number of young people which

facilitated more accurate forecasts for future demand and facility/provider capacity was reviewed at a locality level to determine each area's capacity.

26. The Council is one of eight local authorities involved in the Northern Alliance initiative, a collaboration which seeks to build on the strengths of shared service development, create professional networks and deliver continuous professional development. Learning from discussions at Northern Alliance meetings and discussions with other local authorities, through the delivery plan support forum on the Knowledge Hub, was also used to inform the plan.
27. The service has identified concerns about the current Nursery Application Management System (NAMS). NAMS is used to monitor attendance and process payments to partner providers. It is a national system provided by the SG which all local authorities have to use, so the issues experienced within the Council are similar across other local authorities. Scotland Excel are currently working on preparing a prototype for a revised NAMS which will be more suitable for the expansion of ELC but there are concerns that this will not be created in time for full implementation of 1140 hours in August 2020.
28. To try and minimise the issues associated with the suitability of NAMS the service plan to allocate some of the specific SG funding for Realising Change to fund a data analyst post to focus on the mitigation of any potential risk. Work has been ongoing to review NAMS and identify workarounds. Although the suitability of NAMS is a potential risk, this is not being highlighted as a management action in appendix 1 as it is a national issue and the Early Years team are proactive in identifying ways to minimise the associated risk.
29. £113,520 of Realising Change SG funding has been allocated to the Council to be used at any point during implementation period. The service are required to determine what to spend this funding on and submit a plan to the SG by 29 March 2019. The funding letter states that '*Any funding not required for the agreed purposes will require to be repaid to the Scottish Government at the end of the expansion period*'. During the fieldwork stage of the audit, officers confirmed that the funding will be used to fund posts within the team such as the data analyst post referenced in paragraph 28, however detailed costings and plans were still to be drafted. This issue was raised with the audit contact through the routine feedback process and detailed costings were prepared and submitted to SG prior to the deadline of 29 March 2019.

The Council is making suitable progress with the phased implementation of 1140 hours.

30. Progress reports are submitted to the Committee throughout the year which evidence positive progress with the implementation plan, however the reports submitted do not clearly document the current position compared to the original proposed position. A review was carried out on the initial phasing plan approved by the Committee in September 2017 and the current phasing plan available on the Council website. This identified three schools which were originally meant to be phased in year 2018/19 but have been delayed to later years. This was queried and sufficient explanations were provided, however these variations are not clearly noted in the reports provided to the Committee.

Action Plan 1

31. The delivery plan is a live document progress against it is monitored on a day to day basis within the Early Years team. The team have monthly formal meetings where they discuss progress against the plan. Minutes of team meetings are not taken, so only agenda items and action plans

were available for review. The service have confirmed that minutes and actions will be recorded for future meetings.

Action Plan 2

32. There is an ELC Strategy Group which is tasked with reviewing the strategic progress against the delivery plan. The group meets approximately quarterly at which updates are provided on progress against the plan. This includes a rolling review of the actions within the delivery plan with progress updates recorded on an action plan.
33. There is an Early Years Meals Working Group who meet every second month to ensure the smooth implementation of early years meals, discuss and identify any operational or strategic issues, and ensure adequate resources are available to deliver the change safely and by the required deadlines. These meetings are attended by representatives of the catering team and the Early Years team and an action tracker is updated at every meeting to document actions arising and progress delivering existing actions.
34. The Early Years team also meet the Council's property team regularly to monitor progress with property related elements of the 1140 expansion project. During these meetings a spreadsheet with updates on all current and future property works is updated.
35. The Education Officer meets with finance colleagues on a monthly basis, through the routine budget monitoring process to discuss the financial position of the project.
36. Annual reports are also submitted to the various area committees to update on progress with ELC. These updates are included as part of the annual 'Primary School Report'.
37. The Council is obliged to submit delivery progress reports to the SG in the form of an excel spreadsheet. This information is used to inform national progress reports. To date only one progress report has been required for the period May to September 2018. This indicated that the Council is on track with the planned progress in terms of capacity and places, infrastructure and workforce. The actual uptake of additional hours is only marginally lower than anticipated with 115 children receiving additional hours compared to the forecast of 144.
38. Included in the delivery plan are five individual plans:
 - Quality Action Plan
 - Phasing Action Plan
 - Workforce Plan
 - Infrastructure Plan
 - Community Engagement Plan.
39. A sample of 20 actions from across the five plans was selected for testing with the sample including actions that should be complete and actions that were ongoing. Testing identified that the service have made good progress and, where actions have been marked as complete, there was evidence available to support this.
40. The risk of local authorities being unable to recruit a sufficient level of qualified staff has been identified as both a national risk and local risk in relation to the implementation of 1140 hours. To address this the Early Years service is working in partnership with Argyll and Bute's Learning and Development Team, Skills Development Scotland and secondary schools across Argyll and Bute to deliver a Foundation Apprenticeship in Social Services, Children and Young People. Six

young people started this qualification in August 2018 with a further 12 anticipated to start in August 2019.

41. The SG have also provided funding for three graduate practitioner posts to support practitioners to enhance literacy, numeracy and outdoor learning. These posts are known as cluster leads and support a number of settings in Dunoon, Helensburgh and Campbeltown.
42. It is clear that the service have made significant progress in terms of workforce development and it is anticipated that these developments will contribute to the recruitment of a suitably skilled and well qualified additional workforce to meet the needs of extended ELC entitlement.

[The Council has considered the recommendations published in Audit Scotland's 2018 report on Early Learning and Childcare.](#)

43. A paper was submitted to the Committee on 14 June 2018 in response to the Audit Scotland ELC report. This paper included detail on eight actions taken/to be taken in response to the recommendations set out in the report. Testing identified that progress has been made with the eight actions noted in the report put to the Committee.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Progress Report to Community Services Committee</p> <p>Whilst there is clear evidence of the service monitoring progress against the delivery plan and regular progress reports are submitted to the Community Services Committee. Progress reports do not clearly document the current position compared to the original proposed position.</p>	Positive progress and/or project preprofiling may not be clearly communicated to stakeholders.	Future reports submitted to committee will highlight areas where specific changes have been made to the plan, and provide justification for these changes.	<p>Education Manager – Early Learning</p> <p>30 June 2019</p>
Low	2	<p>Meeting Minutes</p> <p>The Early Years team have monthly formal meetings to discuss progress against the delivery plan. These meetings are not minuted so only agenda items and action plans were available for review.</p>	The service may not be able to evidence regular monitoring of progress with the delivery plan.	Service will arrange for minutes of meetings to be recorded going forward.	<p>Education Manager – Early Learning</p> <p>Complete</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.

Appendix 2 – Audit Opinion

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

Argyll and Bute Council

Internal Audit Report

May 2019

Final

Traffic Regulation Orders

Audit Opinion: **Substantial**

	High	Medium	Low
Number of Findings	0	1	1

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1. Executive Summary

Introduction

1. A review of Argyll and Bute Council's (the Council) approach to Traffic Regulation Orders (TRO's) has been planned to assess relevant council policies, compliance with them and inform a response to a complaint received by the Council in relation to a TRO relating to Off Street Parking – Isle of Mull (Mull TRO).
2. The Council responded to the complaint on 26 March 2019. A copy of the response is included as Appendix 3 to this report.
3. 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.
4. 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

5. TROs are made under the Road Traffic Regulation Act (RTRA) 1984 and the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulations 1999. The RTRA 1984 permits the Council to make traffic regulation orders with respect to any road in order, for example, to:
 - avoid danger to persons or any traffic using the road or any other road or for preventing the likelihood of any such danger arising
 - prevent damage to the road or any building on or near the road
 - facilitate the passage of vehicular or pedestrian traffic on the road or any other road.
6. The legislation sets out three main stages prior to implementation of a TRO:
 - consultation 1
 - consultation 2
 - public notification.
7. In cases where the TRO is straight forward consultation 1 and 2 can be combined.
8. Consultation 1 must run for a minimum of 14 days to allow consultation to take place and may take longer if significant comments are submitted. Consultation 2 runs for a minimum for 21 days and may take longer if significant comments are submitted. Consultation 2 includes further statutory consultees along with additional ones that the Council may consider appropriate to include.
9. The publication notification stage runs for 21 days and any person, group or organisation may submit objections to the TRO. These objections must be dealt with in line with the legislation including correspondence between the Council and the objector(s) to try and resolve the objection(s). It is then the responsibility of the relevant area committee to consider any

objections and decide whether to dismiss them or amend the TRO. The committee also has the power to drop the TRO completely.

10. Once the area committee approves a TRO it is passed to the Head of Legal Services for signing. The TRO is then advertised for a further period allowing for any objections on procedural grounds to be submitted (e.g. legislation has not been complied with). Where no objections are made during this stage the TRO is made and comes into effect six weeks after signing.

Scope

11. The scope of the audit was to assess the policies and controls in place in regard to the implementation of TROs. In particular to:
 - assess the relevant Council policies and procedures in relation to TROs to ensure they are consistent with relevant legislation
 - assess the Council's compliance with these policies and procedures.

Risks

12. The risks considered throughout the audit were:
 - **Audit Risk 1:** the Council's TRO policies and procedures do not reflect relevant legislation
 - **Audit Risk 2:** the Council implement TROs which could be subject to legal challenge due to lack of compliance with Council policy and procedures
 - **Audit Risk 3:** reputational damage to the Council

Audit Opinion

13. 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.
14. 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.

Key Findings

15. We have highlighted one medium priority recommendations and one low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - clarity is required over the need for pre-TRO investigation work and the documentation of this work should be improved
 - the TRO Procedure should be subject to periodic review to ensure they continue to reflect appropriate guidance and legislation.

16. 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

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

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	The Council has TRO policies and procedures that are aligned to relevant legislation.	Audit Risk 1	Substantial	The Council has a detailed service procedure (the Procedure) which is aligned to current legislation and identifies the stages officers should follow during a TRO process. There is no process to ensure the Procedure is subject to periodic review to ensure it continues to reflect legislation.
2	The process followed by Council officers to draft TROs complies with established policies and procedures and/or relevant legislation.	Audit Risk 2 Audit Risk 3	Substantial	The Council predominantly complies with the Procedure however clarity over the performance of investigation work prior to determining the requirement for a TRO, and the manner in which key evidence is documented and filed, could be improved.
3	Draft TROs are appropriately advertised during the TRO public notification stage.	Audit Risk 2 Audit Risk 3	High	The Council fully complied with the Procedure in relation to advertising TRO's during the public notification stage.
4	Objections to the public notification stage are managed in compliance with established policies and procedures.	Audit Risk 2 Audit Risk 3	High	The Council fully complied with the Procedure in relation to handling objections received during the public notification stage.
5	TROs are subject to consideration and approval by the appropriate area committee and Head of Legal Services.	Audit Risk 2 Audit Risk 3	High	The Council fully complied with the Procedure in relation to the consideration and approval by area committee and the Head of Legal services.

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

3. Detailed Findings

The Council has TRO policies and procedures that are aligned to relevant legislation

19. The Procedure clearly identifies the stages council officers should follow during the implementation of a TRO. It was last updated and approved in March 2018. To support this update a working group was established consisting of the Traffic and Development Manager, Traffic and Development Technician, Roads and Amenities Performance Manager and a senior solicitor. Part of their remit was to ensure the Procedure was consistent with the relevant legislation.
20. We reviewed the work carried out by the working group, particularly in regard to whether the Procedure was aligned to relevant legislation such as the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulations 1999 and concluded their work was carried out professionally and that the Procedure appropriately reflects relevant legislation.
21. In addition we concluded the Procedure is comprehensive in relation to establishing the:
 - roles and responsibilities of Council officers and elected members
 - delegated responsibilities to Area Committees in a manner consistent with the Council's constitution
 - timescales for each TRO stage.
22. The Council has no process for the Procedure to be subject to periodic review to ensure it continues to reflect Government guidance and legislation. This, however, has no impact on TROs processed in the previous 14 months as the process applied is consistent with the legislation as it is currently drafted and, as per paragraph 19, the Procedure was updated in March 2018.

Action Plan 2

The process followed by Council officers to draft TROs complies with established policies and procedures and/or relevant legislation

23. To review the Council's compliance with the Procedure, a sample of five TROs were selected for audit. One of the five was the Mull TRO referenced at paragraph 1. The other four were selected at random.
24. The Procedure requires the Council, prior to determining the requirement for and the extent of a TRO, to undertake an investigation of existing TRO's, patterns of parking movements and parking trends and a study of accidents covering the previous three years. We concluded that the level of investigation varied depending on the type of TRO being proposed and there needs to be clearer guidance about when investigation work should be carried out and the extent of it. We also concluded that, where such work was carried out, there should be improvements in the way supporting evidence is documented and filed.

Action Plan 1

25. The Procedure requires the Council to inform all relevant statutory consultees of the impending TRO to enable them to make representation prior to implementation. Statutory consultees as per the Procedure are:
 - Police Scotland
 - Scottish Fire & Rescue

- Scottish Ambulance Service
- Chair of Area Committee for information
- Public Transport Officer
- Strategic Transport and Infrastructure Manager
- Development Policy and Housing Strategy Manager.

26. The Council was compliant with its duties regarding statutory consultation for all sampled TROs.

27. The Procedure also requires the Council to ensure that affected businesses and residents are consulted to ascertain their opinion on an impending TRO. We confirmed that local bodies and businesses were invited to respond to impending TRO's however there was no documented explanation of the criteria applied to determine which local businesses should be consulted. Discussions with management confirmed there is no statutory requirement to consult with local businesses and consequently this requirement will be removed from the Procedure at the next review. However where a TRO does effect a local business management have confirmed they will be consulted. As this is not a statutory requirement and the Procedure is to be amended to remove the reference to a requirement no audit point has been raised.

28. On completion of the consultation stage the Council is required to prepare a draft TRO detailing the order and statement of reasons and make these available via a public notice on the Council's website. The Council complied with this requirement for all sampled TROs.

[Draft TROs are appropriately advertised during the TRO public notification stage](#)

29. The Procedure outlines the required steps in relation to advertising TRO's for the public notification stage:

- use of an approved advertising agency
- authorisation of the approved advertising agency's proof copy of the draft TRO
- draft TRO advertised on Council website and made available for inspection at specified locations
- draft TRO forwarded to statutory consultees
- public notification stage to run for 21 days to allow any person, group or organisation to submit objections to the TRO
- letters of objection sent to the Council's Head of Governance and Law to be forwarded to the Traffic and Development Manager at the end of the consultation period
- correspondence received by the Traffic and Development Manager to be forwarded to the Head of Governance and Law.

30. The Council complied with these requirements for all TROs sampled.

[Objections to the public notification stage are managed in compliance with established policies and procedures](#)

31. The Procedure outlines the required steps in relation to managing objections received during the public notification stage:

- letter of acknowledgement to be sent to all objectors
- list of all names and addresses of objectors to be forwarded to the Traffic and Development Manager
- objections to be replied to in order to try and address them.

32. Objections were received for three of the five sampled TROs. This included the Mull TRO which received 258 objections. We confirmed all objectors were acknowledged by the Council and the Traffic and Development Manager was advised of the names and addresses of all objectors.
33. A sample of 17 objections from the 258 received in regard to the Mull TRO were reviewed and all six objections received for the other two TROs were reviewed. We confirmed that, in all 23 cases, the Council replied in an attempt to address the objection.

[TROs are subject to consideration and approval by the appropriate area committee and Head of Legal Services](#)

34. The Procedure outlines the required steps for the consideration and approval of a TRO by the appropriate area committee and Head of Legal Services:
- area committee report is prepared detailing sustained objections, a summary of objections and a request that the committee considers the objections and decides whether or not the TRO proposal should proceed
 - area committee considers the report and determines the course of action to be followed
 - area committee contacts objectors and Police Scotland advising them of the decision
 - introduction of the TRO is agreed by the relevant officer
 - effective date is a minimum of six weeks from the date of the order advert to allow objections on procedural grounds and give time for signs/lines to be arranged
 - Council prepare a public notice which invites objections on procedural grounds and send a copy to the Approved Advertising Agency indicating the date and local newspaper in which it should be advertised
 - Head of Governance and Law signs the agreed TRO
 - copy of final TRO is forwarded to relevant personnel and appropriately displayed.
35. For all four completed TROs sampled (the Mull TRO is still to be considered by the area committee) the Council was fully compliant with all these requirements.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Pre-TRO Investigation Work</p> <p>The TRO Procedure requires the Council, prior to determining the requirement for and the extent of a TRO, to undertake an investigation of existing TROs, patterns of parking movements and parking trends and a study of accidents covering the previous three years.</p> <p>The level of investigation varies depending on the type of TRO being proposed and there needs to be clearer guidance about when investigation work should be carried out and the extent of it.</p> <p>Where such investigative work is deemed necessary the evidence to support any conclusions reached should be documented and filed appropriately.</p>	Failure to maintain accurate and complete records may lead to the misreporting or misinterpretation of data resulting in ineffective decision making.	<p>There is no statutory requirement placed upon the Council to undertake the specific investigations as specified in the TRO Procedure. The Procedure will be amended ensure it reflects those investigations required to demonstrate that a TRO is compliant with the relevant sections of the Act.</p> <p>Evidence in regard to investigations will be properly documented and filed appropriately.</p>	<p>Traffic and Development Manager</p> <p>30 June 2018</p>
Low	2	<p>Review of TRO Procedure</p> <p>There is no process for the TRO Procedure to be subject to periodic review to ensure it continues to reflect appropriate guidance and legislation.</p>	The TRO process followed may not comply with legislation potentially leading to legal challenges.	The TRO Procedure will be amended to include a review date.	<p>Traffic and Development Manager</p> <p>30 June 2018</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.

Appendix 2 – Audit Opinion

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

Appendix 3 – Response to Complaint

Dear Iona Community Council,

Stage 2 Complaint (ref 190307-000998)

I am writing to respond to your complaint regarding Parking Charges on Mull: Argyll and Bute Council (Off-Street Parking Places and Charges) (Isle of Mull), Traffic Regulation Order (TRO) 201. I will refer to this as the Mull TRO201 throughout this response.

I have completed my audit review with the terms of reference being those e-mailed to you on 14 March 2019. As per those terms my review focused on providing assurance that the Council's policies and procedures for implementing TROs are consistent with relevant legislation and were applied in relation to the Mull TRO201.

The terms of reference identified five control objectives, however as control objective 5 refers to consideration and approval by the Area Committee this is not applicable at this stage as Mull TRO201 is still to be presented to the Oban, Lorn & The Isles Area Committee.

Outlined below are my conclusions for the four applicable control objectives in relation to the Mull TRO201.

Control Objective 1 - The Council has TRO policies and procedures that are aligned to relevant legislation

The Council has a detailed service procedure (the procedure) in place which clearly identify the stages council officers should follow during the implementation of a TRO. The procedure was updated and approved in March 2018. To support this update a working group was established consisting of the Traffic and Development Manager, Traffic and Development Technician, Roads and Amenities Performance Manager and a senior solicitor. Part of their remit was to ensure the procedure was consistent with the relevant legislation.

My audit reviewed the work carried out by the working group, particularly in regard to whether the procedure was aligned to relevant legislation such as the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulations 1999 (R1999). I have concluded that their work was carried out professionally and that the procedure appropriately reflect the relevant legislation.

In addition I have concluded that the procedure is comprehensive in relation to the:

- roles and responsibilities of Council officers and elected members
- delegated responsibilities to Area Committees being consistent with the Council's constitution
- timescales for each TRO stage being clearly identified.

I have noted the Council has no process for the procedure to be subject to periodic review to ensure it continues to reflect Government guidance and legislation. I will highlight this as a recommendation for improvement in the audit report which I will be submitting to the Audit and Scrutiny Committee on 18 June 2019. This, however, has no impact on the Mull TRO201 as the process applied to it is consistent with the legislation as it is currently drafted and the procedures have relatively recently been updated in March 2018.

Control Objective 2: The process followed by Council officers to draft TROs complies with established policies and procedures and/or relevant legislation

The Council is required to inform all statutory consultees of the impending TRO to enable them to make representation prior to implementation. Statutory consultees as per the Council's procedure are:

- Police Scotland
- Scottish Fire & Rescue
- Scottish Ambulance Service
- Strathclyde Partnership for Transport
- Local Multi Ward Elected Members
- Chair of Area Committee for information
- Public Transport Officer
- Strategic Transport and Infrastructure Manager
- Development Policy and Housing Strategy Manager.

I confirmed the Council was compliant with its duties regarding statutory consultation.

The TRO procedure requires the Council to undertake an investigation of existing TRO's, patterns of parking movements and parking trends and a study of accidents covering the previous three years.

I confirmed that, prior to preparing the draft Mull TRO201, the Council considered previous TRO's and there were no recorded incidents within the Fionnphort, Craignure, Bunessan or Ledaig car parks during the last three years.

In relation to parking movement and parking trends I confirmed that a range of information was considered including:

- increase in traffic volume arising from the introduction of Road Equivalent Tariff (based on vehicle figures using the ferry as it is not possible to relate these to car parks as there are no counters at the car park access/egress points)
- complaints regarding the impact of the Mull Music Festival on Ledaig Car Park
- representation from local groups and Elected Members including the Mull Community Council's Community Participation Request
- reports of abandoned cars and trailers within Ledaig Car Park and Craignure Lorry Park
- assessment of Craignure Lorry Park
- consideration of alternate layouts and permitted vehicles to suit each car park
- feedback from a variety of council officers including Traffic & Development Officer, inspectors, parking wardens, parking supervisor, and the Network & Standards Manager.

Whilst I confirmed this information was considered to inform the draft Mull TRO201 I have formed the opinion that the Council should improve the way supporting evidence of this nature is documented and filed. This will be a recommendation in the audit report which I will be submitting to the Audit and Scrutiny Committee on 18 June 2019. It does not, however, create a material concern in relation to the legality of the Mull TRO201 but will improve the way the Council is able to evidence its considerations.

The Council is required to ensure affected businesses and residents are consulted to ascertain their opinion on the impending TRO. I confirmed that the following local bodies and businesses were invited to respond:

- Royal Mail

- Scottish Water
- British Telecom
- Scottish and Southern Electricity Network
- Mull Community Council
- Scottish Taxi Federation
- Forest Enterprise
- National Farmers Union
- Tobermory Harbour Association
- SW Mull and Lorn Development.

No responses were received from any of these bodies. The only responses received during the consultation stage were from two elected members who requested the Council consider a period of free parking at each car park. This request was reflected in the draft Mull TRO201.

The Council are required, on completion of the consultation stage, to prepare a draft TRO detailing the order and statement of reasons with these made available via a public notice on the Council's website. I concluded the Council complied with this requirement.

Control Objective 3: Draft TROs are appropriately advertised during the TRO public notification stage

The TRO procedure outlines the following required steps in relation to advertising the TRO for the public notification stage:

- use of an approved advertising agency
- authorisation of the approved advertising agency's proof copy of the draft TRO
- draft TRO advertised on Council website and made available for inspection at specified locations
- draft TRO forwarded to statutory consultees
- public notification stage to run for 21 days to allow any person, group or organisation to submit objections to the TRO
- letters of objection sent to the Council's Head of Governance and Law to be forwarded to the Traffic and Development Manager at the end of the consultation period
- correspondence received by the Traffic and Development Manager to be forwarded to the Head of Governance and Law.

I confirmed that the Council complied with all these requirements.

Control Objective 4: Objections to the public notification stage are managed in compliance with established policies and procedures

The TRO procedure outlines the following required steps in relation to managing objections received during the public notification stage:

- letter of acknowledgement to be sent to all objectors
- list of all names and addresses of objectors to be forwarded to the Traffic and Development Manager
- objections to be replied to in order to try and address them.

A total of 258 objections were received over the 21 day consultation period and I confirmed that all 258 were acknowledged by the Council. The Council reviewed these and identified 22 recurring themes. A sample of 17 objections were reviewed as part of my audit and I confirmed the Council replied to the objections in an attempt to address them.

Other Issues

As has been discussed during previous e-mail exchanges I recognise that your complaint raised some issues which have not been considered by my audit. My e-mail dated 18 March 2019 set out the reasons for this, with the predominant reason being that they are objections to the TRO proposal rather than an issue related to the Council's compliance with their internal processes or whether those processes are fit for purpose.

I have included the views I expressed on the 18 March 2019 e-mail in this response so as to provide a single formal response to the complaint.

Those issues, and my response are set out below.

Issue - There has been no meaningful engagement or consultation with the communities involved about the introduction of car parking charges and the consequences.

Response - The TRO procedure involves a consultation stage which provides the opportunity for any member of the community, including, but not limited to, statutory consultees and community groups to identify matters that may need to be addressed in the development of the proposal. Following this is a public notification stage which provides the opportunity for any party to raise objections. The Council then has a duty to manage these objections appropriately. My audit has reviewed the Council's approach to the Mull TRO201 in relation to the consultation phases and managing the objections and I have concluded that the Council has complied with their procedure. I am of the view that the process followed has provided the opportunity for all interested parties to engage with the consultation whether that be through the first consultation phase or the public consultation phase. There has been no restrictions placed on any interested parties and objections have been managed appropriately. The submissions by the Iona Community Council in terms of your correspondence is evidence that stakeholders have been afforded the opportunity to raise issues or concerns regarding draft proposals and have these considered by the Area Committee when it comes to making its decision.

Issue - There was no context-specific impact assessment, nor is there any other evidence base to inform the TRO and the risks and harmful impacts it might entail.

Response - The decision to proceed with the TRO was taken prior to Part 1 of the Equality Act 2010 coming into force on 1 April 2018 and before the enactment of the Islands (Scotland) Act 2018. Part 3 of the Act which relates to island impact assessments is yet to come into effect. More importantly, the specific process and criteria for carrying out an Island Impact Assessment has not been developed as yet or consulted on by the Scottish Government. Therefore the Council carries out a more generic impact assessment on new areas of policy that meet our duties under the Equality Act 2010 and the Fairer Scotland Duty which give regard to affected communities. In carrying out the generic impact assessment however, and in the spirit of the Act, due regard is being given to the impact on island communities of the draft proposal so that the Area Committee is aware of these aspects when reaching its decision. Whilst I recognise the point you make about the minutes of the Islands Strategic Group meeting in October 2018 the fact that there is no current published island impact assessment process means it is not possible for me to offer an audit judgement on the performance, or otherwise, of one. This is an issue which, should the community be minded to, should be raised as objection to the TRO so that it can be considered by the elected members when they make their democratic decision at an area committee. As such I see this as an objection to the TRO proposal rather than an issue related to the Council's compliance with process which I can review as part of my audit.

Equality and Socio-Economic Impact Assessments are carried out in relation to policy proposals which enable the officers who are designing a new proposal to check that they have given due regard to all equalities implications, including socio-economic inequalities, as well as impacts on island communities. A further Equalities and Socio-Economic Impact Assessment has been undertaken in relation to the Mull TRO.

I also note that the Scottish Government wrote to Mull and Iona Community Trust regarding the Islands (Scotland) Act 2018 in relation to the Mull TRO with a copy of the letter forwarded to the Council. The Scottish Government have offered to assist the Council with any assessment. The Council have replied to the Scottish Government setting out that the TRO was part of a Council decision in February 2018 and was subject to an Equalities Impact Assessment at that time. Subsequently an Equality and Socio-Economic Impact Assessment has been completed. Whilst the Equality and Socio-Economic Impact Assessment has highlighted some issues these have been mitigated as much as is possible by offering discounted rates for annual parking permits.

Issue - There was no recognition of how car parks are used currently by locals at a ferry port, nor the lifeline nature of the provision of car parks, nor use by visitors to an exceptionally remote location with direct resultant implications for a fragile visitor economy.

Response: As I have detailed in my response to control objective 1 there was evidence that consideration was given to a range of information relating to parking movement and parking trends and I refer you back to the conclusions documented in that part of this response. The wider issues relating to the lifeline nature or impact on the economy are an extension of the impact assessment point so my response is similar to the one I have documented above. As such I see this as an objection to the TRO proposal rather than an issue which I can review as part of my audit and be considered as part of the complaints process.

Issue - A Community Participation Request was misused to present a belated rationale and appearance of consultation, and the Council has persisted in misusing this CPR for this purpose when its weaknesses have been confirmed by a number of organizations.

Reply: As part of my audit I considered the use of the CPR in terms of it informing the drafting of the TRO although I should stress this was done as part of a wider consideration of the extent to which the Council has considered all relevant consultation. As detailed above I am of the view that the process followed has provided the opportunity for all interested parties to engage with the consultation whether that be through the first consultation phase or the public consultation phase. The CPR has been used to inform the TRO, as is appropriate, however I have found no evidence that it was 'misused.' The output from a CPR should be considered in much the same way as any correspondence should be considered.

Issue - Imposition of car parking charges on Mull is completely counter to the Council's policies on economic development, supporting tourism and sustaining island communities.

Response: I see this as an extension of your objection to the draft TRO so my response is similar to the one I have raised above. This is an issue which will be referred to as an objection to the TRO so that it can be considered by the elected members when they make their democratic decision at an area committee. As such I see this as an objection to the TRO proposal rather than an issue related to the Council's compliance with process which I can review as part of my audit and be considered as part of the complaints process.

Issue - The Council is acting contrary to its policy commitments to implement not only those parts of the Islands Act in force but the spirit of the Act, and it is acting inconsistently through participating in a fuel poverty ICIA whilst rejecting an ICIA on the TRO.

Response: Refer to my comments above regarding the carrying out of an island impact assessment.

I also noted you are looking for confirmation that the Area Committee will not consider or make a decision on the TRO until it can take account of the outcomes of an investigation that address your complaint. Where a complaint relates to process and has been investigated with the conclusion being the issues are unfounded there should be no barrier to members making a decision. The findings of my audit will be made available to elected members on the Area Committee prior to them considering the draft TRO. If you are not satisfied with this complaint conclusion you are entitled to raise this with the Area Committee members and it would be a matter for them to consider whether they wish to make a decision on the TRO or not. In essence they may consider the potential grounds for challenge and weigh up what the implications might be if they continue and make a decision which may be the subject of a successful challenge.

Conclusion

Based on the audit I have carried out and the responses provided above in relation to the issues not addressed by my audit I would advise that your stage 2 complaint is not upheld.

If you are not satisfied with this response then you have the right to ask the Scottish Public Service Ombudsman (SPSO) to consider your complaint. The SPSO is the final stage for complaints about most organisations providing public services in Scotland including councils and the service is independent, free and confidential.

SPSO's contract details are:

Freepost SPSO Freephone: 0800 377 7330

Online: www.spsso.org.uk/contact-us

Website: www.spsso.org.uk

Mobile site: <http://m.spsso.org.uk>

Scottish Public Services Ombudsman, Bridgeside House, 99 McDonald Road, Edinburgh EH7 4NS

The SPSO cannot normally look at complaints:

- where the customer has not gone all the way through the council's complaints handling procedure;
- more than 12 months after the customer became aware of the matter they want to complain about; or
- that have been or are being considered in court.

Yours sincerely



Laurence Slavin
Chief Internal Auditor

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Argyll and Bute Council
Internal Audit Report
May 2019
FINAL

Land and Asset Disposals

Audit Opinion: **Reasonable**

	High	Medium	Low
Number of Findings	0	1	1

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Land and Asset Disposal.
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.
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. Property Development and Estates (Estates) traditionally operated as an 'in-house service provider' to the Council's operational departments managing the Council's land and property assets.
5. Estates previously sat within Facility Services but in 2016 became part of the Special Projects Team. As part of the Council's ambition to be more commercially aware regarding asset management Estates are looking to:
 - streamline asset management processes
 - maximise income through
 - through rent reviews
 - sale or lease of surplus land and property
 - in-house estate agency and marketing
 - reduce expenditure on outsourcing asset valuations, one-off valuations and surveys by delivering the service in-house
 - identify, purchase and develop commercial opportunities on land owned by external parties.
6. Land and property assets are presently held by individual services which has resulted in a number of properties being accrued and not necessarily used for operational purposes. Estates are changing the Council's approach to property and land asset management and creating a 'One Council Approach'. Its purpose is to:
 - help focus operational services on 'services not buildings'
 - stimulate commercial opportunities
 - stimulate transfers to third sector to generate or save resource
 - provide consistent and informed property management services.
7. Strategic Finance maintain an asset register on a system called AIRS. AIRS holds identification information on Council assets such as asset name and address (if applicable) and financial information such as the asset's net book value, depreciation, valuation basis and history.
8. We audited Land and Asset Disposal in 2014/15 and concluded that only limited assurance could be given over the established risks, controls and governance. The main findings being that the:

- procedures in place did not reflect current practice
- marketing period involved in the selling of a Council asset was, in some cases, excessive
- asset register was not up to date
- information on the Council website on assets available for sale was incomplete.

Scope

9. The scope of the audit was to:
- review policy and procedures in place and ensure controls relating to asset disposal are appropriate and working in practice
 - ensure surplus assets are correctly accounted for in the general ledger and fixed asset register
 - review the findings in the 2014/15 land and assets disposal report and ensure all corrective action taken is still in place (where applicable).

Risks

10. The risks considered throughout the audit were:
- **Audit Risk 1:** disposals do not comply with Council procedures
 - **Audit Risk 2:** disposals are not correctly accounted for in the Council's general ledger and fixed asset register.
 - **Audit Risk 3:** disposals do not achieve best value
 - **Audit Risk 4:** reputational damage to Council

Audit Opinion

11. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
12. Our overall audit opinion for this audit is that we can take a reasonable level of assurance. This means that internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are 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.

Key Findings

13. We have highlighted one medium priority recommendation and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- detailed procedures should be prepared to provide better guidance on the sale or lease of Council assets
 - consideration should be given to reporting to DMT the current status of each surplus asset and any issues which may adversely impact on a timeous sale/lease.

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

2. Objectives and Summary Assessment

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

Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Council has, and is complying with, appropriate policies and procedures for asset disposal	Audit Risk 1 Audit Risk 3 Audit Risk 4	Reasonable	There is a high level workflow and supporting checklists however these do not provide sufficient guidance on the tasks needing to be completed. A report on all surplus assets, detailing the current surplus assets and whether they were available for lease or sale is periodically presented to the Departmental Management Team (DMT). This could be enhanced by detailing the status of each asset and any issues which may adversely impact on a timeous disposal.
2	Ensure that surplus assets are correctly accounted for in the general ledger and fixed asset register	Audit Risk 2	High	Audit Scotland, as the Council's external auditors, provided assurance that, for the financial period 2017/18 surplus assets have been correctly accounted for in the general ledger and fixed asset register.
3	Best consideration is obtained for disposed assets	Audit Risk 3 Audit Risk 4	Reasonable	A DMT report containing relevant information had been prepared for the sale of three of the four assets sampled. There was no evidence of a DMT report for one of the sampled disposals.

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

3. Detailed Findings

Council has, and is complying with, appropriate policies and procedures for asset disposal

17. Estates have a property team responsible for the sale and marketing of assets. The team consists of four full time surveyors, one part time and a graduate trainee with the full complement only being filled in June 2018. There are currently three surveyors on temporary contracts.

18. A report By Customer Services to Council in April 2019 noted that "The 'One Council' approach was a natural progression in looking at the effective re-structuring of the Estates Team in 2017/18, it having moved from Facility Services to the Special Projects Team. To this extent, the small team has undergone a significant transformation over the past 24 months including the additional £130k staff budgeting for 2018/19 and 2019/20 to recruit three new temporary posts".

19. There is a high level workflow for disposals which is a one page document that sets out the steps required from initially identifying an asset is available for sale or lease to decommissioning the asset. Associated with each task is a responsible officer /department including timelines where appropriate. We confirmed the map covered the principal stages in selling/leasing an asset however it did not detail the working practices of each task. There is also an “Information Gathering Checklist” that details a number of tasks to be carried out during the process and assigns a responsible officer/department. For example it sets out a need to:

- request confirmation of legal title from legal services
- request preparation of title plan
- consult property team re services and security of property
- consider assessment (demolition)
- advise insurance if vacant
- consult with appropriate council department.

20. As noted in paragraph 17, three out of the four surveyors are on temporary contracts and although Estates management have advised that processes have been evolving since new staff came on board in June 2018 a more detailed procedure would provide greater resilience in the event of any staff members leaving. This should incorporate the checklist as well as additional procedures.

Action Plan 1

21. A random sample of nine properties was selected for audit testing of which four had been sold and four were currently under offer. This sample was used to assess compliance with the current workflow. The conclusions from this testing are set out in paragraphs 22 to 30.

22. The Information Gathering checklist had not been completed for the properties sampled. No issue has been raised in relation to this as the checklist has only recently been introduced so was not available at the time disposal procedures were put in place for the sampled assets. Once the checklist is incorporated into more detailed procedures (as per paragraph 20) Estates should ensure they are applied consistently for all asset disposals.

23. The workflow specifies that a marketing strategy should be prepared and agreed by the executive director of customer services. For one of the sampled disposals a marketing strategy had been prepared, for the remaining eight we were advised that consideration was given as to whether a marketing strategy was required and it was deemed unnecessary. There is no guidance available on the criteria to determine when a formal marketing strategy is required.

Action Plan 1

24. The Customer Services DMT report of December 2017 in relation to “Oban Car Parks” agreed to progress the project through “the Property Development Working Group (PDWG), including the appointment of specialised / technical advisors or consultants that may be necessary”. This decision was made as the Oban Car Parks was viewed as a complex project that required input from a multi skilled team. Clarity on which projects would be referred to PDWG should be included within procedures.

Action Plan 1

25. The workflow refers to an indicative valuation being made of the asset prior to marketing. This was carried out where appropriate though the majority of assets were marketed as “an

expression of interest” in order to test the market which is a normal approach for Council assets such as schools, offices and land as there is no comparable valuations available.

26. The workflow refers to communication with legal in regard to assessment of offers and confirmation of title to asset being sold. E-mail communication between Estates and Legal Services confirmed ongoing communication however for three of the assets sold there was no confirmation of legal title. As per paragraph 19 this will be documented via the “Information Gathering Checklist” for all assets sold going forward.
27. A closing date for the disposal of the sampled disposals has been set where appropriate.
28. The workflow requires all disposals be advertised via an appropriate media outlet including the Council website. The Council complied with this for all four sampled assets currently available for sale.
29. Estates have a decommissioning checklist for property assets sold. The checklist had only been completed for one of the three property assets sold however evidence was available to confirm that decommissioning tasks had been completed for the remaining two. This is a minor issue so no audit point has been raised. The decommissioning checklist should be incorporated into the revised procedures recommended at paragraphs 19-20.
30. A report on all surplus assets is presented periodically to the DMT. The report details the assets currently surplus, whether they were available for lease or sale and which officer the asset had been assigned to. Consideration should be given to including the current status of each asset and any issues which may adversely impact on a timeous sale/lease.

Action Plan 2

31. Whilst our audit concluded evidence was available to confirm that key elements of the workflow tasks are being carried out, the lack of detailed procedures means it isn't possible for us to provide full assurance that the procedures followed are fully robust and comprehensive. This is the primary reason we have reached the overall judgement that ‘reasonable assurance’ can be provided that the established internal controls, governance and the management of risk are broadly reliable. Once detailed procedures have been implemented and been applied to a reasonable body of transactions we will carry out a further audit to assess compliance with them. This is provisionally scheduled for the 2021/22 internal audit plan.
32. Whilst we have raised an issue regarding the need to further improve procedures we recognise that progress has been made since we highlighted this issue in our 2014/15 audit report. Furthermore the service has addressed the other issues highlighted in that report. This provides evidence of improvement in service delivery.

[All surplus assets and asset disposals are correctly accounted for in the general ledger and fixed asset register](#)

33. Audit Scotland, as the Council's external auditors, provided assurance that, for the financial period 2017/18:
 - assets within the general ledger and the asset register had been reconciled in full at the year end with no issues arising
 - a sample of assets held at year end was confirmed as being valued in accordance with financial policies
 - a sample of high value disposals was confirmed as being properly accounted for.

34. On the basis of the assurance provide by Audit Scotland no further work was done on this control objective

Best consideration is obtained for disposed assets

35. For three of the four assets sold a DMT report had been prepared which confirmed:

- the asset was advertised on the open market and had therefore been sold at market value
- an agreement to proceed with the sale to the designated purchaser
- terms and conditions of sale to be delegated to Executive Director of Customer Services.

36. There was no evidence of a DMT report for one of the sampled disposals where a sale had been completed. Procedures should include information on what information should be included within DMT reports prior to a sale being agreed.

Action Plan 1

37. Where appropriate an independent valuation has been obtained in order to obtain a second opinion to that of Council officers. Management have advised that going forward all valuations will be carried out by Council officers, unless a specialised valuation is required, as they now have four professional surveyors in situ.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Detailed Procedures</p> <p>There are no detailed procedures to provide guidance on the sale or lease of Council assets.</p> <p>There is a high level workflow and checklists for ‘Information Gathering’ and ‘Decommissioning’ however these do not provide guidance on the detailed tasks needing to be completed. The workflow also provides no clarity over the criteria to determine when:</p> <ul style="list-style-type: none"> • a formal marketing strategy is required • a disposal should be referred to the Property Development Working Group • details of an asset sale should be reported to DMT for approval and what information should be included within the report. 	Procedures may be applied inconsistently and there may be loss of skill and knowledge if staff leave.	Procedures will be reviewed and where appropriate more detailed sub processes will be developed. The intention is to have these drafted by the end of September and they will be tested against live transactions to identify and areas for further development. Final versions will be in place by 31 December.	Property Development Manager 31 December 2019
Low	2	<p>DMT Surplus Asset Reports</p> <p>A report on all surplus assets is presented periodically to the DMT. The report details the assets currently surplus, whether they were available for lease or sale and which officer the asset had been assigned to. Consideration should be given to including the current status of each asset and any issues which may adversely impact on a timeous sale/lease.</p>	Management may not be informed of issues relating to asset disposals in a timely manner.	A property update list will be provided to DMT on a quarterly basis and will provide project updates.	Property Development Manager 30 September 2019

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

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

Appendix 2 – Audit Opinion

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

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Argyll and Bute Council
Internal Audit Report
May 2019
FINAL

School Funds

Audit Opinion: **Limited**

	High	Medium	Low
Number of Findings	2	4	2

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to school funds.
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.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. All Argyll and Bute schools operate individual school funds for the purpose of controlling monies raised in relation to local school related activities. The normal sources of income are donations, fund raising activities, contributions from pupils towards school trips, voluntary activities etc. 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 on 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. As such, in 2010, the Council issued 'Education Management Circular 1.10' (the Circular) which sets out a form of instructions to schools in relation to how school funds should be managed. The Circular was revised in 2014. Circular 1.10 was issued as an instruction rather than guidelines with all schools advised they should be treated accordingly.
6. Within Argyll & Bute there are:
 - seventy primary schools
 - five secondary schools
 - one joint campus
 - four learning centres
 - four 3-18 schools
 - two hostels.

Scope

7. The purpose of the audit was to provide assurance that there are appropriate controls in place to ensure effective management of school funds as outlined in the Terms of Reference agreed with the Head of Education: Lifelong Learning and Support on 2 February 2018.
8. It was further agreed with Head of Education: Lifelong Learning and Support that the audit would visit twelve schools, including a balance of primary and secondary schools, ensuring the

sample provided coverage across the Council's four administrative areas. It was agreed that the purpose of the audit was to identify areas for process improvement to be applied consistently across the Council's school estate rather than it highlighting specific issues at an individual school level. The drafting of this report, and the recommendations for improvement contained within it, reflects this agreed focus on the process improvement. The schools visited during our review are set out in exhibit 1.

Exhibit 1 – Schools Visited

Administrative Area	Secondary School	Primary School
Bute & Cowal	Rothesay Joint Campus	Innellan Rothesay
Helensburgh & Lomond	Hermitage Academy	Arrochar St Joseph's
Mid Argyll, Kintyre & Islay	Lochgilphead Joint Campus	Gigha Tarbert
Oban, Lorn & The Isles	Tobermory High School	Salen Tobermory

Audit Opinion

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

Key Findings

11. We have highlighted two high priority recommendations, four medium priority recommendations and two low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - the Circular should be streamlined to provide greater clarity over school fund management with consideration given to reducing the mandatory requirements it establishes
 - schools should be reminded of the need to perform monthly reconciliations between cashbooks and bank statements
 - practical ways of providing school fund training to fund committee members should be explored
 - schools should be reminded of the need for a school fund constitution to be established which is consistent with the Circular
 - the format of cashbooks should be standardised and guidance provided on how to complete them
 - schools should be reminded of the need for all expenditure to be authorised in compliance with established limits and to issue receipts for income

- the format of the annual receipts and payments statement should be standardised
- schools should be reminded of the requirement for school fund audits to be conducted independently with appropriate evidence of the audit maintained.

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

Exhibit 2 – Summary Assessment of Control Objectives

	Control Objective	Assessment	Summary Conclusion
1	There is adequate guidance and support to assist fund committees in the management of school funds.	Reasonable	The Circular provides comprehensive instructions on the management of school funds however the general consensus amongst the schools visited is that it would benefit from being streamlined and that the mandatory requirements are not pragmatic, in particular for small primary schools where funds are managed by a small number of people. There is no training in place to support school fund committee members.
2	There is a general fund committee to provide governance of the school fund.	Limited	Only five of the twelve schools visited had a committee which fully complied with the requirements of the Circular and three had no committee at all. Schools are not holding elections to appoint committee members and only four hold fund meetings. All bar one school has a written constitution to provide governance over the school fund although only four had been ratified by the committee. There is clear scope to reconsider the committee requirements established by the Circular.
3	Appropriate record keeping and banking arrangements are established.	Reasonable	All twelve schools have appropriate banking arrangements in place and maintain cashbooks. However three schools are not performing monthly reconciliations between the cash book and the bank statements with a further three not subjecting their reconciliations to independent checking. The quality of record keeping in cash books could be improved.
4	There are appropriate measures in place to manage 'School Trip' accounts.	Limited	Seven schools maintain separate trip accounts, the remaining five use the general purpose bank account. It is not clear what value there is having separate accounts, in particular if there is sound internal recording of lodgements.
5	All income and expenditure is adequately recorded	Limited	The extent to which schools could provide supporting documentation to evidence expenditure and income varied throughout the

	and authorised and cash handling arrangements are appropriate.		schools visited. In addition it wasn't always clear that expenditure had been authorised in compliance with expenditure limits established by the school's constitution. Appropriate arrangements were in place for securing cash and cheques.
6	School fund accounts are subject to appropriate audit and record retention.	Substantial	Eleven of the twelve schools had made arrangements for their school fund accounts to be audited with ten of these audits being appropriately independent.

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

3. Detailed Findings

There is adequate guidance and support to assist fund committees in the management of school funds

15. At each of the 12 schools visited we sought the views of the relevant school staff on the adequacy of the Circular. The feedback received from the schools was that:

- seven considered it excessive in size, onerous, and not user friendly
- three found it informative
- two never referred to it with one having never heard of it.

16. Specific views expressed were that, whilst the Circular is comprehensive, it is not easy to navigate and the requirements are often too onerous, especially for small primary schools with limited support and less scope for parental involvement in managing the fund. There was a clear appetite for the document to be streamlined, for it to be more pragmatic in terms of expectations and it was suggested there may be benefit in having different guidance and requirements for secondary and primary schools.

Action Plan 1

17. Once the Circular has been revised and circulated to all schools Internal Audit will build review of school funds into its programme of continuous monitoring to provide a degree of annual assurance that the revised procedures have been implemented.

18. There is no formal training in place to support school fund committee members with training provided at the discretion of the school. The majority of staff who are currently managing funds were either trained by the previous person as part of a handover process or have acquired an understanding of requirements over a period of time. In four of the twelve schools only one person knew how to manage the fund. This could create issues in the event of extended illness or absence.

Action Plan 3

There is a general fund committee to provide governance of the school fund

19. The circular requires that each school has a general fund committee which includes the headteacher, depute plus elected representatives of the teaching staff and parents. It also requires the committees to have, as a minimum, a chairperson, secretary and treasurer. Of the twelve schools visited:

- five have a committee with membership complying with the Circular
- three have a committee without parent representation
- one has a committee of volunteers without elected representatives
- three have no committee at all.

20. The Circular also requires schools to hold elections every two years to appoint committee members however there was no evidence on any of the twelve schools holding elections. Committee members tend to have either volunteered or been asked to be involved. Membership of committees only tends to change if a member leaves with a replacement sought by asking for a volunteer at a staff meeting. There was a consensus in the schools visited that requiring elections was not pragmatic as the reality is that it is unusual to have sufficient interested parties to warrant holding an election.

Action Plan 1

21. The Circular requires each school fund committee to have a written constitution which defines the committee's role, membership and powers of co-option. It also requires the constitution to be ratified by the committee and approved at a meeting open to staff and parents. The Circular provides a template constitution which schools can use but stresses that the template should be regarded as illustrative and that a school may choose to add other details to their particular constitution.

22. Eleven of the twelve schools visited had a written constitution with these predominantly mirroring the template provided in the Circular. One of the eleven had drafted their own constitution which included the required elements whilst two did not detail expenditure limits. Four had been formally ratified by the committee and only one had been approved at a meeting open to staff and parents.

Action Plans 1 and 4

23. The Circular requires schools to hold fund committee meetings 'as often as necessary', but at least one per term for secondary schools and once a year for primary schools. These meetings are supposed to be minuted. Only four of the schools visited hold fund meetings and only three of these minute them.

Action Plan 1

24. Secondary schools are required to have a payments sub-committee which is headed up by the treasurer. Only one of the secondary schools visited have established a payments sub-committee. Schools questioned the value in having a separate committee.

Action Plan 1

Appropriate record keeping and banking arrangements are established

25. The Circular sets out a series of requirements in relation to how schools should maintain financial records and manage bank accounts. Exhibit 3 sets out a summarised position of compliance with these requirements for the twelve schools visited.

Exhibit 3 – Compliance with required Record Keeping and Banking Arrangements

Requirement	Compliant Schools
School fund bank account in school name with no reference to the Council	12
Headteachers maintain list of school bank accounts detailing account name, number, branch and account signatories	8
Three, or more, signatories for bank accounts with two required to operate	12
Cashbooks maintained within which all income and expenditure is recorded	12
Monthly reconciliations between cash book and bank statements	9
Monthly reconciliations checked by second person	6
Income lodged intact (expenditure not taken out of income prior to banking)	12
Frequency of banking determined by headteacher (no less than weekly)	12

Action Plan 2

26. Whilst we noted that all twelve schools had a form of cashbook in place these tended to vary substantially in style, format and the extent to which recorded income and expenditure was cross referenced to receipts. Some were maintained in Microsoft Excel, some in Microsoft Word and some were hand written in books. Consideration should be given to standardising cashbooks, preferably in Excel to minimise the risk of arithmetic errors, with guidance provided on how to complete them.

Action Plan 5

There are appropriate measures in place to manage 'School Trip' accounts

27. The Circular requires schools to have separate 'School Trip' bank accounts. Seven of the twelve schools visited comply with this requirement. The other five use the general purpose bank account for all school funds and school trip money. The majority of schools visited were of the opinion that having separate trip accounts is unnecessary and creates an additional administrative burden. If their internal recording of lodgements is good there is little value in keeping the trip account separate from the general fund account.

Action Plan 1

All income and expenditure is adequately recorded and authorised and cash handling arrangements are appropriate

28. The Circular requires all income and expenditure to be recorded in a cash book and be supported by appropriate documentation which is serially numbered with the number recorded in the cash book. In addition expenditure should be authorised in compliance with expenditure limits established by the schools constitution. For the twelve schools:
- six could not evidence that expenditure had been authorised in compliance with established limits
 - three did not use the certification slip which is supposed to be used for unreceipted expenditure (generally low value expenditure)
 - four do not issue receipts for income.

Action Plan 6

29. Three schools operate a small float which is maintained via fundraising and one has an imprest account. The other schools manage without having a float as they make purchases either using PECOS and/or a purchase card. Cash and cheques in all twelve schools are stored in a secure location and we were provided assurances by all schools that cheques, where used, are fully completed before they are signed.

School fund accounts are subject to appropriate audit and record retention

30. The Circular requires that an annual receipts and payments statement be prepared by the Treasurer and signed by all the bank account signatories. All the schools visited prepared annual statements although only five were prepared by the Treasurer. The others were prepared by clerical staff, the headteacher or a teacher. This is not considered a material concern. Three of the schools do not get the statements signed off by the other bank account signatories. The format, style and quality of the annual statement varied considerably across the schools visited and there may be benefit in standardising this.

Action Plan 7

31. Schools are required to have their school fund audited on an annual basis by a person unconnected to the administration of the fund. The auditor is required to sign the cash book and annual receipts and payments statement to evidence the performance of the audit. Our review highlighted that:

- eleven schools had made arrangements for their statements to be audited although one was audited by a member of the school's fund committee
- one school paid an external firm to compile their annual statement however it wasn't subject to an audit (refer to paragraph 32)
- six schools do not get the auditor to sign the cash book.

Action Plan 8

32. Seven of the appointed auditors did not ask the school for any fee in relation to performing the audit, four accepted donations or fees ranging from £25 to £72 however one school was paying a local accountancy firm £672 to prepare their annual receipts and payment statement. This was due to a misunderstanding whereby the school were of the belief that the accounts had to be prepared by a qualified accountant. During the audit we advised the school this was not necessary and they will be preparing the statement internally going forward.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Review of Education Circular 1.10</p> <p>The extent to which schools refer to, and make use of Circular 1.10 varies with the general consensus amongst schools being that it is not easy to navigate, is excessive in size and is not pragmatic in terms of the mandatory requirements it establishes, in particular for smaller schools with limited support.</p> <p>The Circular would benefit from being streamlined to provide greater clarity over the management of school funds. Particular consideration should be given to the mandatory requirement for:</p> <ul style="list-style-type: none"> • committee elections • need for parents to be on committee • formal fund meetings • payment sub-committees • separate school trip accounts • formal ratification of school fund constitutions at an open meeting. <p>The Circular could also benefit from a contents page and a general review to determine whether the main body and accompanying appendices are clear and still fit for purpose as it has been five years since they were last reviewed.</p>	School funds may not be getting managed appropriately due to inconsistent practices.	<p>Streamline Education Circular 1.10, obtain necessary approvals and rollout to schools. The key stages are:</p> <ol style="list-style-type: none"> 1. Form working group consisting School Service Support Manager, 1 AFA, 1 member of Finance Team, 1 HT 2. Revise circular 3. Obtain necessary approvals from EMT, DMT, JSC 4. Roll out to schools for implementation 	<p>School Services Support Manager</p> <p>31 May 2019</p> <p>31 October 2019</p> <p>31 December 2019</p> <p>20 April 2020</p>

High	2	<p>Cashbook to Bank Statement Reconciliations</p> <p>Three out of the twelve schools visited did not perform monthly reconciliations between their cashbook and the bank statement. Of the nine that did perform a monthly reconciliation three did not have the reconciliation checked by a second person.</p>	School funds may be misappropriated.	Standard Circular 1.10 will be updated (See Section 1 of Action Plan). The revised circular will contain checklist section on key tasks which must be adhered to	School Services Support Manager 20 April 2020
Medium	3	<p>School Fund Training</p> <p>There is no training in place to support school fund committee members. The majority of staff who are currently managing funds were either trained by the previous person as part of a handover process or have acquired an understanding of requirements over a period of time. This can lead to inconsistent practices across schools and a lack of resilience in the event of periods of extended illness or absence.</p> <p>It is recognised that face to face training may not be practical due to the number of schools and Argyll and Bute's geographical challenges so consideration should be given to alternative ways of providing training.</p>	School funds may not be getting managed appropriately due to inconsistent practices.	<p>When the final version of the new streamlined Standard Circular 1.10 is complete training will be provided through the AFAs and rolled out to staff within all schools.</p> <p>Produce LEON guidance for new staff.</p>	School Services Support Manager 20 April 2020 31 July 2020

Medium	4	<p>School Fund Constitution</p> <p>Eleven of the twelve schools visited had a written constitution with these predominantly mirroring the template provided in the Circular. Two of the eleven did not detail expenditure limits.</p> <p>After the Circular has been revised, including the template school constitution set out in it, schools should be reminded of the need to have a constitution and for it to reflect the revised requirements in the Circular.</p>	School funds may not be getting managed in a manner compliant with the revised Circular.	Standard Circular 1.10 will be updated (See Section 1 of Action Plan). The revised circular will contain a standard School Constitution Template.	School Services Support Manager 20 April 2020
Medium	5	<p>Cashbooks</p> <p>Whilst all twelve schools visited had a form of cashbook in place these tended to vary substantially in style, format and the extent to which recorded income and expenditure was cross referenced to receipts. Some were maintained in Microsoft Excel, some in Microsoft Word and some were hand written in books. The format of cashbooks should be standardised, preferably in Excel to minimise the risk of arithmetic errors, with guidance provided on how to complete them.</p>	Schools may not have a clear and accurate record of their cash position or be able to properly evidence income and expenditure.	Standard Circular 1.10 will be updated (See Section 1 of Action Plan). A standard Cash Book template will be created in Excel and training will be provided as outlined above.	School Services Support Manager 20 April 2020

Medium	6	<p>Evidencing Income and Authorising Expenditure</p> <p>During sample testing of income and expenditure items we identified that for the twelve schools:</p> <ul style="list-style-type: none"> • six could not evidence that expenditure had been authorised in compliance with established limits • three did not use the certification slip for unreceipted expenditure • four do not issue receipts for income. <p>Schools should be reminded of the need for all expenditure to be authorised in compliance with established limits and to issue receipts for income.</p>	School expenditure may not be subject to appropriate authorisation.	Standard Circular 1.10 will be updated (See Section 1 of Action Plan). The revised circular will contain checklist section on key tasks which must be adhered to which will include authorising of expenditure.	School Services Support Manager 20 April 2020
Low	7	<p>Format of Receipts and Payments Statements</p> <p>The Circular provides a template receipts and payments statement that schools can chose to adopt however not all do and our review highlighted that the format, style and quality of the annual statements varied considerably across the schools visited.</p> <p>After the Circular has been revised, including the template receipts and payments statement, the format of the annual receipts and payments statements should be standardised across all schools.</p>	Use of school funds may not be recorded and reported consistently.	Standard Circular 1.10 will be updated (See Section 1 of Action Plan). A standard Receipts and Payments template will be created which schools will be advised to follow.	School Services Support Manager 20 April 2020

Low	8	<p>Auditing School Funds</p> <p>Schools are required to have their school fund audited on an annual basis by a person independent of managing the fund. The auditor is required to sign the receipts and payments statement and cashbook to evidence the performance of the audit.</p> <p>Our review confirmed this requirement was predominantly being complied with however one school did not have audit arrangements in place and for six schools the receipts and payment statement was signed but the cashbook wasn't.</p>	<p>School funds may not be subject to appropriately independent annual audits.</p>	<p>Standard Circular 1.10 will be updated (See Section 1 of Action Plan). The revised circular will contain guidance in relation to auditing processes.</p>	<p>School Services Support Manager</p> <p>Easter 2020</p>
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In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

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

Appendix 2 – Audit Opinion

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

Argyll and Bute Council
Internal Audit Report
June 2019
FINAL

Off-Payroll Working

Audit Opinion: Limited

	High	Medium	Low
Number of Findings	3	0	1

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to off-payroll 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.
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. Off-payroll workers may be engaged by the Council, with the appropriate authorisation, in circumstances where a manager has been unsuccessful at filling a vacant post via the Council's normal recruitment procedures or, in exceptional circumstances, where there is a requirement for a specific skill set.
5. The Council has framework agreements in place with certain agencies to provide candidates, this should be the first point of contact when managers require to source workers. These agencies are set up as suppliers within the PECOS purchasing system to aid compliance with the requirements of the frameworks. Where a suitable candidate cannot be provided through these framework agreements, management may conduct a wider search using other suppliers available on PECOS.
6. Management are responsible for monitoring the use and cost of off-payroll workers. IR35 is tax legislation designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. The off-payroll working rules are designed to ensure that, where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and National Insurance contributions (NICs) as an employee.
7. The Council is responsible for determining whether the off-payroll working rules apply when they decide to offer temporary employment to someone who supplies services through an intermediary. HMRC provide an online 'check employment status for tax' IR35 toolkit to help determine whether the off-payroll working rules apply. The Council is required to notify the individual, or intermediary who supplies the worker, of this determination. This needs to be done before the contract or service starts (whichever is later).
8. If the Council determines that off-payroll working rules do apply they are required to make tax and NIC deductions from payments to the worker. Interest and penalties can be charged on any income tax or NICs owed because the off-payroll working rules have not been applied. The penalties can be more severe if the rules were deliberately ignored.
9. A review of the Council's Creditors system using supplier names provided in the listing detailed in paragraph 20 indicated that from 01 April 2018 to 10 March 2019, 1,500 payments with a total value of £1.8m had been paid in respect of off-payroll workers.

Scope

10. The scope of the audit was to review the Council's guidance and arrangements in place for compliance with IR35 which came into force in April 2017 as outlined in the Terms of Reference agreed with the Head of Customer and Support Services and the Head of Improvement and HR on 13 February 2019.

Risks

11. The risks considered throughout the audit were:
 - **Audit Risk 1** – Failure to comply with IR35 legislation
 - **Audit Risk 2** – Incur interest and/or penalties resulting in financial loss for the Council
 - **Audit Risk 3** – Failure to deliver best value

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 limited level of assurance. This means that internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk.

Recommendations

14. We have highlighted three high priority recommendations and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - responsibility for the appointment and management of agency workers should be resolved as a matter of priority
 - a register of all agency workers appointed by the Council should be compiled and maintained
 - all relevant documentation should be completed, retained and be accessible for review
 - the manager's guidance should incorporate a link to the HMRC IR35 toolkit.
15. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

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

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	The Council has guidance in place which is aligned to IR35 off payroll working rules for public authorities and is complied with.	Audit Risk 1 Audit Risk 2	Limited	Manager's guidance is in place, however there is a lack of overall control over the appointment and management of agency workers and the IR35 toolkit is not being completed as required.
2	Services procured through off-payroll working arrangements are appropriately monitored to ensure best value is achieved.	Audit Risk 3	No Assurance	Sample testing of appointed agency workers highlighted a range of issues relating to compliance with procedures and maintaining appropriate documentation. It has not been possible to provide any assurance over whether current appointment processes are delivering value for money.

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

3. Detailed Findings

The Council has guidance in place which is aligned to IR35 off payroll working rules for public authorities and is complied with

18. 'Agency Workers Manager's Guidance' (the Guidance) is available on the Council's intranet where it is easily accessible. This offers a step by step process to follow when appointing agency workers. Step 6 within the Guidance instructs management to complete the HMRC toolkit but does not provide a link to where the toolkit is available online.

Action Plan 4

19. The process to appoint agency workers, following the Guidance and completing the HMRC toolkit is devolved to the employing manager rather than being a centralised process carried out by a specific support function. The audit findings detailed in this report provide sufficient evidence to support a conclusion that this decentralisation has resulted in a lack of awareness of the need to follow the Guidance and, consequently, an overall lack of control over the appointment and management of agency workers. This needs to be resolved as a matter of priority with consideration given to either centralising the process, or maintaining the current devolved approach but taking steps to raise awareness of the Guidance and the need to comply with it.

Action Plan 1

20. The Council does not maintain a register of agency workers, therefore, a complete and accurate population of workers could not be provided from which we could select a sample for audit testing. The Council's procurement team were, however, able to provide a list of 29 agency

workers by phoning officers in social work and strategic finance staff. This provided a list of social workers, however, procurement were aware of one additional worker engaged within Strategic Finance for whom they assisted in the negotiation of terms and conditions. It is likely that there may be more agency workers engaged by the Council who could not be easily identified. The Guidance states that “Should the engagements span beyond 12 weeks then the terms of the Agency Worker Regulations (AWR) 2010 may apply. Agency workers should not be engaged for more than 6 months.” The AWR 2010 ensures that agency workers are equally treated to employees following 12 weeks of continuous engagement in respect of pay and other basic working conditions such as annual leave, breaks and pregnancy related leave. Engagements should not span beyond 6 months to reflect the temporary nature of the engagement and the increased costs involved. Without a controlled register of agency workers including start dates there is limited control to ensure the 12 week and 6 month thresholds are not breached. This has been highlighted further at paragraph 23.

Action Plan 2

21. A sample of 10 agency workers was selected from the 29 identified in social work and the relevant recruiting officers contacted to provide evidence of HMRC IR35 assessment. This highlighted that there was no evidence of completion of the HMRC toolkit for nine of the sampled ten and, where a toolkit was completed, the agency worker or agency was not notified of the IR35 determination. We also confirmed that the Council’s payroll section have not been requested to process any off-payroll workers to date. This may be appropriate but also may suggest there are agency workers who the Council are paying without making appropriate tax and NIC deductions.

Action Plan 3

22. If the IR35 assessment required deductions to be applied, the worker would be added to the payroll system as if they were employed by the Council and follow corporate processes to ensure tax and NIC are deducted and notified to HMRC via the RTI (Real-Time Information) submissions. Funds would be paid accordingly to the worker and deductions to HMRC.

[Services procured through off-payroll working arrangements are appropriately monitored to ensure best value is achieved](#)

23. The sample referenced at paragraph 21 was used to undertake further testing in respect of the recruitment process. This highlighted that for the sample of ten:
- signed justification for engagement was only available for two
 - justification for contract extensions was available for three however these weren’t signed and the original justification was not available
 - no justification for engagement could be provided for the remaining five
 - established framework agreements were used for five and justification for non-competitive action was provided for one, there was no justification for deviation from the framework agreements for the remaining four
 - there was no evidence of a review of CVs or interviews and references were only provided for one worker
 - all five workers for whom documentation was available have been engaged for more than six months.

Action Plan 3

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Appointment of Agency Workers</p> <p>The process to appoint agency workers is devolved to the employing manager rather than being a centralised process carried out by a specific support function. This decentralisation has resulted in a lack of awareness of the need to follow the Agency Worker Guidance and, consequently, an overall lack of control over the appointment and management of agency workers.</p> <p>This needs to be resolved as a matter of priority with consideration given to either centralising the process, or maintaining the current devolved approach but taking steps to raise awareness of the guidance and the need to comply with it.</p>	<p>Agency workers are appointed without following due process and appropriate payroll deductions may not be made prior to the Council making payments. This may result in the HMRC applying penalties.</p>	<p>All agency worker appointments in future will be notified to Head of Customer Support Services for review to ensure all payroll deductions are made.</p>	<p>Head of Customer Support Services and Head of Legal and Regulatory Support</p> <p>31 December 2019</p>

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	2	<p>Agency Worker Register</p> <p>The Council does not maintain a register of agency workers meaning that monitoring the length of time workers are engaged for depends on whether the appointing manager has localised monitoring in place. The guidance to managers confirms that “Should the engagements span beyond 12 weeks then the terms of the Agency Worker Regulations (AWR) 2010 may apply. Agency workers should not be engaged for more than 6 months.” Out of a sample of ten agency workers we identified five who had been employed for longer than six months with there being no available evidence of the start date of the other five.</p>	The Council may not achieve best value through engagement of agency workers over prolonged periods of time and the Council may not comply with AWR2010.	A central register will be maintained and all reviewed and discussed with managers after twelve weeks and six months.	Head of Customer Support Services and Head of Legal and Regulatory Support 31 December 2019
High	3	<p>Evidence of Compliance with Guidance</p> <p>Sample testing of appointed agency workers highlighted a range of issues relating to compliance with procedures and maintaining appropriate documentation. This included not:</p> <ul style="list-style-type: none"> • completing the HMRC IR35 Toolkit • notifying agency workers of toolkit determination • having authorised justification for engagement or contract extensions • justifying deviation from framework agreements • reviewing CVs or references or carrying out interviews. 	The Council may not achieve best value and may also fail to make appropriate payroll deductions resulting in the HMRC applying penalties.	All agency workers appointments in future will be notified to Head of Customer Support Services for review to ensure all payroll deductions are made, and council procedures are being complied with.	Head of Customer Support Services and Head of Legal and Regulatory Support 31 December 2019

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Low	4	Managers Guidance 'Agency Workers Manager's Guidance' is available which provides a step by step process to follow when appointing agency workers. Step 6 within the Guidance instructs management to complete the HMRC toolkit but does not provide a link to where the toolkit is available online.	Absence of a link may deter managers from completing the HMRC Toolkit	A link to the HMRC toolkit will be added to the guidance document.	Head of Customer Support Services and Head of Legal and Regulatory Support 30 June 2019

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

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

Appendix 2 – Audit Opinion

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

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Argyll and Bute Council
Internal Audit Report
June 2019
Final

Self-Directed Support

Audit Opinion: **Reasonable**

	High	Medium	Low
Number of Findings	2	1	1

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Self-Directed Support (SDS)..
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.
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. In January 2013, the Scottish Parliament passed the Social Care (Self-directed Support) (Scotland) Act 2013 (the Act). The Act places a duty on councils, from April 2014, to offer people newly assessed as needing social care a wider range of options for choosing and controlling their support. People already receiving support before April 2014 should be offered these options the next time their needs are reviewed.
5. SDS is a major change to the way people with social care needs are supported. It is based on the human rights principles of fairness, respect, equality, dignity and autonomy for all. This means that people should be equal partners with relevant professionals in determining their social care needs and controlling how those needs are met. SDS aims to improve the impact that care and support has on people's lives by helping them to choose and control what type of social care services they get, when and where they get them, and who provides them. It also recognised that people should not be limited to choosing from existing services such as day centres, respite care or homecare, but may still choose them if they feel they best meet their needs.
6. The Act places responsibility on the Council, from April 2014 onwards, to offer people four options regarding how their social care is managed. These options are:
 - the individual or carer chooses and arranges the support and manages the budget as a direct payment (Option 1)
 - the individual chooses the support and the authority or other organisation arranges the chosen support and manages the budget (Option 2)
 - the authority chooses or arranges the support (Option 3)
 - a mixture of options 1,2 and 3.
7. The Council currently has 157 schemes in place where individuals or carers have chosen to arrange their own support and manage their budget through a direct payment (Option 1). The net annual spend on direct payments is approximately £2.8 million. The audit focused on this option.

Scope

8. The scope of the audit was to assess the:

- established direct payment policies and procedures
- calculation, preparation and approval of direct payments
- monitoring of client care and recovery of under spends.

Risks

9. The risks considered throughout the audit were:

- **Audit Risk 1:** Clear policies and procedures, reflecting legislation, are not in place for clients and staff
- **Audit Risk 2:** Risk assessments are not carried out on clients
- **Audit Risk 3:** Direct payments are not appropriately managed
- **Audit Risk 4:** Risk based monitoring arrangements do not exist to verify the client's ability to manage direct payments and to ensure continued eligibility

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a reasonable level of assurance. This means 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.

Key Findings

12. We have highlighted two high priority recommendation, one medium recommendation and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- all direct payment recipients should have a support plan documented in Carefirst
 - service and financial reviews should be carried out in compliance with established procedures and review records stored in Carefirst
 - clarity is required as to when direct payments should be terminated for failure to comply with a request for financial returns
 - the Policy and Procedural Guidance for Staff and Managers should be reviewed and updated.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

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

Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Clear policies and Procedures are in place for clients and staff in relation to managing direct payments	Audit Risk 1	Substantial	The Council has comprehensive policies and procedures (the Procedure) which are aligned to relevant legislation. The Procedure has not been reviewed since December 2017. Supported persons are provided with appropriate guidance. Officers have received formal SDS training and receive ongoing support from the SDS officer.
2	Direct payment agreements are agreed between the client and Council which clearly outline the responsibilities of both parties	Audit Risk 2 Audit Risk 3	Reasonable	Direct payment agreements are in place for all contracts sampled however 68% of clients do not have a support plan recorded in Carefirst. Financial assessment forms are not being filed in Carefirst.
3	Relevant risk assessments are carried out including the review of the direct payment calculation	Audit Risk 2 Audit Risk 3	High	Risk assessments are carried to determine the frequency of service and financial reviews and appropriate controls are in place to monitor the use of direct payment funds. Hourly rates are being paid in line with current agreements.
4	Monitoring arrangements exist to ensure clients can manage the direct payment and to ensure their continued eligibility	Audit Risk 4	Reasonable	Financial returns submitted by direct payment recipients are subject to appropriate review and issues are discussed with relevant support staff. However 47 of the 157 current SDS clients have an outstanding financial review and 11 have not received a service review in the past 12 months. Clarity is required as to when a direct payment should cease in the event that a client does not comply with a request for a financial return.

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

3. Detailed Findings

Clear policies and Procedures are in place for clients and staff in relation to managing direct payments

16. There is a comprehensive “Policy and Procedural Guidance for Staff and Managers” (the Procedure) which reflects the provisions of The Self-directed Support (Direct Payment) (Scotland) Regulations 2014 which came into force on the 1st April 2014 following the enactment of the 2013 Act. The Procedure was last reviewed in December 2017 and a further

review was scheduled to take place in April 2018. This review is outstanding. The Procedure contains hourly rates which are out of date though we confirmed that guidance issued to supported people has been updated with the latest rates.

Action Plan 4

17. Part A of the Procedure directly links council policy to the relevant sections of the 2014 Act including outlining:
 - why direct payments have been introduced (Act Part 1)
 - Council policy on payments and termination of direct payments (Act Part 2)
 - Council policy on the provision of support by family members (Act Part 3)
 - Council policy on persons ineligible to receive direct payments (Act Part 4)
 - Council policy on circumstances where the Council will not give the supported person the opportunity to choose direct payments (Act Part 5)
 18. Part B of the Procedure provides comprehensive guidance on the processes to follow to manage direct payments and clearly defines roles and responsibilities.
 19. The Council supply all supported persons who chose direct payments with an information pack which is comprehensive, clearly sets out the Council's and supported person's responsibilities and provides guidance on:
 - setting up a specific bank account for direct payments only
 - keeping records and making them available for inspection
 - assessing the supported person's care needs
 - payment of the direct payment
 - eligible expenditure that direct payments can be applied to
 - rules on employment of relatives or 3rd parties
 - a template that the supported person should complete for expenditure.
 20. Social work officers and finance staff have received formal training and the SDS officer provides training and support to staff on a one to one basis and, if requested, will attend team meetings to provide updates.
- Direct payment agreements are agreed between the client and Council which clearly outline the responsibilities of both parties
21. A random sample of ten direct payment contracts was selected for audit testing. This was used to test compliance with the processes set out in the Procedure.
 22. The Procedure requires the Council and the supported person to enter into a contractual agreement known as a Direct Payment Agreement. We confirmed that, for all ten contracts, a signed agreement detailing the responsibilities of both the Council and the supported person was in place.
 23. The Procedure requires a support plan be prepared for all direct payment clients which includes, as a minimum:
 - note of assessed needs
 - associated risks and how these will be managed
 - preferred outcomes of service provision
 - details of service to be provided
 - review date.

24. Of the ten sampled contracts sampled, evidence of a support plan being in place could only be provided for one. Further review of data recorded in Carefirst (where supported persons case files are recorded) identified that 106 of the current 157 (68%) direct payment schemes do not have a recorded support plan.

Action Plan 1

25. The Procedure states that the Council can means test a direct payment recipient to assess their ability to contribute to the cost of securing the support to which the direct payment relates. This requires the completion of a Care Cost Assessment Form. These had been completed for all ten contracts sampled.

Relevant risk assessments are carried out including the review of the direct payment calculation

26. The Procedure outlines a risk monitoring matrix for financial reviews and service reviews. The monitoring matrix bases the frequency of reviews on the weekly payment amount and the assessed competence of the supported person to complete and forward the required financial returns to the Council.

27. Direct payment recipients are required to have a separate bank account used solely for the purpose of receiving direct payments and making payments relating to the services the direct payment is provided for. The account must not be used for any personal business. We confirmed that, for the contracts sampled, all ten supported people had an appropriate bank account and that the Council has controls in place to identify if the account is used for inappropriate transactions. We also confirmed that the appropriate hourly rate is being paid for all ten sampled contracts.

28. The Procedure states that where the supported person is ineligible to receive a direct payment they, or their representative, should be notified:

- of the reasons why they are considered ineligible
- that the decision will be reviewed where a material change has occurred
- that they can request a review at a later date
- that they have an opportunity to review one of the other options.

29. A review of correspondence sent to supported persons deemed ineligible for direct payment support confirmed the Council complied with these requirements.

Monitoring arrangements exist to ensure clients can manage the direct payment and to ensure their continued eligibility

30. There are two finance administration officers who are responsible for ensuring that supported persons who have opted for direct payments provide the required financial returns along with receipts, copies of payslips, invoices and bank statements.

31. These officers monitor the financial returns based on the agreed risk level frequency (as per paragraph 26) and:

- confirm the full direct payment rate is being paid to the carer and that tax and national insurance is evidenced as being paid
- review the supported persons bank balance
- confirm the number of hours paid exceeds assessment needs
- review bank statement to ensure there are no unauthorised transactions

- ensure the bank statements have been sent to finance.

32. For the ten contracts sampled we confirmed that eight financial reviews were carried out as prescribed and any issues raised were noted. There was no evidence for the remaining two. A Performance and Information report was run from Carefirst which highlighted that 110 (70%) of the current 157 direct payment recipients have had their financial reviews completed. 47 (30%) are outstanding. Furthermore financial review records are not stored within the Carefirst system but are kept separately although there is information on Carefirst regarding the costs of the direct payment funding.

Action Plan 2

33. Any issues identified during financial reviews are highlighted to the most appropriate Council officer. During the audit we were made aware of an e-mail sent to local area managers which highlighted five cases where direct payment recipients had not returned their financial review information as required. For two of the five the financial documentation had been outstanding for approximately three years and it has been requested on multiple occasions. Despite this the direct payments continued to be paid. Clarity is required as to when SDS payments should be terminated for failure to comply with the request for financial returns.

Action Plan 3

34. The Procedure requires that service reviews be undertaken to ensure that the supported person's needs are being met and that the direct payment arrangements continue to be appropriate. All supported persons have the opportunity to raise any issues/concerns during the review process. Of the ten sampled contracts there was evidence that eight of the ten had had a service review within the last 12 months as required by procedures. There was no evidence of a service review for the remaining two. A Performance and Information report run from Carefirst highlighted that 11 (7%) of the current 157 direct payment recipients have not received a service review within the last 12 months.

Action Plan 2

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Support Plans</p> <p>106 (68%) of the 157 current direct payment recipients do not have a support plan recorded in Carefirst.</p>	Supported people may not be receiving the appropriate support which is targeted at achieving preferred outcomes.	All case files within Carefirst will be reviewed to ensure that support plans have been prepared and recorded within the system.	Self-Directed Support Officer 31 March 2020
High	2	<p>Service and Financial Reviews</p> <p>Data held in Carefirst highlighted that of the 157 current direct payment recipients:</p> <ul style="list-style-type: none"> • 47 (30%) have an outstanding financial review • 11 (19%) have an outstanding service review <p>Furthermore the financial review records are not filed in Carefirst.</p>	Direct payment arrangements and provision of support may not reflect changes in direct payments recipient circumstances	All case files within Carefirst will be reviewed to ensure that Financial and Service reviews are up to date and recorded within the system.	Self-Directed Support Officer 31 March 2020
Medium	3	<p>Termination of SDS Payments</p> <p>Direct payments are continuing to be paid to recipients despite the failing to comply with a requirement to provide a financial return and despite multiple reminders. Clarity is required as to when direct payments should be terminated for failure to comply with the request for financial returns.</p>	Direct payments may be getting paid inappropriately.	The Policy and Procedural Guidance for Staff and Managers will be updated to provide greater clarity over the procedures to follow in the event that financial returns are not provided within an appropriate timeframe.	Self-Directed Support Officer 31 March 2020

Low	4	<p>Review of Procedures</p> <p>The Policy and Procedural Guidance for Staff and Managers has not been reviewed since December 2017 despite a review being scheduled to take place in April 2018. The procedure contains information on hourly rates which are out of date.</p>	<p>The procedures adopted may no longer comply with legislation or identified good practice. Furthermore incorrect hourly rates may be applied to direct payment calculations.</p>	<p>The Policy and Procedural Guidance for Staff and Managers will be reviewed and updated</p>	<p>Self-Directed Support Officer</p> <p>31 March 2020</p>
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In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

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

Appendix 2 – Audit Opinion

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

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ARGYLL AND BUTE COUNCIL
AUDIT AND SCRUTINY COMMITTEE**STRATEGIC FINANCE****18 JUNE 2019**

INTERNAL AUDIT REPORT FOLLOW UP 2018-19

1.0 INTRODUCTION

- 1.1 Internal 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 2019 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 between 01 January and 31 March 2019 and actions due after 31 March 2019.

Actions Due between 01 January 2019 and 31 March 2019

Service	Complete	Delayed / Rescheduled	Total
ADULT CARE	0	3	3
CUSTOMER & SUPPORT SERVICES	4	0	4
ECONOMIC DEVELOPMENT	0	2	2
EDUCATION	1	0	1
GOVERNANCE & LAW	1	0	1
PLANNING & REGULATORY SERVICES	1	3	4
ROADS & AMENITY SERVICES	2	1	3
STRATEGIC FINANCE	0	2	2
TOTAL	9	11	20

Actions due after 31 March 2019

Service	Complete	On Course	Delayed & Rescheduled	Total
CHILDREN & FAMILIES	7	2	4	13
CUSTOMER & SUPPORT SERVICES	0	0	1	1
EDUCATION	0	1	0	1
IMPROVEMENT & HR	2	1	0	3
LIVEARGYLL	0	1	0	1
PLANNING & REGULATORY	2	2	0	4
ROADS & AMENITY SERVICES	0	9	0	9
STRATEGIC FINANCE	0	3	1	4
TOTAL	11	19	6	36

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

4.0 CONCLUSION

4.1 Satisfactory progress continues to be made implementing audit actions.

5.0 IMPLICATIONS

5.1 Policy	None
5.2 Financial	None
5.3 Legal	None
5.4 HR	None
5.5 Equalities	None
5.6 Risk	None
5.7 Customer Service	None

Laurence Slavin
Chief Internal Auditor
 18 June 2019

For further information please contact:
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APPENDICES

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

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

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
Strategic Finance - Risk Management	Social care risk management There does not appear to be clarity over responsibility for the management of social care operational risks or clear evidence that they are being reviewed and updated on a regular basis.	High	The Head of Strategic Finance will engage with the Chief Officer of HSCP to agree the process for monitoring and reporting Social Work operational risks.	19 March 2019 31 May 2019	The focus of attention for the HSCP has been on the budget and this action is delayed until 31 May 2019. Financial risks have been identified and a paper was submitted to the IJB on 27 March, but operational risk process needs to be put in place.	Head of Strategic Finance Delayed and Rescheduled
Strategic Finance - VAT	VAT Sample Testing The Council's Business Support Officer is supposed to carry out a range of periodic sample checks to help minimise the risk of incorrect VAT treatment. These include: <ul style="list-style-type: none"> monthly checks of debtors and creditors transactions monthly check of a sample of active cash receipting codes quarterly check of new debtor charge 	High	Sample testing will be undertaken going forward.	31 January 2019 31 March 2019 30 April 2019	It was agreed at the Strategic Finance Management Team meeting that we will undertake to perform the monthly testing on an on-going basis so that for example the March Sample will be tested in April and so on. Evidence that this has been carried out will therefore not be available until the end of April.	Business Support Officer Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	codes. Resource constraints have resulted in these controls not being performed. These should be reinstated and consideration given to formalising them more including establishing the sample sizes which should be checked.					
Development & Infrastructure - Oban Airport	Service Level Agreement with SFRS The SLA between the Council and SFRS, first drafted in 2007, has never been formally signed off. It needs to be reviewed to ensure it reflect currents operation and signed by both parties.	High	A meeting has taken place and further meetings arranged with SFR to explore options to update SLA.	15 March 2019 31 October 2019	SFR are working up a cost for providing a SLA to ABC, for ABC to consider. Require to re-tender for air services. Based on whether SFRS continues the service SLA will be agreed as part of new tender agreement.	Strategic Transportation Manager Delayed and Rescheduled
Development & Infrastructure - Oban Airport	Processing SFRS Invoices All invoices from SFRS are currently on hold and have been since May 2017. Agreement between the Council and SFRS to resolve the issue is urgently	Medium	A meeting has taken place and further meetings arranged with SFR. ABC has arranged for airport logbooks to be sent to SFR to allow them to calculate actual hours logged in reconciliation	15 March 2019 31 October 2019	SFR now have all log books and are recalculating actual hours worked and a cost estimate will be submitted to ABC to consider. New JDPS for posts on the islands have been created and	Strategic Transportation Manager Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	required and should include a clear process for agreeing or amending all invoices on hold and the basis on which future invoices will be calculated and paid.		of invoices on hold. Currently exploring whether new posts can be created for fire cover provision on the islands to resolve the ongoing issue.		are awaiting job evaluation. Require to re-tender for air services. Based on whether SFRS continues the services new arrangements need to be agreed.	
Development & Infrastructure - Environmental Health	<p>Policies and Procedures Review</p> <p>The FSS action plan requires all policies and procedures to be reviewed and updated if necessary. The Council have commenced the review of four core documents, one is complete and the second is in draft form but have no version control applied to them. A third is in draft form combining two previous policies and has version control applied.</p>	Low	Version control will be applied to the documents identified and to those remaining to be reviewed.	31 March 2019 31 May 2019	Work on policies and procedures on hold as resources diverted to EU withdrawal contingency plans covering export of food into the EU.	<p>Environmental Health Manager(West)</p> <p>Delayed and Rescheduled</p>
Development & Infrastructure - Planning Fees	Compliance with Procedures & Provision of Training Sample testing of pre advice requests highlighted inconsistent	High	Training and procedure notes will be completed and circulated.	30 November 2018 28 February 2019 31 March 2019 30 April 2019	Due to officer availability cascade of sessions has had to be extended into April.	<p>Development Manager</p> <p>Delayed and Rescheduled</p>

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	processing of pre-application advice requests including not using appropriate template documentation and erroneously not charging fees. Training and procedure notes intended to support staff when the new fees were introduced does not appear to have been provided.					
Development & Infrastructure - Trading Standards	Standard Operating Procedures There are very limited documented procedures for the majority of the areas of work within Trading Standards. Provision of step-by-step instructions would act as guidelines for employees to undertake work processes in a consistent manner in line with legal and regulatory requirements and best practice. Trading Standards	Medium	Standard operating procedures will be prepared and reviewed by management in accordance with the Trading Standards Improvement Plan.	31 December 2018 28 February 2019 31 March 2019 31 May 2019	Document library is in place and being populated however further work required to complete and sign off is currently on hold due to the restructure and reduction of staff from Trading Standards team To be reviewed once changes to distribution of current resource has been structured.	Trading Standards Manager Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	should perform an exercise to identify all processes which would benefit from having documented procedures and then create a programme of work for them to be drafted and approved.					
Development & Infrastructure - Street Lighting	Review of Documented Policy and Procedures Whilst the street lighting policy details maintenance standards and a number of documented procedures have been updated in the last three years to reflect the LED replacement programme further work is required to ensure policy and procedures reflect current working practices.	High	Review of policy and procedures will be carried out.	30 September 2018 30 November 2018 31 March 2019 31 May 2019	Most of the works surrounding the street lighting audit action have been dealt with and we've now scheduled a meeting for the 1st and 2nd May to complete formatting of the required documents which I will then forward as evidence.	Contracts Manager Delayed and Rescheduled
H&SCP – Adult Care - Alcohol/Drug Dependency Services Correspondence	Addaction Contract Extension There was a lack of clarity over who was responsible for awarding the Addaction contract	Medium	ADP governance structures will provide clarity on the responsibility for all decisions regarding contracts.	31 March 2019 30 June 2019	This work has been completed but requires ratification from a new ADP under the new governance structure of the IJB. The first meeting	ADP Co-ordinator Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
Review	<p>extension. The wording of the ITT suggests it should be a Council decision and the ADP constitution does not make any reference to the Committee having the authority to award contracts.</p> <p>The actual decision was primarily taken by the independent ADP Chair on the basis of Addaction's performance as evidenced by quarterly performance reports presented to the Committee. This decision was taken prior to the completion of the Addaction contract review.</p> <p>Clarity should be provided regarding authority to award contracts, and contract extensions, for services commissioned by the ADP with the text of relevant procurement</p>				of the ADP is due to take place in May/June once the process for identifying the new membership is completed.	

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	and/or ADP governance documentation amended accordingly. This decision should be informed by the completion of a contract review as required by the terms of the ITT.					
H&SCP - Adult Care - Alcohol/Drug Dependency Services Correspondence Review	Performance Reporting Addaction and ABAT provide performance monitoring reports which are reviewed by the ADP Coordinator and a Council Performance Improvement Officer and used to inform the quarterly performance scorecards reported to Committee. The performance reports provide some of the information set out as 'measurement' in the Addaction ITT and ABAT SLA however the formats of the reports are not aligned to the performance management frameworks in the ITT	Low	ADP Committee will be consulted on the level of performance reporting they require from ABAT and Addaction.	31 March 2019 30 June 2019	The first meeting of the ADP is due to take place in May/June once the process for identifying the new membership is completed. At this point the ADP will be given the opportunity to determine whether they are satisfied with the current performance reporting and obtain feedback on where it could be strengthened.	ADP Co-ordinator Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	<p>and SLA which can make it difficult to assess and evidence whether the outcomes required by the ITT are being delivered. In May 2018 the Committee were presented with alcohol and drug reports which were specific to each of the four localities. This was the first time these reports had been made available.</p> <p>It would be beneficial to engage with the ADP Committee to determine whether they are satisfied with the current performance reporting and obtain feedback on where it could potentially be strengthened.</p>					
H&SCP - Adult Care - Alcohol/Drug Dependency Services Correspondence Review	ADP Constitution The Chair has introduced material changes to the structure of the ADP which are not reflected in the ADP's constitution. It	Low	Constitution will be reviewed, amended and agreed by the ADP.	31 March 2019 30 June 2019	The first meeting of the ADP is due to take place in May/June once the process for identifying the new membership is completed. The new ADP under the	ADP Co-ordinator Delayed and Rescheduled

Action Plan Points Due between 01 January 2019 and 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	also names a number of sub-groups which no longer exist. The constitution would benefit from a review to reflect these specific issues but also more widely to ensure it reflects current working practices.				governance structure of the IJB will no longer require a separate constitution.	

Action Plan Points Due After 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
Strategic Finance – VAT	VAT Coding for non-VAT Registered Suppliers Coding of payments to non-VAT registered suppliers is inconsistent. The Council has previously queried this with their VAT advisor who suggested creating a new category in the general ledger specifically for payments to non-VAT registered suppliers or, if this was not possible, to categorise these at	Medium	Current process will be Investigated to identify improvements.	31 March 2018 31 May 2019	The Creditors supervisor and the Finance & Systems Support officer will organise for a new category to be set up in the payables system for non-VAT registered suppliers. This has been rescheduled to 31 May 2019 as resources are currently focused on year end processes that all staff can easily access.	Finance Manager Delayed but rescheduled

Action Plan Points Due After 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	'outside the scope'.					
Customer Services – Housing Benefit & Council Tax Reduction	Recovery of Overpayment Performance Monitoring Performance indicators have been established in relation to the recovery of overpayments however technical issues have meant these indicators have not been reported against since the Council migrated from Northgate to Civica in April 2018.	Medium	Technical issues are currently being addressed.	31 December 2018 31 March 2019 30 April 2019	Monthly reporting of recoveries of Housing Benefit overpayment debt that has been invoiced to debtors cannot be recovered for the 2018/2019 year. Cumulative recoveries are available for the whole year though. This issue will be sorted in 2019/2020 as a new report can be run monthly and the figures extrapolated to be reported in Pyramid as per the audit requirement. Civica have still to provide support information and advice on what reports to run in order to get the relevant figures.	Overpayments Officer Delayed but rescheduled
H&SCP – Children & Families – Carefirst	Storage of Client Records Some social work client records are being filed in multiple locations including the Council's network drive and paper	Medium	All staff will be advised of correct procedure by their appropriate manager. This applies to NHS and Social Work recording.	01 April 2019 26 April 2019	The project completion date has been extended to 26 April 19 therefore implementation date has been amended to reflect this.	Information & Projects Manager/System Support Officer to facilitate

Action Plan Points Due After 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	records. All client information should be recorded in Carefirst and Carefirst only.					Delayed but rescheduled
H&SCP – Children & Families – Carefirst	Authorisation of CareFirst Access Requests Staff are required to complete a 'new user form' to request CareFirst access however there is no requirement for this to be authorised by a line manager.	Medium	CareFirst Project Board to determine the level of authorisation that is required.	01 April 2019 26 April 2019	The project completion date has been extended to 26 April 19 therefore implementation date has been amended to reflect this.	Information & Projects Manager, System Support Officer and Project Board to confirm Delayed but rescheduled
H&SCP – Children & Families – Carefirst	CareFirst Training A procedure been considered to provide training to NHS Highland staff in advance of them starting to use CareFirst in March 2019 and a draft training plan has been produced. Due to the numbers requiring training within a short time frame and a lack of available resource to it is not anticipated that classroom training	Medium	User guide and a comprehensive suite of flowcharts have been created and posted on the NHS Intranet. Work is ongoing to compile basic e-learning modules. An IT trainer has been identified as a resource available to the project and there are a planned series of "roadshows" to	01 April 2019 26 April 2019	The project completion date has been extended to 26 April 19 therefore implementation date has been amended to reflect this.	Information & Projects Manager, IT Trainer (Health) & System Support Officer Delayed but rescheduled

Action Plan Points Due After 31 March 2019						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	sessions will be run. A SharePoint site has been created which includes guidance documents however health staff cannot access this site and alternative arrangements are currently being considered.		demonstrate CareFirst to NHS staff as well as identifying superusers who can cascade out further training as required.			
H&SCP – Children & Families – Carefirst	Identifying Training Needs There is a process for client case file review whereby the CareFirst support team run daily reports to help identify and correct errors in client records. Corrective action to correct issues is logged however, due to resource constraints, the support team have not been able to review this to identify recurring errors which may highlight training needs.	Low	The Carefirst User/Steering Group will revise key team performance indicators to include identification of potential additional training requirement.	01 April 2019 26 April 2019	The project completion date has been extended to 26 April 19 therefore implementation date has been amended to reflect this.	System Support Officer Delayed but rescheduled

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****CHIEF EXECUTIVES UNIT****18 JUNE 2019**

INTERNAL AUDIT – ANNUAL REPORT 2018/19

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 2018/19 and advise the Committee of the contents of the Chief Internal Auditor's (CIA) independent annual opinion on the effectiveness of the Council's risk management, internal control and governance processes.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) became effective on 1st April 2013 and require that:

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

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

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

- 1.3 Attached as appendices to this report are:
- Appendix 1 – Summary of the audits completed in 2018/19
 - 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 2019. Internal Audit reports its outputs regularly

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

- 3.3 The risk based audits contained within the 2018/19 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 towards, 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 Strategic Finance 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. I am pleased to confirm that Internal Audit operated throughout 2018/19 with no impairments or restrictions in scope or independence.
- 3.6 Internal Audit activity during the year was undertaken in accordance with the Internal Audit Annual Plan approved by the Committee in March 2018. In addition to the reviews in the plan the internal audit team performed a review of the Alcohol and Drug Partnership and the Council's approach to Traffic Regulation Orders. An audit of Roads Maintenance and Management which was in the approved 2018/19 audit plan was not performed due to Roads Maintenance becoming an area of focus in the 2018/19 Scrutiny Plan approved by Committee in June 2019. The reasons for all three changes to the 2018/19 audit plan were reported to the Committee when the need for them arose.
- 3.7 I am pleased to report that council officers have made excellent progress in terms of implementing audit recommendations with the majority of those currently outstanding being issues highlighted in reviews which have only recently been completed or where the nature of the agreed improvement action requires longer timescales for completion. Furthermore there are robust follow up procedures in place with reports taken to the SMT on a monthly basis.
- 3.8 There is a formal requirement for me to prepare an annual opinion on the Council's organisation'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.
- 3.9 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.

- 3.10 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.
- 3.11 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.
- 3.12 During work undertaken in 2018/19 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.
- 3.13 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 2018/19 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.
- 3.14 It has been a busy year for the internal audit team as they have supported me in the roll out of our new approach to scrutiny, continued to embed the new policies and procedures I introduced during 2017/18 and further adopted additional changes I have brought in as we embrace the concept of continuous improvement. They have worked hard to deliver the internal audit plan, as well as additional tasks I have asked them to complete and 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.

3.15 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 2018/19 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 Equalities– None

5.6 Risk– None

5.7 Customer Service– None

Laurence Slavin
Chief Internal Auditor
18 June 2019

For further information contact: Laurence Slavin, Chief Internal Auditor Tel: 01436 657694, laurence.slavin@argyll-bute.gov.uk

APPENDICES

1. Summary of the audits completed in 2018/19
2. 2018/19 Internal Audit Opinion

Appendix 1 - Summary of 2018/19 Internal Audit Plan

Report Title	Overall Opinion	No. of Recommendations		
		High	Medium	Low
Organisational Culture	The Organisational Culture report did not include an overall audit opinion or grade recommendations. The reasons for this were explained in the report. It did however result in a combined action plan which addressed the findings from the audit and the Council's 2019 Employee Survey.			
Risk Management	Substantial	1	0	0
Performance Management	High	0	0	2
Financial Planning	Substantial	0	1	0
VAT	Limited	1	2	2
Community Empowerment Act	High	0	0	0
Members Services	Substantial	0	1	0
General Data Protection Regulation (GDPR)	Substantial	0	1	0
Equality & Diversity	Substantial	0	1	3
Off-Payroll Working	Limited	3	0	1
Purchasing Cards	Reasonable	0	3	3
Housing Benefit & Council Tax Reduction	Substantial	0	2	2
Land and Asset Disposal	Reasonable	0	1	1
Early Years Provision	Substantial	0	1	1
Adult Learning	Substantial	0	2	1
School Fund Governance	Limited	2	4	2
Self-directed support (SDS)	Reasonable	2	1	1
Alcohol & Drug Partnership	Substantial	0	2	3
Carefirst System	Reasonable	0	8	3
Airports Operating Manual	Substantial	1	2	1
Environmental Services	Substantial	0	1	5
Planning Fees	Reasonable	1	0	1
Marine Services: Jura Ferry Service	Substantial	0	3	1
Waste Management	Limited	2	3	3
LEADER	High	0	0	0
LiveArgyll - Governance, recording and reporting	Substantial	0	0	3
Traffic Regulation Orders	Substantial	0	1	1
	Total	13	40	40

Total No. of Audits by Overall Opinion	High	3
	Substantial	14
	Reasonable	5
	Limited	4

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Appendix 2 - 2018/19 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 (Head of Strategic Finance)

As the Chief Internal Auditor of Argyll and Bute Council (the Council), I am pleased to present my annual statement on the adequacy and effectiveness of the internal financial control system of the Group Accounts prepared by the Council for the year ended 31 March 2019.

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. It also highlighted four areas for improvement with all four centred around the theme of risk and the extent to which internal audit can evidence a link between audit work and the Council's risk management registers. These improvement actions have all been delivered through internal audit's QAIP.

The Internal Audit Section 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 timely implementation of internal audit recommendations.

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

- SLACIAG, the purpose of which is to develop and improve the practice of internal audit activity with Scottish local authorities. It achieves this by meeting to discuss issues of common concern, commissioning work to develop ideas, sharing good practice, working in partnership with other professional / governing bodies and promoting SLACIAG as the representative body for internal audit in local authorities. I have attended all but one of the quarterly meetings of SLACIAG since my appointment in October 2017 and have recently been appointed to the SLACIAG Management Committee.
- SLACIAG Computer Audit sub group: a member of the audit team attends this forum which has the aim of ensuring that audit teams are better equipped to perform technical Information Systems auditing.
- I also meet the Chief Internal Auditors of West Dunbartonshire Council, East Dunbartonshire Council, West Lothian Council and Falkirk 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 and we are in the process of establishing benchmarking indicators that will be used going forward

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 2019, 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 2019
- the assurance statement signed by the Chief Executive for the overall Council for the year ended 31 March 2019
- 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

There were sufficient resources available to deliver the programme of audit assignments contained within the 2018/19 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 2019.

Signature:

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

Title: Chief Internal Auditor

Date: 18 June 2019

Argyll and Bute Council

Management report 2018/19



 AUDIT SCOTLAND

Prepared for Argyll and Bute Council

May 2019

Audit findings

Introduction

1. This report contains a summary of the key issues identified during the interim audit work carried out at Argyll and Bute Council. This work included testing of key controls within financial systems to gain assurance over the processes and systems used in preparing the annual accounts. We will consider the results of this testing when determining our approach to the audit of the 2018/19 financial statements.

2. Our responsibilities under the [Code of Audit Practice](#) require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

Conclusion

3. No significant key control weaknesses were identified from our interim audit work which would present a risk of material misstatement for the 2018/19 financial statements. However, several other issues and risks have been reported at [Exhibit 1](#) for management's attention and action.

Work summary

4. Our 2018/19 testing covered key controls in a number of areas including bank reconciliations, payroll validation and exception reporting, authorisation of journals, change of supplier bank details and IT access controls. Additionally, we tested controls in the following areas: budget monitoring and control; feeder system reconciliations and controls for preventing and detecting fraud.



Bank reconciliations



Payroll controls



IT access



Budgets

5. In accordance with *ISA 330: the auditor's response to assessed risk*, our audit judgements are based on current year testing of controls and, where appropriate, prior year results. Our risk-based audit approach allows us to take a three-year cyclical approach to controls testing. This approach enables us to place reliance on previous years' audit work where controls remain unchanged and no significant weaknesses had been identified.

6. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during our audit is gratefully acknowledged.

Risks identified

7. The key control and wider dimension risks identified during the interim audit are detailed in [Exhibit 1](#). These findings will inform our approach to the financial statements audit where relevant.

8. Any weaknesses identified represent those that have come to our attention during normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to Argyll and Bute Council.

9. All our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

Exhibit 1

Key findings and action plan 2018/19

Issue identified	Management response	Responsible officer and target date
Audit findings		
1. Accounts Payable		
<p>Changes to supplier payment details are subject to various checks which have previously been considered reliable by management and audit. However, at the end of 2018, a successful fraud occurred where a supplier's email system had been compromised, so that the checks in place failed to detect a fraudulent change of bank details before payment was made. A protocol was quickly implemented requiring council officers to make telephone calls (in all cases) to known supplier contacts prior to effecting changes in supplier details.</p> <p>Evidence of checks carried out is held on file, including notes of telephone calls. We tested a sample of ten such changes occurring after the fraud incident. However, in two instances there was no evidence of checks.</p> <p>There will continue to be a risk of loss to the Council as fraud methods become more sophisticated. For control over supplier detail amendments to be effective, a full audit trail should be retained for subsequent inspection. Supervisory staff should be able to confirm that checks have been made and withhold payments until they have been completed.</p>	<p>Staff will be reminded of the requirement to comply with the newly established protocol. Internal Audit will assess this compliance as part of their ongoing programme of continuous monitoring.</p>	<p>Responsible Officer – Head of Strategic Finance</p> <p>Target Date – 30 June 2019</p>

Issue identified	Management response	Responsible officer and target date
<p>2. Treasury Management</p> <p>The monthly reconciliations between the Logotech PSTM system and the General Ledger had not been completed and approved timeously between November 2018 to February 2019 due to long-term sickness absence. Appropriate staff resources have now been arranged and the backlog of reconciliations brought up to date by mid-March 2019.</p> <p>There is a risk of errors or omissions going undetected when regular reconciliations are not carried out, whether by design or not. The financial impact of errors in treasury management transactions is likely to be significant if not identified and resolved timeously.</p>	<p>Corrective action has already been taken to address the backlog and these reconciliations are now being performed on a monthly basis. Internal Audit will monitor the ongoing performance of these reconciliations as part of their ongoing programme of continuous monitoring.</p>	<p>Responsible Officer – Finance Manager</p> <p>Target Date – Action Completed</p>
<p>3. Payroll</p> <p>The Council's annual payroll validation (employee existence check) was carried out in April/May of 2018. As in prior years, the percentage response was high. However, of 78 requests issued, no response was received in 17 cases. Of these, 10 were from the Education Department.</p> <p>If validation checks are not completed in full there is a risk that errors in staff complement are not identified early enough for corrective action. Overpayments could arise, and the council may not be able to fully recover these from former, or current, employees.</p> <p>[See paras 11 to 13 below]</p>	<p>The 2019 annual payroll validation is currently being carried out. Outstanding responses will be followed up and escalated where deemed necessary.</p>	<p>Responsible Officer – Head of Improvement and HR</p> <p>Target Date – 31 July 2019</p>

Follow up of prior year action points

10. Receipts and banking: Last year we identified that controls over cash reconciliations required improvement. From our testing in the current year we can confirm that controls have been strengthened. In particular, daily cash reconciliations are now signed by the Cash Supervisor as evidence of checking.

11. Payroll validation: Last year management proposed to issue clear guidance explaining responsibilities for checking and validating payroll data on the MyView system. Also, the guidance would cover the frequency with which validation checks would be carried out. This does not appear to be in place, and there is no provision in the MyView system for confirming these checks have been carried out.

Opportunity for improvement

12. Officers explained that the Council's annual payroll validation exercise is an extremely onerous undertaking. Also, it does not provide complete assurance on the accuracy of the staff establishment because some departments do not carry out validation checks.

13. The Council's MyView (MyTeam) system has been cited by management as a more reliable means of confirming staff complement on an ongoing basis. Line managers should be able to use the system to report any inaccuracies and rectify these by email. However, there is nothing in place currently to evidence checks on the MyView system. We have confirmed, in discussion with officers, that an online solution could be developed to strengthen controls by incorporating an audit trail of checks carried out by managers. The payroll validation process could then be reported and monitored throughout the year. There would still be an element of checking required by HR although the process would be less onerous, and the management information provided would be more reliable.

Argyll and Bute Council

Management report 2018/19

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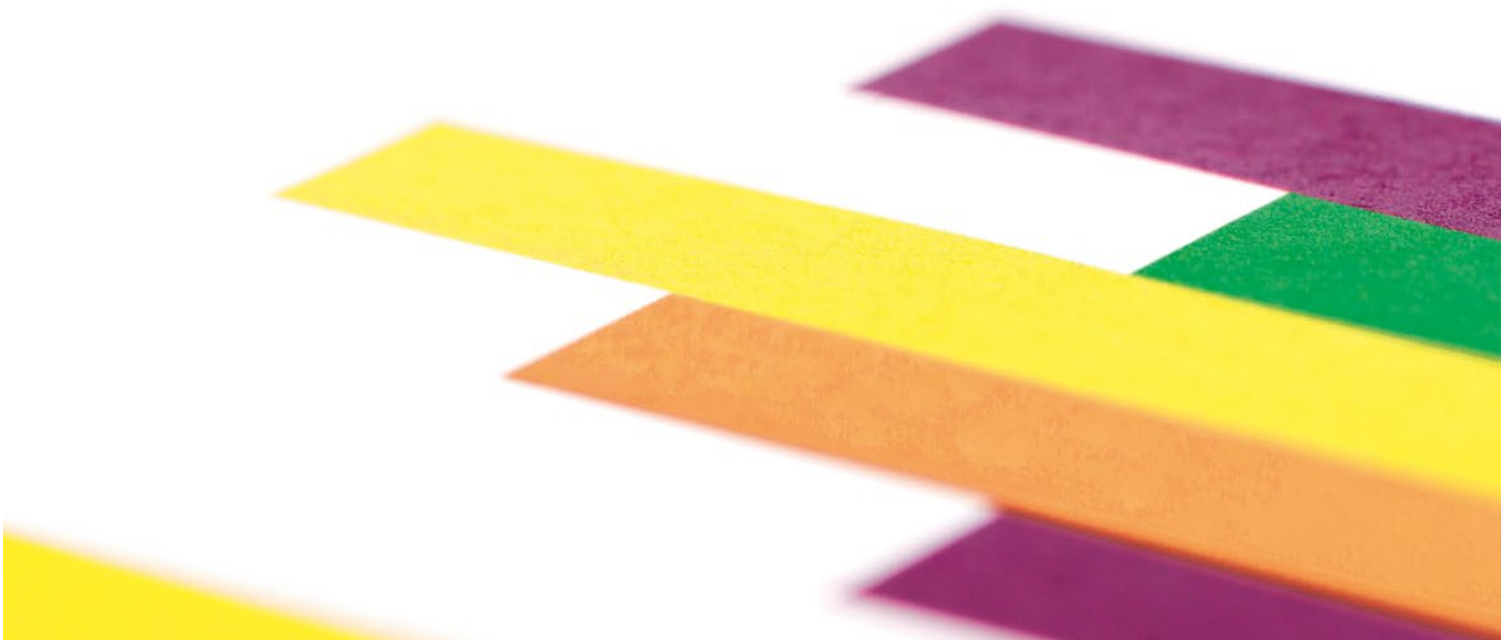
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Local government in Scotland

Challenges and performance 2019



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
March 2019




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 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Audit team

The core audit team consisted of: Carol Calder, Kathrine Sibbald, Ashleigh Madjitey and Ruth Azzam, with support from other colleagues and under the direction of Claire Sweeney.



These question mark icons appear throughout this report and represent questions for councillors.

Chair's introduction




Councils have an increasingly challenging role. They need to respond to the changing needs of their local population. At the same time, they have a pivotal role in helping to deliver a range of key national priorities for Scotland. This is at a time when the outlook is for finances to tighten further and for demand for services to continue to increase, as populations change and there are more people living in poverty.

The important role councils play is clear, but there are many uncertainties, which makes planning for the future more challenging as it becomes more critical than ever. The UK's withdrawal from the EU is imminent as I write this introduction, but the process and implications remain unclear. The medium to longer-term impact of changes to the Scottish Government's financial powers and the details surrounding the local governance review are also still unknown.

However, we find that councils across Scotland have continued to work hard to maintain services to their communities, despite the increasing challenges and pressures. They have stepped up and have continued to improve how they use their resources. But, in many councils the change and improvement work has focused on efficiencies. To address the growing gap between demand and resources, more fundamental, transformational changes are needed in service provision, and the pace of change needs to improve in some councils. Transformational change is about more than just efficiency. There needs to be a focus on how services are best delivered to communities and, in particular, how councils protect and empower the most vulnerable members of those communities.

Objective and relevant data are essential. Nationally, across councils, data are fundamental for the assessment of performance, benchmarking and improvement. Locally, data should support the redesign and change of processes and services. It is important for councils to have good-quality workforce data to inform organisation-wide workforce planning that supports the shape of future operations.

The pressure on council budgets has led to the exploration of alternative approaches to increasing income such as extending fees and charging schemes and the options for introducing local taxes. This is a development of interest to the Commission that we will monitor and consider in future overview reports.

We published an update report [Health and social care integration](#)  in November 2018, which found that although integration authorities have made some progress they must overcome significant barriers to speed up change. The Commission will continue to have a close interest in the progress of integration authorities and in their financial management.

I hope you find this overview useful and I would welcome any feedback you may have.

Graham Sharp
Chair of the Accounts Commission

Summary



Key messages

- 1** Councils face an increasingly complex, changing and uncertain environment which places different demands and expectations on them. Councils are also central to delivering many high-level public sector objectives, such as the integration of health and care services and involving citizens more in decisions about public services.
- 2** These reforms require councils to collaborate with partners, with the third sector and with communities, to think differently about how they deliver and fund services. Thinking differently about services is important to meet the growing and changing needs of their communities in the coming years. New ways of working can lead to increasingly complicated lines of accountability.
- 3** Scottish Government revenue funding to councils has reduced in real terms between 2013/14 and 2019/20, while national policy initiatives continue to make up an increasing proportion of council budgets. This reduces the flexibility councils have for deciding how they plan to use funding. At the same time, demands for council services are increasing from a changing population profile. All councils expect an increase in the proportion of people aged over 65 and almost a third of councils expect an increase in the proportion of children under 15.
- 4** Councils have made good progress in developing medium-term financial planning and continue to manage their funding gaps through savings and use of reserves. All councils increased council tax to the maximum three per cent in 2018/19 and many increased their fees and charges to raise income. Some councils are looking at other options to raise income.
- 5** Councils need to ensure they have the staff, skills and leaders to deliver change. This requires effective workforce planning, but the quality of planning is inconsistent across councils. An increasing proportion of the workforce is nearing retirement. If there is insufficient succession planning, skills and knowledge will be lost as these people retire. Recruitment into some service areas is becoming increasingly difficult, but national workforce data is insufficient to clearly understand how individual services areas are affected.

- 6** Despite reducing funding and increasing demands, across local government most performance indicators are improving or being maintained, although some service areas show more strain. There remains performance variation among councils that cannot be readily explained by differences in context or spend. Better use of data and benchmarking could lead to further improvement and efficiencies.
-



Recommendations

While councils have continued to find ways to manage funding gaps and have made good progress with medium-term financial planning, they face an increasingly complex, changing and uncertain time ahead. To continue to improve the outcomes for their communities within this context, councils need to be open to transformational change and implement new ways of working.

To make effective progress councils should:

- assure themselves that they have adequate leadership and management capacity in place. This should include development arrangements that prepare and support councillors and senior managers to respond to the challenging and changing local and national demands
 - undertake long-term financial planning to set out how they will deliver national policy commitments, while continuing to sustain local services with reducing budgets and increasing demands
 - continue to seek and implement innovative ways of working and collaborate with communities, partners and the third sector to drive transformational change
 - improve data to:
 - help inform the difficult decisions councils have to make
 - support benchmarking, learning and sharing of experience and effective practice with others that will contribute to improving service quality, efficiency and outcomes for communities
 - ensure they have workforce planning that is clear about the workforce needed now and in the future, where the gaps are and what training or other action is needed to fill them. This should be supported by better workforce data
 - be able to demonstrate how spending decisions and priorities have impacted on service delivery and the outcomes of residents, as well as how they are delivering against the national performance framework.
-



About this report

1. This report provides a high-level, independent view of the challenges facing councils in Scotland, how councils are responding to tightening budgets and how this has affected services. It draws on findings from [Local government in Scotland: Financial overview 2017/18](#) , published performance data and local government audit work in 2018. This includes annual audits, Best Value Assurance Reports (BVARs) and national performance audits. All national and individual council audit reports are available on our [website](#) .

2. The report highlights key challenges councils face and looks at some of the main ways councils are responding to increasing demand and reduced funding. Where specific examples of council activities or circumstances are referenced, this is not intended to imply that the named councils are the only ones engaging in these activities or experiencing these circumstances. The report aims to inform the public and its representatives and, in particular, local government councillors and senior council officers to support them in their complex and demanding roles. It covers three areas:

- The current and future challenges facing councils.
- How councils are responding to these challenges.
- The impact on performance in key service areas and public satisfaction.

3. To help councillors, we have produced the following supplements to accompany this report:

- [A scrutiny tool](#)  with examples of questions that councillors could ask to help them understand their council's position, scrutinise performance and assist in making difficult decisions. Councillors should feel they fully understand, and are satisfied with, the answers to the questions that are most relevant to them in their role within the council.
- [An online tool](#)  that shows how councils are performing. It is designed to allow councillors, officers and members of the public to better understand how their council is performing compared to others.

4. We draw on a range of sources of evidence for this report. Financial information is taken from the Local Government Financial Circulars,¹ Local Government finance statistics,² the Scottish Government's provisional outturn and budget estimates³ and councils' annual accounts. Performance information is gathered from the Local Government Benchmarking Framework (LGBF),⁴ the National Performance Framework (NPF) indicators⁵ and relevant reports from other scrutiny bodies, such as Education Scotland and the Care Inspectorate.

5. To make financial information clear and comparable in the report we:

- Refer to real terms changes, this means we have adjusted the figures to take account of inflation. Our analysis of local government funding adjusts figures into 2018/19 prices to reflect the current year.

- Look at historical trends in financial data using data from 2013/14 where possible. National police and fire services were established in 2013 and so were not included in local government accounts from 2013/14. It is not always possible to use 2013/14 as some information is only available for more recent years.
- Adjusted figures to 2017/18 costs where the report comments on council performance in 2017/18.

Part 1

The context for councils



Councils must respond to an increasingly complex policy agenda while dealing with a high degree of uncertainty

6. Councils have a responsibility to provide a wide range of services to their residents and communities. These include educating children, looking after the elderly, collecting bins, maintaining local roads and ensuring buildings meet safety standards. Councils' work is influenced by the wider economic and political environment, UK and Scottish Government policy and demographics.

7. The context that councils are working in has become characterised by reducing budgets ([paragraphs 25–36](#)), increasing demand for services ([paragraphs 37–41](#)) and the delivery of an increasingly complex range of national policies. Within this challenging context, councils need to continue to work towards local priorities and improving outcomes for their communities. [Exhibit 1 \(page 11\)](#) illustrates some of the major current examples of policy and legislative change.

8. Some policy changes by the UK and Scottish governments increase expectations on councils, many come with financial implications and others increase uncertainty. Significant current issues include:

- Withdrawal from the European Union (EU) – At the time of writing this report, it is planned that on 29 March 2019, the UK will leave the EU. As the process is still on-going there is a high level of uncertainty about what this will mean for councils, which makes planning difficult. This is an area which is fast changing and will have a long-term impact on councils.
- Scotland's new financial and social security powers – The 2012 and 2016 Scotland Acts introduced new financial and social security powers. As a result, Scotland's budget is influenced by Scottish ministers' tax decisions and how well the Scottish economy performs compared to the rest of the UK. This means the Scottish budget is likely to become more variable than it has been through the block grant from the UK Government. In its five-year strategy, the Scottish Government estimates that the Scottish budget could vary by up to six per cent by 2022/23.⁶ If the Scottish budget varies, funding to local government through the Scottish Government settlement will also be affected, in particular, services that are not financially protected as Scottish Government priorities.
- Local governance review – In 2018, the Scottish Government and COSLA launched a review of how powers and responsibilities are shared across national and local government and with communities. The aim of the review is to give local communities more say in how public services in their area are run. The Scottish Government and COSLA plan to continue consulting with stakeholders through 2019 as legislation is developed. It is not yet clear how this review will affect councils and how it will affect partnership working with other organisations, such as the NHS.



Have you considered how policy and legislative change will affect how your council operates?

What scenario planning has your council done for events such as EU withdrawal and increasing budget uncertainty?



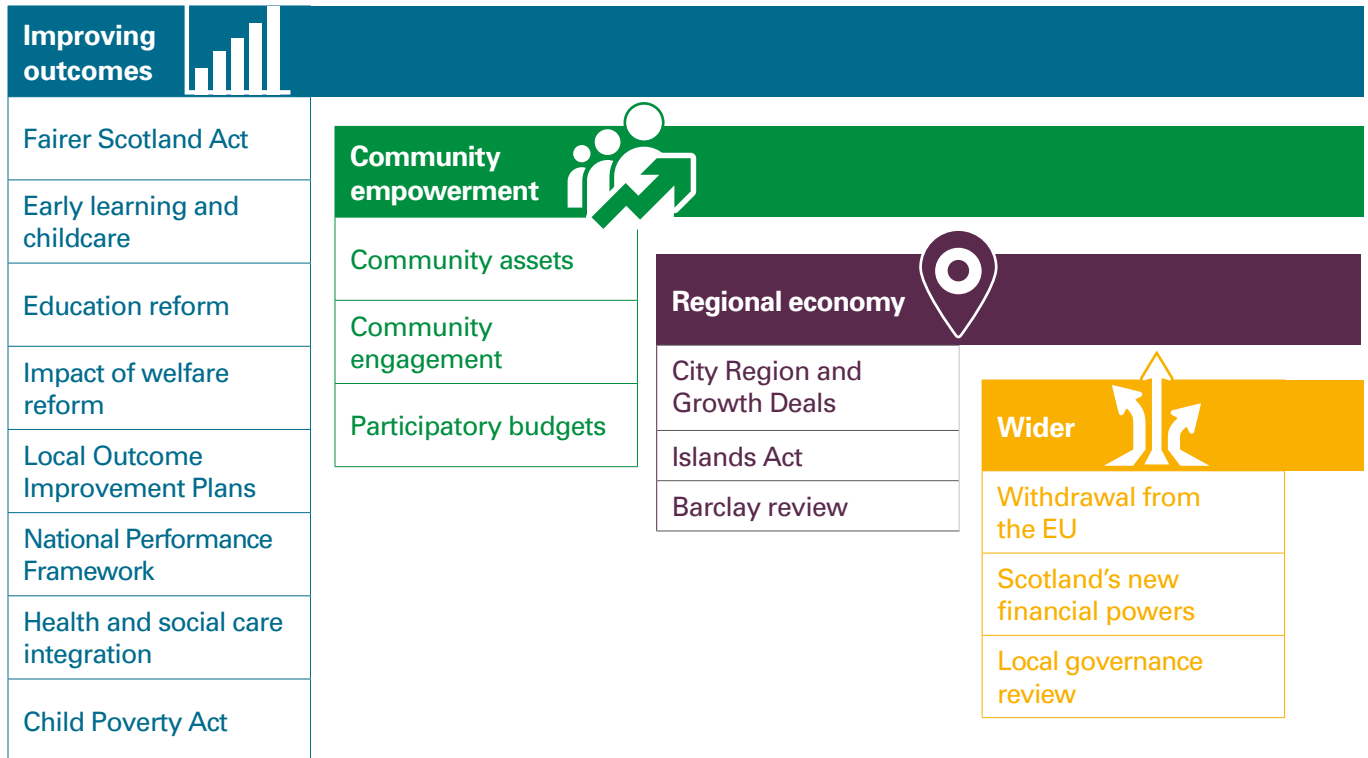
Audit Scotland published a briefing paper on the [EU withdrawal](#)  in October 2018 highlighting the risks including workforce, funding and financial implications.

Audit Scotland has produced a policy briefing on [new financial powers](#) .

Exhibit 1

Current major policy and legislative changes affecting local government

Many of the changes in national policy are interdependent.



Source: Audit Scotland

9. This context makes it difficult for councils to know how they will need to respond in the future and makes longer-term financial planning challenging but even more vital. With increased uncertainty, scenario planning within medium and longer-term planning becomes increasingly important. We will continue to monitor national developments, councils' preparations and their responses to these issues through our audit work.

10. The examples in [Exhibit 1](#) contribute to a complex picture of interacting policy initiatives. Many of the policy changes and initiatives are interdependent and will influence each other. For example, good community empowerment (giving people more influence over how services are planned) should contribute to a range of initiatives and activities that improve outcomes. This complex picture means that:

- Councillors and senior officers need to have a wide and current understanding of policy issues and how these relate to local priorities and needs, to plan and make complex decisions locally. This can be challenging where capacity is already stretched.
- It is more important than ever for councils to plan for different scenarios in terms of funding and demand for services. This includes finding different ways to deliver services efficiently and effectively.
- There is an increasing need for effective partnership working with other public, private and third-sector organisations and their communities.



Are you clear what Community Empowerment involves and what it means for your council?

Improving outcomes is a priority both at a local and national level but reporting arrangements still need to develop

11. In June 2018, the Scottish Government and COSLA launched their revised National Performance Framework (NPF).⁷ All councils signed up to the priorities and vision for Scotland it sets out. There is a strong focus on increased wellbeing, improving outcomes, and economic growth that is sustainable and benefits all sections of society.

12. Councils are key contributors to delivering this vision to improve the outcomes for the people of Scotland, alongside their community planning partners. Councils and their partners need to have regard to the NPF and consider how this framework fits with local decision-making, local outcome priorities and measures. A significant amount of council activity is already focused on themes that reflect those of the NPF. For example, most councils have a strategic focus on reducing inequality within their communities.

13. Councils also have a role in delivering a range of national initiatives that will contribute to the themes of the NPF, such as:

- Delivering 1,140 hours of free childcare to all three-year olds and eligible two-year olds.
- Improving educational outcomes, especially for the most deprived pupils, through the Pupil Equity Fund (extra money to some schools with children from poorer backgrounds) and a commitment to maintain teacher numbers.
- Contributing to the delivery of 50,000 affordable homes including 35,000 for social rent.
- Implementing the requirements of the Fairer Scotland Duty which places a legal responsibility on public bodies in Scotland, including councils, to actively consider how they can reduce inequalities caused by socioeconomic disadvantage, when making strategic decisions.

Although there is ongoing work that will contribute, it is not yet clear what role councils are expected to have in achieving all of the NPF aims, what that would mean for councils' resources or how progress and targets will be monitored and reported on.

Councils cannot deliver their priorities alone

14. Councils have a long history of working closely with other organisations. This includes delivering some services through the third and private sectors and through arm's-length external organisations (ALEOs). This also includes local partnership working with other public sector bodies, such as the NHS, the third sector and other local and national organisations through local partnership activities, including Community Planning Partnerships. Councils need to build on their partnership working experience to respond to the changing context.

15. Councils face a difficult balance of a move towards more regional working and collaboration, and a need to maintain a focus on local priorities, local decision-making and local accountability. Many of the national policies introduced in recent years have involved some elements of working with partners, for example in regional partnerships to deliver economic development or through the health and social care integration joint boards.



Councils and the Scottish Government are focused on improving outcomes across Scotland. Examples of these include improving employment opportunities, reducing anti-social behaviour, giving children the best start in life and helping people live longer and healthier lives.



Do you know if your council's governance and accountability structures are fit for purpose, given increasingly complex ways of working?

If you sit on a board, do you fully understand your responsibilities to that board and the council?

Regional economic developments mean more collaborative and partnership working

16. Councils are pursuing City Region Deals and Growth Deals as ways to drive local economic growth. These involve significant partnership working. The Scottish Government has committed to all areas in Scotland being part of a deal:

- There are four signed City Region Deals in Scotland, involving 17 councils and various other partners.
- A further six councils are developing two City Region Deals.
- The remaining councils are working on alternative investment proposals, such as Growth Deals and Island Deals.

17. Councils work with their partners to propose projects to include in their deal, based on the anticipated benefits to their regional economies. The Scottish and UK governments then decide which projects to fund, typically over a ten to 20-year period. To date, the governments have jointly committed £2.1 billion to the four signed City Region Deals. This is supported by around £1.6 billion committed by councils and other partners. Most of the funding for the four signed deals has been allocated to infrastructure projects, such as roads and buildings. However, deals also include innovation, employability and skills, technology, housing and digital projects such as improved broadband. The Scottish Government expects that councils and partners signed up to deals will form Regional Economic Partnerships to work together on regional issues.

18. We are carrying out an audit of City Region and Growth deals which will be reported towards the end of 2019.

The Community Empowerment Act gives citizens a greater role and this requires a change in how councils operate

19. The Community Empowerment (Scotland) Act 2015 gives people more influence over how their councils and their partners plan services. It is intended that councils will devolve power to communities to make a difference to their local areas through:

- Community asset transfers – where communities can take responsibility for land and buildings.
- Participation requests – where people can ask to take part in decisions about council services.
- Participatory budgeting – where communities can have a say in how the council should spend public money locally.

20. As part of the Act, local authorities also have statutory oversight of community councils and are required by statute to consult community councils about planning applications and licensing matters.

21. Councils are considering how they balance an increase in community involvement with a responsibility and accountability for the sustainability of services delivered to their citizens. Some progress is being made with community empowerment, particularly with ensuring formal arrangements are in place. We consider this further in [Part 2 \(paragraphs 70–78\)](#).



City Region and Growth Deals are long-term agreements between the Scottish Government, the UK Government and councils to improve regional economies.

Accountability is increasingly complex

22. A result of a more collaborative way of working is an increasingly complex governance and accountability landscape. This has implications for councils:

- Councillors now sit on more boards than before. In our May 2018 report, [Councils' use of arm's-length external organisations](#) (ALEOs) we noted that this can make it difficult for small councils to manage potential conflicts of interest.
- There can be disagreements around shared governance arrangements. In our [Health and social care integration update](#) report we noted that a lack of collaborative leadership and different cultures in councils and health boards were affecting the pace of change.
- Councils still have a responsibility to track performance management and provide scrutiny proportionate to the risk involved. The roles of councillors and officers in overseeing collaborative activities needs to be clear.
- There is a duty to ensure that communities are involved in decision-making processes where appropriate. This may be more difficult to manage with more complex governance structures.

23. The discussion and decision-making on some issues is moving further from councils themselves, but councils retain the overall accountability to the local community. It is increasingly important that councillors and officers have an appropriate understanding of their roles and skills, including in governance and leadership, when leading work delivered through complex partnerships, boards and other mechanisms.

24. Formal governance arrangements must be kept current to cover local decisions made about representation, delegation, scope of responsibilities and reporting. Councils, and their partners, should ensure arrangements meet their needs but take care to minimise additional complexity of governance arrangements as new ways of working are adopted.

Scottish Government funding to councils has reduced in real terms since 2013/14 but increased slightly between 2018/19 and 2019/20

25. Councils need to continue to deliver on the increasingly complex range of local and national priorities and initiatives, despite several years of reducing funding and increasing demands on services. Between 2013/14 and 2019/20, total revenue funding has fallen six per cent in real terms. Scottish Government funding to councils is forecast to continue to reduce in the medium-term.

26. Scottish Government funding is the largest source of income for councils. Overall, total revenue funding will increase by 1.1 per cent in real terms between 2018/19 and 2019/20 ([Exhibit 2, page 15](#)).



Governance describes the structures, systems, processes, controls and behaviours for managing activities.

Accountability is the way individuals or groups are held responsible for managing and planning how resources are used and how well performance aims are achieved. For example, chief executives in councils are accountable to councillors.



Revenue funding is funding from Scottish Government to councils for day-to-day services.

Total revenue funding consists of general resource grants, specific revenue grants and non-domestic rates income (NDR).

Core revenue funding includes the general resource grant and non-domestic rate income, and reflects the funding councils have control over to provide services.

Exhibit 2

Funding from Scottish Government to councils

Total revenue funding increased slightly between 2018/19 and 2019/20.

	Cash			Change 17/18 to 18/19		Change 18/19 to 19/20		Change 17/18 to 19/20	
	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	Cash (%)	Real (%)	Cash (%)	Real (%)	Cash (%)	Real (%)
General Resource Grant	6,808	6,885	6,718	1.1	-0.7	-2.4	-4.2	-1.3	-4.8
Non-domestic rate income	2,666	2,636	2,853	-1.1	-2.9	8.2	6.3	7.0	3.3
Core revenue funding	9,474	9,521	9,571	0.5	-1.3	0.5	-1.2	1.0	-2.5
Specific revenue grants	211	274	508	29.7	27.4	85.5	82.3	140.6	132.2
Total revenue funding	9,685	9,795	10,078	1.1	-0.7	2.9	1.1	4.1	0.4

Note: We have used the most current information available. This means we have used 2019/20 budgeted funding and compared this with 2017/18 and 2018/19 outturn funding. This does not include £355 million allocated in 2018/19 and 2019/20 from the Scottish Government's health budget to Integration Authorities. The additional funding of £34.5 million is included in the 2017/18 cash funding column above.

Source: Audit Scotland; Scottish Budget 2019/20; Local Government finance circulars 04/2018, 08/2018, 02/2019

27. On 28 March 2018, the Scottish Government paid £34.5 million of additional funding to councils. Although this was funded from Scottish Government underspends and paid in 2017/18, it was shown as 2018/19 funding in the local government settlement:

- By recognising the £34.5 million as 2018/19 funding the Scottish Government showed an increase in funding to local government of 1.7 per cent in cash terms and 0.2 per cent in real terms compared to 2017/18.⁸
- In the 2019/20 settlement, the 2018/19 total revenue funding figures no longer include the £34.5 million. The settlement makes no reference to this adjustment or that it is included in 2017/18 funding. Taking this adjustment into account, between 2017/18 and 2018/19, the Scottish Government's total revenue funding to councils increased by 1.1 per cent in cash terms but this was a 0.7 per cent decrease in real terms. Our figures now include the £34.5 million as 2017/18 income.

28. The presentation of the £34.5 million within the annual settlements, and failure to refer to the change or how it has been treated, has made it harder to compare annual changes in local government funding. It is important that funding allocations are transparent and consistently applied across years to allow public bodies to plan and manage their finances effectively and support parliamentary scrutiny.

National policy initiatives make up an increasing amount of council budgets

29. A growing proportion of Scottish Government total revenue funding to councils is protected to support Scottish Government priorities. Our analysis shows that revenue funding to support specific Scottish Government policies has increased from 6.6 per cent of total revenue funding (£643 million) in 2018/19, to 12.1 per cent (£1.2 billion) in 2019/20 ([Exhibit 3, page 17](#)). This is because:

- The Scottish Government funding that must be spent on specific policy initiatives (specific revenue grants), such as the Pupil Equity Fund, now makes up an increasing proportion of total revenue funding. In 2018/19, this represented 2.8 per cent of total revenue funding and in 2019/20 will increase to five per cent.
- Alongside the specific revenue funding set out in the settlement, several of the Scottish Government's policy initiatives have funding attached to them. Although these are not explicitly ring-fenced, if the council does not meet the objectives it may lose out on the funding. These have grown from 3.8 per cent of total revenue funding in 2018/19 to 7.1 per cent in 2019/20 and are predominantly for education and social care services.

If these funding obligations are excluded from councils' total revenue funding, the amount remaining was £9.2 billion in 2018/19 and £8.9 billion in 2019/20. This is a decrease of £449 million in real terms, five per cent of 2019/20 total revenue funding.

30. Councils face other obligations which limit where they can make savings, for example:

- Councils must make repayments on their debt. In 2018/19 they budgeted to spend £1.2 billion, ten per cent of their budgeted net revenue expenditure, on debt repayments.
- In December 2018, COSLA made a pay offer for a three-year settlement for 2018/19 to 2020/21. The offer included an increase of 3.5 per cent for 2018/19 (capped at £80,000) and a three per cent increase in each of the following years. Any settlement that is accepted will need to be funded from revenue funds.
- In February 2019, Glasgow City Council approved the settlement of its equal pay claim. It has agreed to make payments of around £548 million (44 per cent of its 2019/20 revenue funding from Scottish Government and council tax) in 2019/20. Our auditors will monitor this as part of the annual audit work.
- In 2019/20, councils can only reduce their allocations to Integration Authorities by 2.2 per cent compared to 2018/19.

31. Social care and education make up a large proportion of councils' budgets. In 2018/19 councils budgeted to spend £3.3 billion on social care and £5.2 billion on education. This includes £2.4 billion on primary and secondary teachers' salaries. Together, this represents 69 per cent of their net revenue expenditure. Although it is possible for councils to make savings in these areas, national priorities, statutory obligations and demand for services make this challenging.



Net revenue expenditure is financed through Scottish Government funding, council tax and the use of reserves.

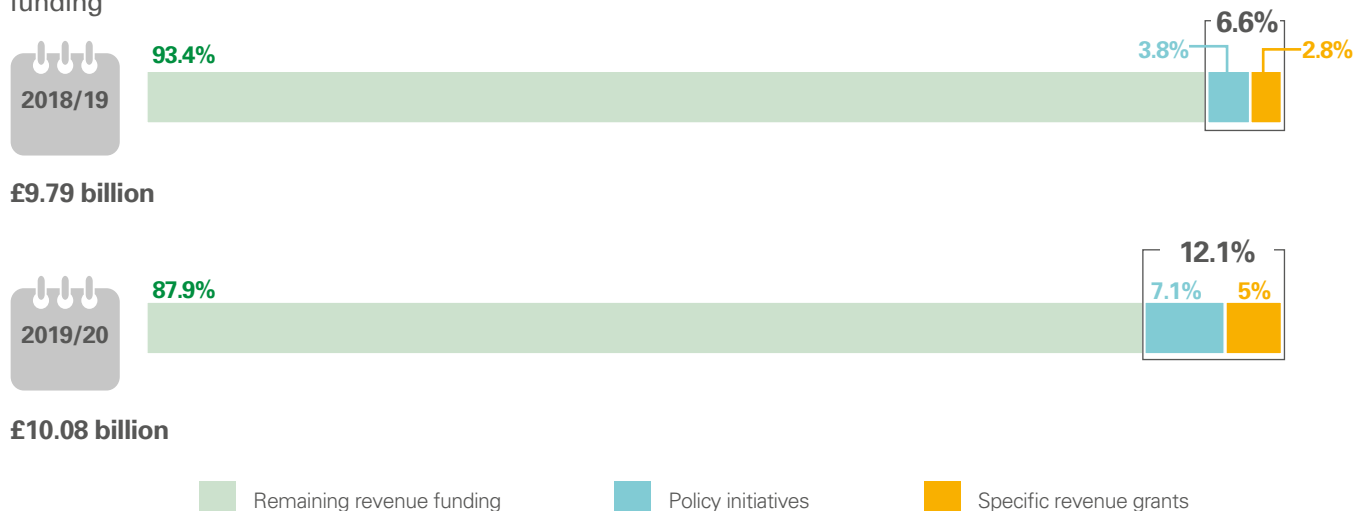
Individual revenue allocation consists of Total revenue funding and assumed council tax contribution.

Exhibit 3

Spend on national priorities in 2018/19 and 2019/20

In 2019/20 councils will spend 12.1 per cent of their revenue funding meeting national priorities.

Total
revenue
funding



Source: Audit Scotland, Local Government finance circular 2/2019, Scottish Budget 2019/20

32. As a result, as we have previously reported, councils have made larger reductions to services other than education and social work. These include economic development, waste management and planning services, which are still important for maintaining the health, safety and wellbeing of residents. Between 2013/14 and 2017/18 spending was reduced as follows:

- planning and development services (28 per cent)
- cultural and related services (14 per cent)
- roads and transport (seven per cent).

33. The Commission recognises that councils cannot be expected to deliver continuous performance improvement across all services in the current financial climate. Councils should set their priorities and invest in line with them. However, it is more difficult to do if increasing amounts of their budgets are protected. There is a risk that these budget reductions will have an impact on the sustainability of services as they are currently delivered. Councils need to continue to seek innovative ways to improve the efficiency of how they deliver all services and be clear about the anticipated impact on performance and service scope.

Some council service areas can expect further funding reductions

34. The Scottish Government's five-year strategy sets out its spending priorities to 2022/23; these are health, police, early learning and childcare, secondary school attainment, higher education and social security. Council services outside

education and early years are not identified as Scottish Government priorities and so will be disproportionately affected by any reductions to the Scottish budget. We calculated that other services outside the Scottish Government's priorities could face between one and 16 per cent real terms reduction to their budgets.⁹

Councils are managing reducing budgets despite local challenges

35. We have previously reported that councils will have their own social and demographic circumstances to manage alongside funding reductions. An ageing population increases demand for social care services, rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services. However, the majority of revenue funding is allocated according to the size of the council's population. Other factors are not always as clearly reflected in the funding allocations ([Exhibit 4, page 19](#)). For example:

- Eilean Siar and Argyll and Bute have seen some of the largest reductions in their funding allocations since 2013/14 due to a declining population but are also two of the most rural areas and have growing elderly populations.
- Some of the councils with high levels of deprivation, including Inverclyde, Glasgow and West Dunbartonshire, have also seen higher than average reductions to their core budgets.

36. Medium and long-term scenario planning will help councils understand what the likely implications are for them which will in turn help inform how best to provide services in the future.

Population change is affecting demand for services.

37. Demographic pressures, including an ageing population continue to increase the demands on council services. Over the period 2016 to 2041, ten councils expect an increase in both the over-65 population and the under-15 population. The Improvement Service estimates that, because of changing demographics, demand for services will increase by 2.6 per cent between 2018/19 and 2019/20. This represents an additional £248 million of spend for councils.¹⁰

38. All councils are projected to have an increase in the number of people over 65 by 2041. West Lothian council has a projected 45 per cent increase in the over-65 age group, the highest in Scotland. An ageing population represents a significant challenge for councils especially in delivering social care services:

- The Institute for Fiscal Studies estimates that over the next 15 years, social care funding in the UK will need to increase by 3.9 per cent in real terms each year to meet the needs of an ageing population and more younger adults living with disabilities.¹¹
- The Scottish Government estimates an additional £683 million will be required by 2023/24 to meet additional social care demand.¹²

39. Ten councils are expected to see an increase in the proportion of people aged under 15 during the period 2016 to 2041, while 22 expect a decrease. For example, East Lothian Council expects its under 15-year-old population to increase three times faster than the Scottish average between 2016 and 2026. This increase means the council will need to fund:



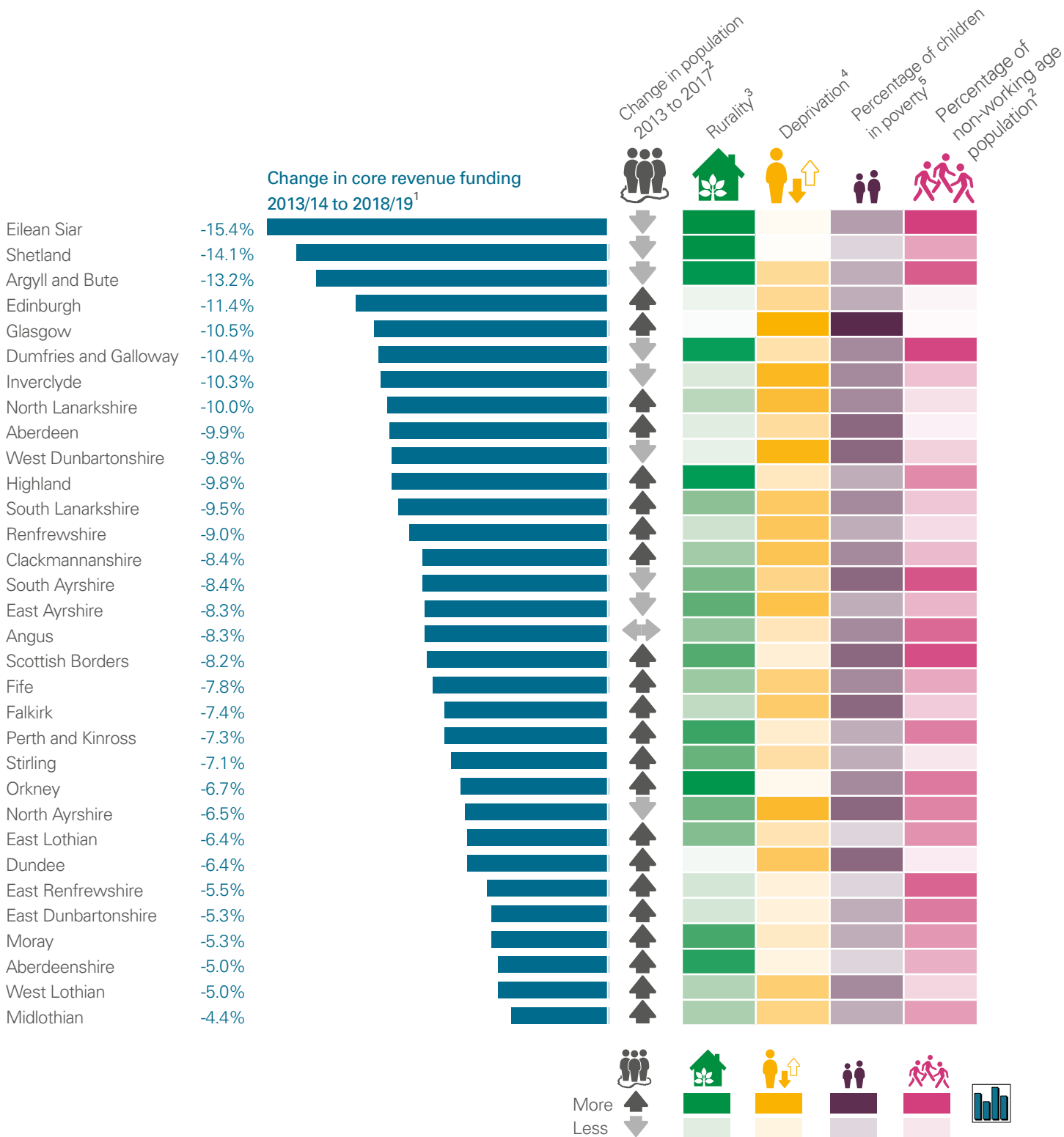
Do you have a clear understanding of the demographic circumstances within your council area?

Do you know how effectively your council uses this information to decide how to provide services in the future?

Exhibit 4

Changes to council core revenue funding in real terms between 2013/14 and 2018/19, illustrated with socio-demographic factors that can impact on service demand and costs

Demographic change, rurality and deprivation will all have implications for council services. The majority of core revenue funding is allocated based on population factors so funding reductions largely follow population change.



Note: The darker the colour the more significant an issue it may be to that council, Rurality can make it more difficult to deliver services cost effectively, an ageing population increases demand for services and deprivation and poverty can have wide ranging impact on residents and councils (Paragraph 41).

Sources: 1. Scottish Government financial circulars 2013, 2014 and 2019. 2. National Records Scotland mid-year population estimates 2013 and 2017. 3. Scottish Government Urban Rural Classification 2016. 4. Scottish Index of Multiple Deprivation 2016. 5. Children in families with limited resources across Scotland 2014-16, Scottish Government, 2017.

- the capital cost of building four new primary schools and a secondary school
- the costs of developing the roads and utilities to these developments
- the day-to-day costs of running and staffing the schools.

The number of people living in poverty has increased, putting additional pressure on council services

40. The Scottish Government reports that relative poverty rates are slowly increasing and that since the period 2012 to 2015, there has been a rise in income inequality. Between 2013 and 2016, the top ten per cent of the population in Scotland had 21 per cent more income than the bottom 40 per cent; in 2014 to 2017 this increased to 24 per cent more income.¹³ The Joseph Rowntree Foundation also reported an increase in child poverty rates during this period.¹⁴

41. There are implications for councils from more residents living in poverty, as they are more likely to need support from their council or have difficulty paying their council tax or rent:

- As part of the Child Poverty Act, councils are expected to produce an annual joint report with the NHS on their activities to address child poverty at a local level. It is not clear what resources councils will choose to allocate to their child poverty duties and reporting arrangements, but it may be substantial for those councils with high or growing rates of child poverty.
- Libraries now help people apply for benefits using their computers but a survey by Citizen's Advice found that people from the most deprived areas were less likely to be able to use a computer than those from the least deprived areas. It also found that of people seeking benefits advice, 25 per cent would need help and 27 per cent would not be able to manage at all.¹⁵
- There is also evidence to suggest that individuals' levels of debt have increased, and this could affect councils in council tax collection or rent arrears. The Joseph Rowntree Foundation found that in the UK six per cent of adults in the most deprived areas had council tax debt compared to 0.1 per cent in the least deprived.¹⁶
- Council accounts show that rent arrears have increased by nine per cent between 2016/17 and 2017/18; as councils have different procedures for managing and writing off rent arrears the level varies by council. The National Audit Office (NAO) found that local authorities in England reported higher rent arrears following the introduction of Universal Credit.¹⁷
- Homelessness applications have increased by one per cent between 2016/17 and 2017/18. During this period 17 councils saw an increase in the number of applications. Of those assessed as homeless or threatened with homelessness, 47 per cent had at least one additional support need, such as mental health problems, compared to 34 per cent in 2012/13.¹⁸

Part 2

How councils are responding



42. In [Part 1](#) we described the complex financial, policy and legislative challenges that councils face. Effectively led councils are clear about how these issues impact locally. They also recognise that the financial and demand pressures mean that planning and implementing changes to find efficiencies alone is no longer enough and the redesign of service delivery is needed. [Part 2](#) focuses on some of the main considerations for councils and how they are responding to this need.

Transformational change requires strategic leadership, planning and good governance

43. Councils have worked hard to make efficiency savings. These have mostly focused on service review and improvement activity, property rationalisation, and improvements in back office functions such as human resources, payroll and finance systems. In many councils, these activities are unlikely to be sufficient to address the growing gap between demand and resources, and more fundamental changes are needed.

44. In making more fundamental changes councils have different approaches; many have a transformation programme, although it is not always called this, whereas some integrate service redesign work into mainstream council management and improvement activity. Transformation activity does not have to change everything at once; it can deliver change incrementally.

45. Making change through transformation to the services and functions of the council requires effective leadership and good governance arrangements. Transformation and change initiatives should contribute to the council's strategic and outcome priorities. It should also be a consideration in strategic planning. This includes decisions relating to arrangements such as:

- implementing digital approaches
- financial planning and funding approaches
- working in partnership
- community empowerment activity
- workforce planning and development.

These issues are all linked, and their interdependence needs to be understood by councillors and senior management.



Do you understand how your council's approach to transformational change will improve services and save money?

How will you monitor and scrutinise progress of transformational projects?

What is your council's risk appetite for transformational change? Are risks properly monitored?

Do you know what the financial repercussions will be if your council's transformation activity fails to meet its savings targets?

46. To make good decisions about opportunities and options for change, councils need to ensure that they make effective use of good-quality information and data. This includes benchmarking with other councils and using performance information to identify and understand why performance varies across councils and where this offers opportunities to improve. [Part 3](#) of this report sets out an overview of current performance across councils and some notable variances.

Good transformation is well scoped, addresses the needs of people who use services and should have proportionate governance structures.

47. The aim of transformational change is to improve outcomes for service users by making services to communities more efficient and effective. Transformation requires moving away from established ways of delivering services and this can bring considerable challenges. Successful projects dedicate time at the start to fully understand the issues that need to be addressed. To deliver transformative change, councils should:

- Adopt a holistic approach to service design. Transformation benefits from different departments working together to find the best solutions to improving services.
- Engage with service users and staff from the outset, to make the right decisions about where problems and opportunities lie, and what needs to change.
- Allow time for staff involved in transformation to properly scope and appraise options before committing to savings estimates.

To do this councils will have to consider how to incorporate some flexibility and freedom into their change and improvement arrangements, to allow some of the early thinking and design work to take place. This is difficult when budgets are reducing.

48. Good governance arrangements and effective management are essential in enabling the successful delivery of transformation activity. Councils report that they are adopting some key elements of good governance. Almost all councils have specific planning, decision-making and reporting arrangements in place for transformational or change activities. Over two-thirds show evidence of using options appraisals and around half have a dedicated team of staff to support change and transformation.

49. Good transformation should result in a service that better meets the needs of the people that use it, as well as being more efficient. There is scope for councils and other public bodies to share examples of successful transformation activity and learn from each other. Examples include:

- NHS Highland and partners have adapted homes in the 'FitHome' village in Dalmore to enable residents, who are elderly or have physical disabilities, to live safely and independently. The adaptations include sensor equipment that captures data as residents move around their homes and can be used to predict and prevent events such as falls. The first 14 residents moved into their new homes in Summer 2018.
- Glasgow City Council's family group decision making aims to allow children to remain within their wider family group rather than being taken into care.



Is your council's transformation activity supported by good governance arrangements and robust management?

Do you know if the governance arrangements factor in time needed to ensure projects are properly scoped?

Children and their families are involved in creating a plan to meet the child's needs. There are more than 1,300 children looked after by extended family or close friends, known as Kinship Care, in Glasgow. They are supported by 1,017 Kinship Carers with an annual budget of £8.1 million.

There are examples of digital approaches being used to drive improvement

50. Thirty-one councils are involved in the Digital Office (DO) for Scottish local government, a collaborative organisation created to improve the core digital skills held by council workers, digital leadership, and digital services within councils. All councils play an active role in delivering the projects that the DO runs by taking the lead on projects where their officers have expertise. This approach:

- pools in-demand skills and expertise
- shares best practice amongst councils
- fosters a strong culture of collaborative support.

51. Through the DO, councils are sharing their experience of using digital technology to improve service delivery. Some examples include:

- The E-sgoil programme in Eilean Siar uses technology to allow pupils to access teachers, classes or resources from any school within the council or elsewhere in Scotland. Previously a lack of teachers restricted the range of subjects the council could offer. The programme has been offered to other schools and is being used by some other councils. Comhairle nan Eilean Siar is now considering whether it could raise income by extending the programme's reach to other groups from outside the council area.
- City of Edinburgh Council has been working with a private company on its tram systems, using artificial intelligence to identify potentially hazardous situations and ensure that they are avoided.
- Glasgow City Council used data to change its approach to tracking and allocating school clothing grants in Glasgow. It was able to identify those eligible for a grant by analysing data it had already collected. This allowed them to identify 5,000 families who were entitled to funding but had not previously claimed.

There are specific challenges that councils need to recognise to successfully deliver digital transformation

52. People increasingly expect to be able to access services online, and digital provides many options for transformation within a council. However, digital approaches will often be only part of the solution. In many cases, digital can improve services and make them more efficient, but more complex or unusual tasks may require other approaches. Digital transformation also has specific features that councils need to consider:

- Not all service users will be able to access digital services. It is often the most vulnerable within society who have the greatest need for council services but who are least able to access them digitally. They include people living in poverty, the elderly, people living in remote rural locations,




Digital technology:

Technologies used by councils to deliver services and change the way that residents and staff interact with the council.

and people living with mental and physical disabilities. By enabling digital access to services for those who are able to use them, staff and funding can be redirected to provide other options, such as face to face or telephone contact, for those who struggle to engage through digital platforms or have more complex problems.

- Procurement of digital-enabled projects may be different to other things the council buys; so its existing arrangements may not be appropriate. Councils should understand that potential savings may not be immediately quantifiable, that investing for the future may be necessary, and that 'agile' management (where projects are broken down into small stages and adapted frequently), may be the best option. For this approach, councils need to invest in training staff and leaders.
- Digital projects can bring significant cultural change to councils. Those leading and managing change need to be sensitive to the potential for disruption in the working environment and for individuals in particular roles. Councils need to ensure that their workforce is included and informed at every stage of a digital change programme.
- Digital projects need to be led and staffed by officers with the right skills in the relevant areas. These skills can be difficult to find in the wider workforce and come at a high cost. The DO has been working with councils to develop these skills.
- The failure of digital projects can open a council up to the risk of losing data or of data being accessed and exploited by external groups. The internal mishandling of data could also leave councils vulnerable to being penalised for General Data Protection Regulation non-compliance.

53. Before embarking on digital transformation activity, councils should understand these challenges and the complexity of what they are trying to do. Our [Principles for a digital future](#)  briefing sets out five principles that should be considered when planning and delivering digital programmes. We will be carrying out an audit on digital progress in local government in 2020/21 which will consider councils' digital activity in greater detail.

Good progress has been made with medium-term financial planning

54. The Commission has previously commented on the importance of medium and long-term financial planning, particularly in the context of the increasing financial challenges and wider demands on services.

55. Funding settlements from the Scottish Government to councils continue to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium term, given such a significant proportion of their income comes from Scottish Government funding.

56. In 2018/19, councils reported a funding gap of £0.3 billion (two per cent of expenditure), £0.1 billion less than in 2017/18. Councils planned to address this through making savings, using reserves and increasing fees and charges.

57. The need to find and deliver savings is expected to continue. We emphasise the increasing importance of medium and long-term planning to manage these



Does your council have medium and long-term financial planning in place?

financial challenges and to make well-informed decisions which are aligned to council priorities. Medium-term financial planning has been adopted by almost all councils, but less than half have significant long-term plans. Of those councils with longer-term plans, only five consider the impact of population and demand change on their services. The Commission encourages all councils to continue to develop and refine their medium and long-term planning and the use of scenario planning to support both.

Councils are under pressure to find different ways to increase income

All councils increased council tax by the maximum allowable three per cent in 2018/19 for the first time since the council tax freeze was lifted


58. As revenue funding has fallen in real terms, council tax represents an increasingly large proportion of the total funding available to councils, from 16 per cent in 2013/14 to 18 per cent in 2018/19. In the 2017/18 budget, the Scottish Government announced the end of the nine-year council tax freeze, but capped the amount councils could increase it by to three per cent:

- In 2017/18, 24 councils increased their council tax, including 21 that increased rates by the maximum allowed.
- In 2018/19, all councils increased council tax by three per cent.

In 2019/20, the Scottish Government increased the cap to 4.8 per cent in cash terms, or three per cent in real terms. Twelve councils decided to increase council tax by the full amount. Thirteen councils increased it by three percent and the other seven by between 3.9 and 4.5 per cent.

59. In 2017/18, an estimated additional £110 million was raised through council tax reforms, these included a change to higher rate council tax bands and an end to council tax relief on second homes.

Councils have looked for other ways to increase income

60. We reported in our [Local government in Scotland: Financial overview 2017/18](#)  that there is variation in how councils approach increases to charges. Some councils are making increases to all charges, some are making significant increases to certain charges such as commercial waste and some are introducing new charges, for example for garden waste and public toilets.

61. From information provided by auditors, we found that councils had increased 11 types of charges by more than inflation between 2016/17 and 2018/19. The highest increases were in relation to burials. The cost of a burial plot increased by an average of 20 per cent (22 councils responded) and the cost for burial services increased by 12 per cent (23 councils responded).

62. COSLA and some councils are seeking opportunities to raise local taxes.

- City of Edinburgh Council is the first council to propose a transient visitor levy or 'tourist tax' to raise funds to manage and promote tourism in their local area. In February 2019, the council approved plans for a £2 or two per cent per room per night charge which it expects will raise up to £14.6 million.¹⁹ It now requires legislation from the Scottish Government to implement the tax. The Scottish Government committed to a consultation on the tourist tax in January 2019.



Does your council link budgets to plans and outcomes and report on these?

Do you know what options your council is considering to maximise income?

How is your council considering the impact that these changes might have on equalities?

If your council is considering generating commercial income, do you know how it plans to mitigate the risks?

- In the 2019/20 budget the Scottish Government agreed to support an amendment from the Scottish Green Party to the Transport (Scotland) Bill that would give powers to councils to introduce a workplace levy. This means employers would pay the council a tax for any car parking spaces they offered.

Councils are considering development of commercial services, but risks need to be well managed

63. As part of longer-term financial planning, councils are considering how they can develop approaches to generate commercial income, beyond local fees and charges for current services. If councils choose to do this they need to consider; whether they have the skills and staff numbers to deliver it, the impact it may have on the local economy, and how they will mitigate the risks of investing public money in the commercial market.

64. Given that there has been more development of commercial arrangements in England, it is useful to consider the learning from this. Councils in England have experienced very significant reductions in funding (funding to local government has fallen by 49 per cent between 2010/11 and 2017/18) and have used several commercial approaches to support their finances in response.²⁰ The NAO reported that between 2013/14 and 2016/17, there had been a 31 per cent increase in external interest payments and a 16 per cent increase in trading profits.²¹ Some councils have borrowed money to invest in property from which they then earn an income or profit. The UK Government reports that:

- spending on trading services has increased from £323 million in 2014/15 to £2.9 billion in 2017/18
- land and buildings acquisitions increased by 43 per cent in the last year to £4 billion in 2017/18.²²

65. The Chartered Institute of Public Finance and Accountancy (CIPFA) is concerned by the level of borrowing by councils and is producing guidance for those considering this route; it has cautioned councils against:

- becoming dependent on commercial income
- taking out too much debt relative to their total spending
- taking on debt to finance commercial investments, such as shopping malls or office blocks.²³

Good partnership working is critical if councils are to deliver priorities and improved outcomes for communities

66. The Commission has consistently highlighted the increasing importance of good partnership working in the Scottish public sector. Working well with local partners in the public, private and third sectors is becoming increasingly important as councils try to deliver more for less. Given the significance and the potential efficiencies, both financial and non-financial, that collaborative working in the public sector can achieve, this will continue to be an area the Commission will have an interest in over future years.



Does your council consider sharing services in options appraisals and change programmes?

Do you know if there are processes in place in your council to facilitate collaborative working on a local, regional or national basis?

67. Shared services are one potential approach to partnership working. Through our audit work, we have seen only a limited number of examples of councils sharing services. These include:

- East and South Ayrshire work together to deliver roads-related services through the Ayrshire Roads Alliance
- East and West Dunbartonshire share an IT data centre
- Renfrewshire, East Renfrewshire, Inverclyde and West Dunbartonshire are part of a joint emergency planning service.

Although integration authorities have made some improvements they must overcome several significant barriers to speed up change and improve outcomes

68. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) established 31 integration authorities (IAs) which are partnerships between NHS boards and councils. They are responsible for directing almost £9 billion for the delivery of adult health and social care, and in some council areas, for other services, such as children’s services. Our report *Health and social care integration* and our *Local government in Scotland: Financial overview*, both published in November 2018, found that although progress has been made there are significant challenges to overcome (Exhibit 5).



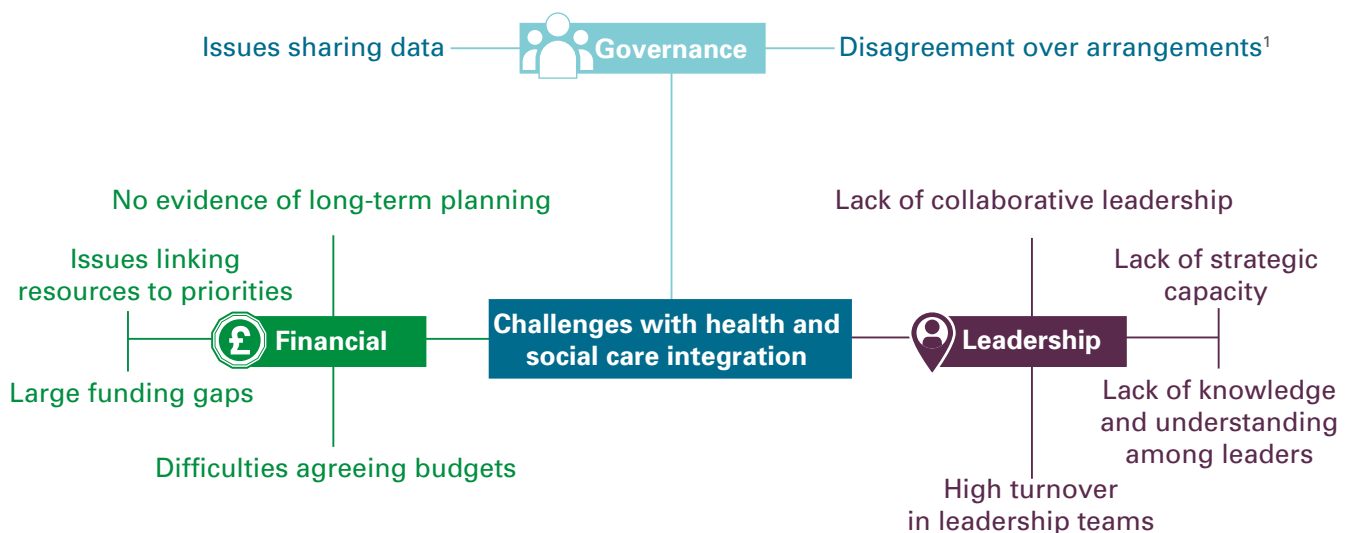
Do you know how your council is ensuring the good governance and financial sustainability of its Integration Authority?

Do you know what your council is doing to ensure that it works with partners to be more open and realistic about changes needed?

Exhibit 5

Challenges to health and social care integration in Scotland

There are significant changes required if integration is going to make a meaningful difference to the people of Scotland.



Note: 1. Disagreements are often due to differing views on responsibility, especially about who is responsible for service performance and quality of care and when accountability for a decision rests with individuals who are no longer responsible for taking them.

Source: *Health and social care: update on progress*, Audit Scotland, November 2018

69. Performance of IAs in terms of the outcomes experienced by patients is discussed further in [Part 3 \(paragraphs 114–118\)](#).

The Community Empowerment Act fundamentally changes the relationship between council and communities

70. Councils are committed to community empowerment and most are beginning to implement their arrangements at a local level. Effective use of community empowerment can contribute to change and transformation by generating ideas and by involving communities in the difficult decisions that need to be made about priorities and options.

71. Our work shows that some councils:

- have well-established arrangements in place to empower communities ([Case study 1](#))
- are providing training to elected members and officers to enhance their knowledge of community empowerment
- are working to develop community capacity, including providing information and training to communities on how to deliver a service and support through the community asset transfer process.

Case study 1

East Ayrshire Council's 'Vibrant Communities' approach

The Vibrant Communities approach is to work 'with people' rather than 'for people'. It focuses on two areas:

- Early intervention and prevention – acting as soon as possible to tackle problems for children, families and vulnerable people.
- Sustainable communities – empowering and enabling communities to get more involved where they live.

Communities discuss their local needs and priorities and then agree actions to improve their local area. Since 2014, the council has supported 19 communities to develop and implement community action plans through their Vibrant Communities approach. Community workers support community representatives in developing and implementing their plans. Once the plans are established community representative groups monitor progress.

Vibrant Communities has a dedicated community asset transfer team to offer legal, planning and business advice, and advise on alternative funding streams for communities applying for an asset transfer.

Sources: [Best Value Assurance Report: East Ayrshire](#) , Accounts Commission, May 2018, East Ayrshire Council



Audit Scotland produced a briefing paper in April 2018

[What is integration](#) 



Does your council engage with communities on decisions about services, budget proposals and priorities?

Are you clear on what community empowerment involves what it means for your council?

What is your council doing to implement community empowerment arrangements at a local level?

Does the Local Outcome Improvement Plan focus on areas where the Community Planning Partnership can make the biggest impact?

Do you know what your council is doing to reach out to 'seldom heard' and disadvantaged groups?

72. While we have seen examples of good progress, some councils still need to do more to meet their obligations under the Act and ensure communities are empowered by building their capacity further.

73. The Act also places a duty on each Community Planning Partnership (CPP) to develop a local outcomes improvement plan (LOIP). LOIPs set out local outcomes that the CPP will prioritise for improvement. Audit Scotland, the Improvement Service and NHS Health Scotland conducted a review of LOIPs in 2018. We found that:

- the scale and scope of LOIPs varies across Scotland, however progress is being made against the expectations of the Act and associated guidance
- LOIPs need to be more focused on areas where the CPP can make the biggest impact
- there are genuine attempts to enhance community engagement and participation
- there is a lack of clarity around how CPPs are reaching those who are under-represented in council decisions, or the most disadvantaged communities.

Councils are engaging with communities but there is less evidence of successful engagement with people from deprived areas

74. Consultation with communities continues to take place mostly through citizens' panels, residents' surveys and council webpages. Our auditors reported that 26 councils involve communities in decisions about services, budget proposals and priorities and nine councils had either a dedicated team or staff member to support community engagement. Some examples of good practice include:

- Argyll and Bute Council carries out an annual consultation exercise on its budget for the coming financial year. It collates and analyses responses and publicly reports the impact of residents' feedback on decisions.
- East Lothian Council has established six local area partnerships to enable community engagement for the CPP. Each partnership is chaired by a member of the community and is made up of elected members, local bodies, interest groups and residents. Locality plans for each area partnership outline their priorities for improvement and help focus budgets around local priorities.

75. The Scottish Household Survey results suggest that councils are less successful in engaging with people from deprived areas. The percentage of all people surveyed who felt they could influence local decisions was 23 per cent in both 2016 and 2017, whereas for people living in deprived areas the figure was 21 per cent in 2016 and 19 per cent in 2017.

Although councils are responding to the requirements of the Act, they need to do more

76. Participatory budgeting is part of the Community Empowerment Act. It gives residents the opportunity to vote on how local money is spent and to have a say on issues important to them. Councils benefit from a better understanding of their residents' needs and communities feel more engaged and empowered. Dumfries and Galloway Council used its participatory budgeting exercise to focus on reducing inequality ([Case study 2, page 30](#)). Councils should also consider



The Community Empowerment Act (Scotland) 2015 requires that councils ensure communities are actively involved in deciding how public services are planned and provided and seeks to empower community bodies through transferring ownership of land and buildings.

As part of the Act, local authorities have statutory oversight of community councils and are required by statute to consult community councils about planning applications and licencing matters.



What is your council doing to ensure that one per cent of revenue budgets is allocated through participatory budgeting by 2020/21?

whether their approach to participatory budgeting is inclusive of a range of groups within their area, including disadvantaged and hard-to-reach groups, and the impact on improving outcomes.

Case study 2

Dumfries and Galloway Council's tackling poverty participatory budgeting exercise



Dumfries and Galloway Council allocated £240,000 from its Tackling Poverty fund towards a participatory budgeting exercise, 0.08 per cent of its total revenue funding. Sixty-three projects from across the region progressed to public voting events. Successful projects were focused on alleviating different aspects of poverty. Examples of successful projects included provision of:

- emergency power payments, sanitary products and essential toiletries (low income and financial poverty)
- school holiday breakfast and lunch clubs for low income families (food poverty)
- transport for access to services and activities (fuel poverty, rurality and isolation)
- ICT learning activities for those who require access to benefits and who are seeking employment (access to information and educational activities/opportunities).

The council evaluated the project and used feedback to identify how the process could be improved in the future, such as increasing the number of voting events and improving communications to build awareness and generate interest.

Sources: [Best Value Assurance Report: Dumfries and Galloway Council](#) , Accounts Commission, November 2018. *Participatory Budgeting Evaluation Report*, Dumfries and Galloway Council, 2018

77. We are aware of 13 councils that have held participatory budgeting exercises; however, they remain small in scale. COSLA is supporting councils' work towards the Scottish Government's target of allocating one per cent of revenue budgets to participatory budgeting by 2020/21. For example, Dundee City Council held a participatory budgeting exercise in 2017/18 where 11,000 people voted on which priority projects should be allocated a share of £1.2 million (0.3 per cent of the council's £343 million revenue funding). Communities, existing representative groups and elected members were involved in the selection of projects and the council held a community conference to shape ideas. Feedback on the exercise was positive and the council will use learning to shape future exercises.

78. The Accounts Commission has a continuing interest in community empowerment, and will consider the pace and level of progress in future Best Value work and performance audits.

Workforce reductions have changed how councils are structured and the skills available, but the quality of workforce planning is inconsistent

79. Councils spend a substantial part of their revenue budgets on their staff. They directly employ around 243,000 people, around 197,500 full-time equivalent (FTE) staff. This is 48 per cent of the public-sector workforce, meaning councils are the largest employer in the Scottish public sector. Reducing the workforce is one of the main ways councils have made savings. For example, in Dumfries and Galloway the council saved £60 million in the past five years partly through reducing its workforce by 11.3 per cent.²⁴ Councils need to do more to ensure they understand in detail the profile and capacity of the management and workforce they currently have and need in the future. This is fundamental for being able to effectively respond to the challenging context and deliver effective change.

80. The Scottish Government reports quarterly on total local government staff and every year on social workers and teacher numbers.

- Between September 2017 and September 2018, there has been a small decrease, 0.2 per cent, in FTE staff numbers within councils. Since 2013, staff numbers have fallen by almost 5,000, a decrease of two per cent.²⁵
- In the past five years there has been a 0.1 per cent reduction in social workers and a 1.6 per cent increase in teachers compared to a two per cent reduction for total council workforce.

Therefore, teachers and social workers now make up an increasing proportion of council employees, 29 per cent in 2017 compared to 27 per cent in 2013.

The quality of workforce planning varies across councils

81. The Commission believes that integrated workforce planning is essential for robust medium and long-term planning and effective transformation. This should include an analysis of what the council will need in the future, where the gaps lie and how to address them, either through training, recruitment, restructuring current resources, shared arrangements with other organisations, or procuring specialist skills.

82. Workforce planning is an area where progress is mixed across councils. Glasgow City, as an example, has a coordinated approach to workforce planning. Each service has a workforce plan which forecasts its requirements. Quarterly updates are collated centrally to identify gaps and surpluses which are then used to develop budgeting and resourcing plans including redeployment and retraining opportunities. However, there are other councils where it is not clear what the workforce will look like in terms of numbers and skills in the medium or long term.

Councils need to plan to ensure they have the staff, skills and leaders to deliver change, but there is no national data on workforce by service

83. Effective leadership is fundamental to the successful implementation of change in a complex and changing policy landscape. Councils need to ensure they have the best possible political and management leadership. This means ensuring there is appropriate training and development to support both councillors and management. For senior management this also means building the best strategic team possible and ensuring there is enough capacity to lead change and wider responsibilities. The Commission considers that this means recruitment



What is your council doing to ensure that it has the right capacity, skills and leadership in its workforce?

What training does your council make available to officers and councillors to ensure they have the skills to deliver services in the future?

to chief executive posts should include open competition to secure the best possible pool of candidates. Unless there is a clear rationale, which should be articulated in public council papers, key senior management positions, such as director and head of service level posts, should also be advertised externally.

84. There is a lack of national data on workforce by service. This makes it difficult to be able to determine what is needed in terms of skills or training for staff across Scotland, how services have been affected by the overall reduction in workforce and to inform benchmarking and sharing good practice. Other available data indicates reductions in some services, for example:

- The Royal Institute of Town Planners report a 23 per cent reduction in the planning workforce in Scotland from 2009 to 2016.²⁶
- The Society of Chief Officers of Environmental Health in Scotland report that the number of professionally and technically qualified environmental health staff has decreased by 12 per cent from 2016 to 2018.²⁷
- The number of librarians has fallen by 22 per cent and the number of library staff by seven per cent between 2014 and 2018.²⁸

85. Councils continue to report staff shortages in key service areas:

- Two-thirds of councils reported a shortfall in mental health officers, the additional hours needed per week to make up this shortfall is equivalent to 41 full-time officers.²⁹
- Care Inspectorate reports for Eilean Siar and Renfrewshire observed the continued difficulties in recruitment and retention of social care workers and the impact this has on services.

86. The UK's withdrawal from the EU could exacerbate problems of staff shortages as it could result in a loss of non-UK EU nationals from the workforce or difficulty recruiting from Europe. The Scottish Government estimates that there are 9,830 non-UK EU nationals working in social care in Scotland, 5.6 per cent of the workforce.

87. Councils are competing with other organisations for the same skills, for example digital, project management, planning and engineering expertise. Difficulties with recruitment and retention are compounded by an ageing workforce within councils and with a smaller working age population to recruit from. Also, many of the reductions in the workforce are from those approaching retirement, meaning that their skills and experience are lost to the organisation. For example, in Dumfries and Galloway Council 44 per cent of staff are over 50 years old.

88. Councils need to ensure there is sufficient training for their staff to allow them to respond to the changing and more pressured environment. There is no national data on skills training programmes; however, in our BVAR reports we have highlighted how some councils have approached this:

- In West Dunbartonshire Council, staff have a skills passport which sets out mandatory learning for staff at various career milestones. This allows them to plan for their ongoing development and encourages continuous learning.



Does the training you are offered meet your needs? If not, do you know who to speak to?

Does your council have an organisation-wide workforce plan? Does it contain information about the numbers, costs and skills of the actual and desired workforce?

- Dumfries and Galloway Council's 'Grow your Own' scheme retrain staff in areas where there are recruitment issues. As a result, it has been successful in filling teacher vacancies.

Councils should consider the impact of change on their staff

89. Savings programmes and staff reductions mean some uncertainty for council staff. Unless managed well, this could have an impact on the morale of the workforce and individual staff's wellbeing. Surveys carried out by Unison found that in 2018:

- 75 per cent of Environmental Health and 70 per cent of Trading Standards employees interviewed reported that morale in their organisation was low
- 90 per cent and 78 per cent respectively said that workload was higher than five years ago.³⁰

90. Councils should be aware of the impact savings programmes are having on their workforce and put measures in place to address any issues. Many councils do this through staff surveys. Common findings from staff surveys indicated people not feeling valued for what they do, not being asked for their views on change and feeling that working for the council had worsened in recent years due to workload.

91. The average number of sickness days for non-teaching staff has increased from 10.9 days in 2016/17 to 11.4 days in 2017/18. There is significant variation among councils, from an average of 16.8 days in Clackmannanshire to 8.4 days in East Ayrshire. For teachers, the average number of sickness days has fallen slightly from 6.1 days in 2016/17 to 5.9 days in 2017/18, varying from 9.1 days in Clackmannanshire to 4.2 days in East Ayrshire.

92. We have calculated in previous reports that if councils reduced sickness absence they could improve their productivity. If councils with higher rates of sickness absence levels reduced these in line with the top eight performing councils, they would gain the equivalent of 619 non-teaching staff across Scotland, and 248 teaching staff.



Do you know how your council is ensuring changes to staff numbers and working practices do not have a negative impact on morale and wellbeing?

Part 3

Council performance and the impact on communities



Councils understand the challenges facing their communities, but resources need to be better linked to their vision and priorities

93. Our audit work shows that councils continue to clearly set out their strategic priorities and plans. Councils understand the local context of their communities and have a strategic focus on improving social inequality, particularly in areas of high deprivation.

94. Over half of councils clearly link their budget setting to their strategic priorities or plans. This should be evident in all councils. More also needs to be done to demonstrate how spending is linked to outcomes and performance. A positive example that contributes to clearer links is evident at North Ayrshire Council. Officers include information on what outcomes could be achieved for each level of investment when presenting strategic investment options. This allows councillors to consider whether the impact on the council's priorities would be significant enough to warrant the investment.

Councils are focused on performance management and improvement

95. Our Best Value assurance reports to date indicate councils have improved their approaches to managing performance and improvement. Good performance management should link to the council's strategic priorities and be able to demonstrate a link between spend and outcomes.

96. A good council is self-aware, understands its own performance and uses that to make improvements. Our auditors reported evidence of self-evaluation in 14 councils in their 2017/18 Annual Audit Reports. For example, North Lanarkshire Council reviewed its position against the Best Value characteristics and the recommendations in previous Best Value assurance reports to help develop its rolling programme of reviews. Many councils have structured self-evaluation programmes. These can include corporate level and service level assessment tools, for example in West Lothian Council all services complete a bespoke assessment model and attend an officer-led scrutiny panel once in a three-year cycle to provide challenge to the service and promote improvement.

Councils need to show they are delivering against their high-level outcomes

97. As part of setting its *2018 Statutory Performance Information Direction* [\(↓\)](#), the Commission reviewed performance information available on council websites. It found that:

- Auditors in 20 councils concluded that performance information was satisfactory.
- 90 per cent of councils published an annual performance report and 80 per cent published service level performance information.



Does your council clearly link its budget setting to its strategic priorities and plans?

Are you assured that performance reporting by your council is accurate and accessible?

Can your council demonstrate progress in delivering its key outcome priorities?


- There are large amounts of performance information online, however websites could be easier to navigate, and the information was sometimes out of date. Councils may also want to consider whether having fewer, but better focused, performance indicators would allow them to demonstrate performance against their key priorities more clearly and effectively to the public.
- While 90 per cent of councils report performance against their priorities, few outlined progress against outcomes.

98. It is important that councils clearly report their performance to local citizens and the community. Good performance reporting includes clearly stating how performance and spend are linked to the council's priorities; local indicators which demonstrate quality of service; public satisfaction levels; and an overall assessment of the council's performance against outcomes.

Most national indicators have improved or been maintained but performance varies between councils.

Despite funding reductions, councils have maintained performance against several national indicators

99. The National Performance Framework measures progress across 81 indicators, although some of these are still in development and some do not have the data to allow trend analysis. We have selected 16 of the available indicators, these show that many outcomes have improved across Scotland in the last five years ([Exhibit 6, page 36](#)). However, there has been less progress with health outcomes.

100. Many of the NPF indicators are not available at a local level but the Improvement Service has developed a Community Planning Outcomes Profile (CPOP) tool which tracks performance against a set of identified measures at a CPP level. There is a helpful interactive tool on the [Improvement Service website](#)  which allows communities and councils to drill into the data and to compare performance between CPPs, councils and over time. Analysis of the CPOP data shows that the majority of outcome measures have improved over the last five years.

101. There are limitations with the availability of both the NPF and CPOP data. Better data would allow councils to understand differences in demand and performance, report how well they are delivering against their outcomes and enable more informed decisions.

Since 2010/11 performance against most Local Government Benchmarking Framework indicators has been maintained or improved

102. The Local Government Benchmarking Framework (LGBF) is produced by the Improvement Service in partnership with councils. Since 2010/11 it has produced comparative performance information for councils to help them improve. The LGBF contains over 70 indicators covering a broad range of service areas. In previous years and in our BVARs we report on a sample of eight measures to give an indication of council performance.³¹ Over the past seven years performance for these indicators has improved slightly or remained stable ([Exhibit 7, page 37](#)). This year, the LGBF reports that across all indicators there is some evidence that performance improvement is slowing down for the first time since 2010/11.³²




















Does your council make use of LGBF data to consider where and how it might make improvements to service delivery?

Have you considered what lessons your council can learn from other councils who are delivering services well?

Exhibit 6**Changes in performance measures for Scotland's outcomes between 2013 and 2017**

Performance against many outcome measures has improved but there has been less progress with health outcomes.

Children, young people and education	Percentage of settings providing funded early learning childcare achieving good or better across all themes	-0.5%	
	Proportion of adults aged 16-64 with low or no qualifications (SCQF level 4 or below)	-1.8%	
Satisfaction	Percentage of adults who rate their neighbourhood as a very good place to live	2%	
	Percentage of respondents who are fairly or very satisfied with the quality of local services (local health services, local schools and public transport)	-8.2%	
	Percentage of people who agree with the statement 'I can influence decisions affecting my local area'	0.7%	
	Percentage of households who report being either 'very satisfied' or 'fairly satisfied' with their house or flat	2%	
Culture and leisure	Percentage of adults who have participated in a cultural activity in the last 12 months	-0.2%	
	Proportion of adults making one or more visits to the outdoors per week	6%	
Environment	Percentage of energy consumption which is renewable energy	7.1%	
	Household waste (million tonnes)	4.2%	
Fair work and business	The total number of private sector enterprises in Scotland per 10,000 adults	8%	
	Percentage of workers earning less than the living wage	0.1%	
	The difference between male and female full-time earnings, expressed as a percentage of male full-time hourly earnings	-3.4%	
Health	Average Mental Wellbeing Score ¹	-0.2%	
	Percentage of adults with two or more health risk behaviours (current smoker, harmful drinking, low physical activity, obesity)	1%	
	Proportion of adults usually travelling to work by public or active transport	-0.6%	
	European Age Standardised mortality rates per 100,000 for people under 75 in Scotland	-2.8%	

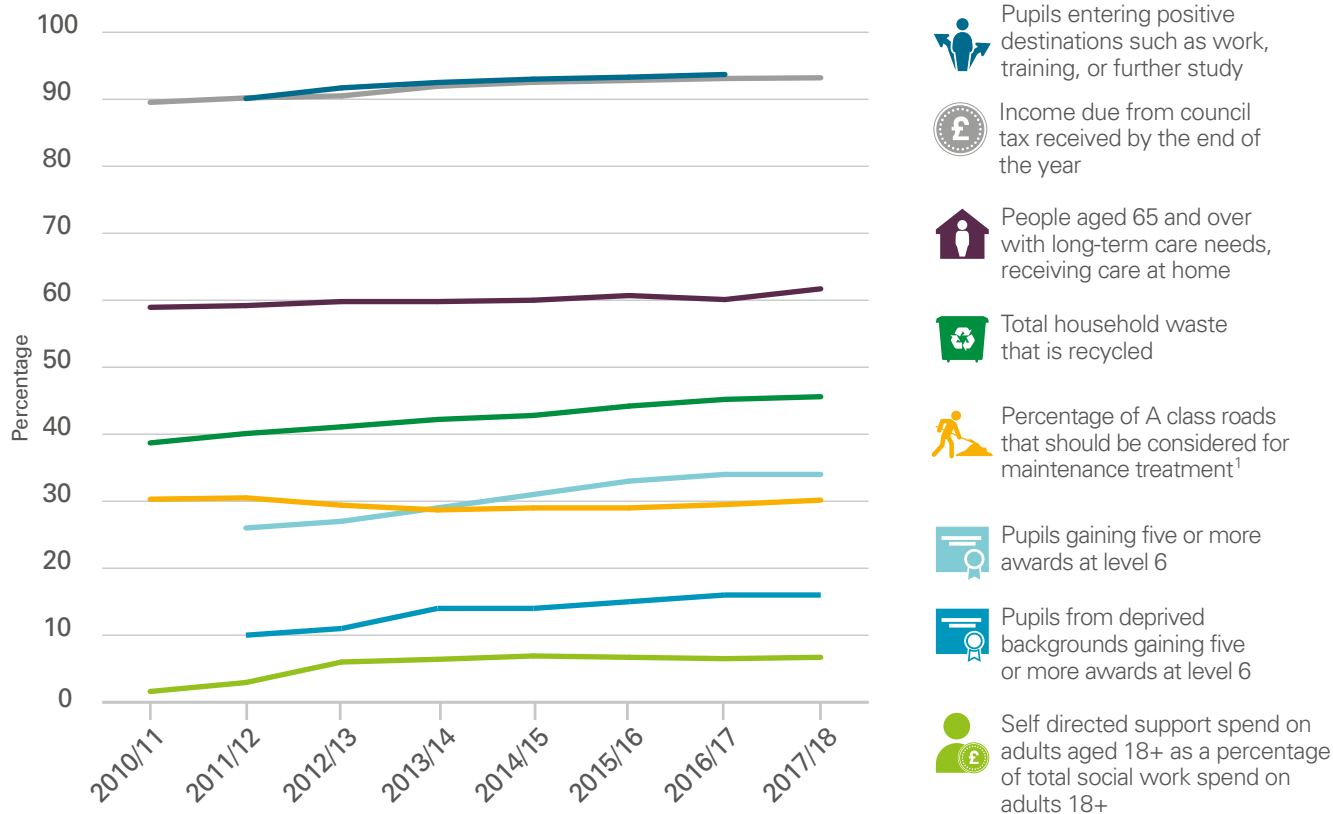
Note: 1. Warwick-Edinburgh Mental Wellbeing Score.

Source: National Performance Framework

Exhibit 7

Performance against selected indicators, 2010/11 to 2017/18

Performance has been maintained or improved.



Note: 1. Roads maintenance is measured in two-year time periods therefore 2009-11 is reported in 2010-11.

Source: Local Government Benchmarking Framework, 2017/18



103. We have also analysed council spending against indicators to see the impact that funding reductions have had on performance at a national level. This shows that since 2010/11 most services have been maintained or improved despite reducing budgets ([Exhibit 8, pages 38-39](#)). However, in the past year the data shows that some services are beginning to spend more or have had a decline in performance, for example, the number of library visits has fallen by eight per cent.

Performance variation is expected as councils have different local priorities, but it can also provide opportunities for identifying efficiencies.

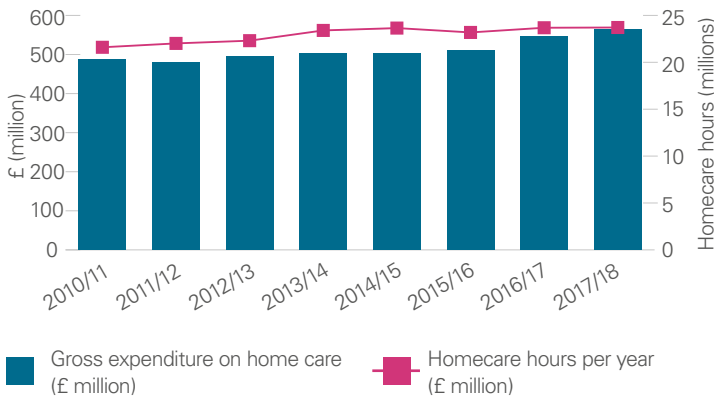
104. The Accounts Commission is clear that 'It is for councils to make choices in where they focus their improvement work, but they need to be able to show how they have arrived at such choices'.³³ As such performance against the indicators will vary depending on both local factors and policy decisions.

105. Councils should use the LGBF and other benchmarking tools to understand where councils with similar circumstances are performing better or spending less to provide the same service. [Exhibit 9 \(page 40\)](#) shows that there is a wide variation in both performance and unit costs between councils. There could be several reasons behind this, but it provides an opportunity to share learning and experiences to improve services.

Exhibit 8

Performance and spend in key areas, 2010/11 to 2017/18

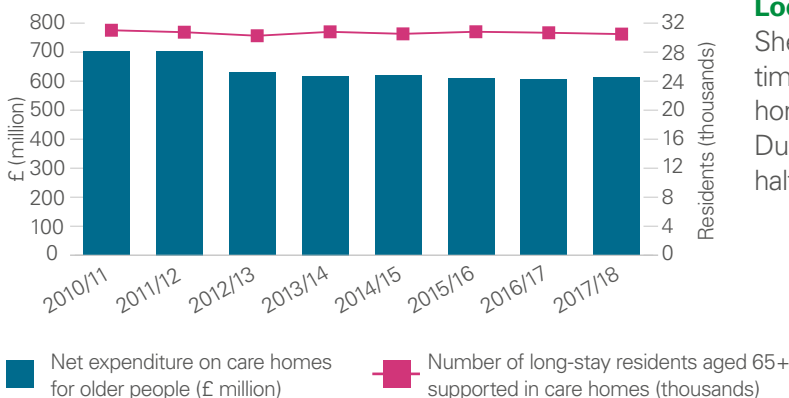
There has been a significant increase in expenditure on home care, while the number of hours provided has increased at a lower rate.



Local variations

Clackmannanshire, Perth and Kinross and Stirling councils have the lowest costs per hour of homecare. The island councils have higher cost per hour of homecare than other councils. Midlothian Council's costs are higher than other mainland councils.

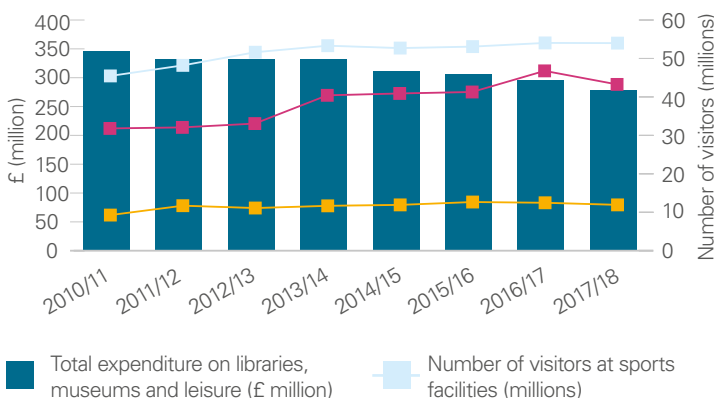
Spending on residential care and the number of residents has stayed relatively constant in recent years.¹



Local variations

Shetland Islands Council spends more than three times the Scottish average per week on their care home residents, £1,349 compared to £386; while Dumfries and Galloway Council spends just over half of the Scottish average (£195).

Spending on culture and leisure continues to fall but visitor numbers to sports facilities, museums, and libraries all decreased in 2017/18.



Local variations

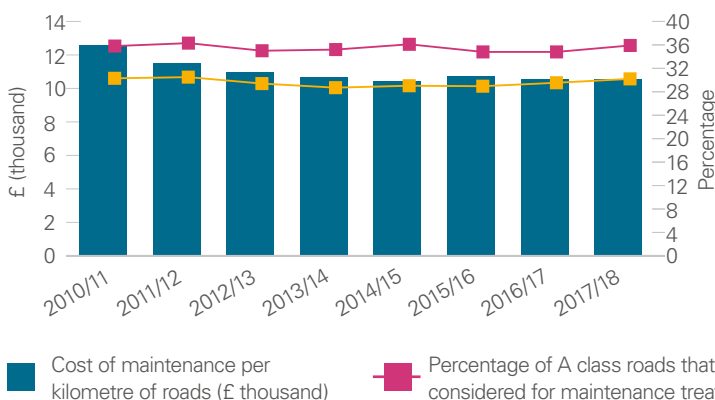
The City of Edinburgh Council had the highest number of library visits in 2017/18 and some of the lowest costs per visit. Glasgow City Council had the highest number of museum visitors and average costs per museum visit.



Exhibit 8 (continued)

Performance and spend in key areas, 2010/11 to 2017/18

Spend on roads has reduced since 2010/11, although it has remained relatively stable in recent years. The percentage of roads classified as needing maintenance increased slightly between 2016/17 and 2017/18.²



Local variations

Dundee City Council has the lowest percentage of roads in need of maintenance and is in the top 25 per cent of cost of roads per km. Argyll and Bute Council has the most roads in need of maintenance and is in the bottom 25 per cent for cost of roads per km.³

For the first time since 2010/11 expenditure on street cleaning increased, by six per cent, but the cleanliness score continues to fall slightly.



Local variations

In 2017/18, Glasgow City Council spent the most per 1,000 of population on street cleaning, more than double the Scottish average, but had one of the worst street cleanliness scores. Scottish Borders Council has one of the highest street cleanliness scores and spends roughly two-thirds the Scottish average.



Notes:

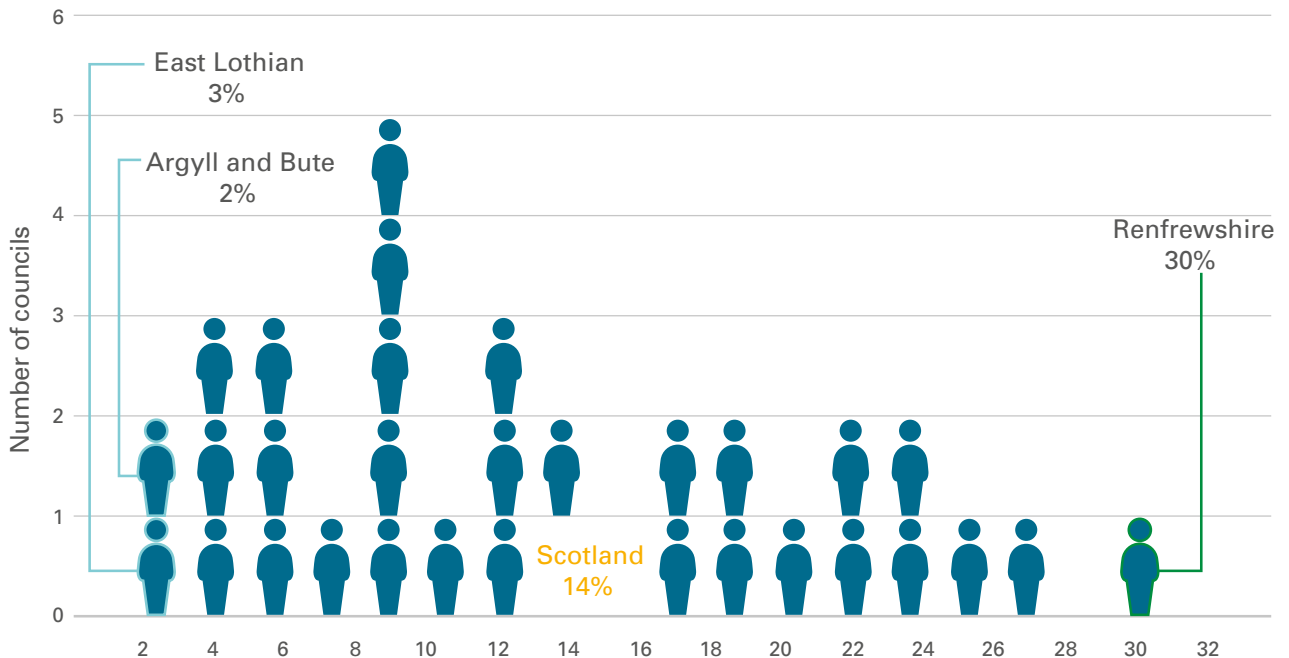
- 2010/11 and 2011/12 expenditure includes support costs so is not directly comparable to later years.
- The percentage of roads that should be considered for maintenance treatment indicator is measured over two-year periods, for example 2009-11 is plotted as 2010/11.
- The cost of roads per km includes both revenue and capital expenditure.

Source: Audit Scotland; and Local Government Benchmarking Framework 2017/18, Improvement Service

Exhibit 9

Variation between councils 2017/18

The percentage of unemployed people helped into work by a council employment scheme varied from two per cent in Argyll and Bute to 30 per cent in Renfrewshire.



Percentage of unemployed people assisted into work from council operated or funded employability programmes

Note: There is no data for employability in Shetland in 2017/18.

The cost of council tax collection is significantly higher in the island councils.



Note: Scotland figures are the Scottish average.

Source: Local Government Benchmarking Framework 2017/18



- The percentage of unemployed people helped into work through a council operated or funded employability programme ranged from two per cent in Argyll and Bute to 30 per cent in Renfrewshire. We calculated that if all councils could increase their number to the Scottish average of 14 per cent, an additional 3,500 people would have been helped into employment in 2017/18.
- The cost of council tax collection is significantly higher in the island councils; it costs £27 per property to collect council tax in Eilean Siar and £17 per property in Orkney Island compared to the Scottish average of £7. Clackmannanshire and Fife councils spend less than £3 per premise to collect council tax. We calculated that if the 16 mainland councils who spend more than the Scottish average reduced costs to that level they would save £1.7 million and if the Eilean Siar and Orkney reduced their costs to those of Shetland Islands, they would save £209,000 and £179,000 respectively.

Education performance has improved since 2011, but progress slowed in 2017/18 and the attainment gap between the most and least deprived pupils has widened in the last year

106. Education is the largest area of council spend, and the focus of considerable national policy attention. In 2017/18, councils spent £3.9 billion on schools, and a further £0.4 billion on pre-schools. This is a one per cent and three per cent respective real terms increase on the previous year. Spending on schools has reduced by two per cent since 2011/12, but has been increasing since 2015/16, when the Scottish Government introduced its Scottish Attainment Challenge.³⁴

107. Nationally pupil attainment has been improving. Across Scotland, there has been a 16 per cent improvement in average tariff score since 2011/12. However, 2017/18 data shows that:

- For the first time there has been no change in the percentage of pupils gaining five or more awards at level 6 and the proportion of pupils gaining five or more awards at level 5 has increased at a slower rate than previous years.
- The gap between average tariff scores of the most deprived pupils and the least deprived pupils increased from 2016/17 to 2017/18. In 2017/18, pupils from the most deprived areas saw a 1.1 per cent reduction in their tariff scores while those in the least deprived saw a 0.9 per cent increase. This increased the gap between the most and least deprived by three per cent since 2016/17.³⁵

108. Performance in exams is not the only way to measure attainment. The LGBF also reports on the percentage of 16 to 19 year-olds in work, training or learning which has increased year on year since first measured in 2015/16.

Some councils have done well to improve attainment

109. We reported last year that there is variation in education performance that cannot be explained by deprivation. This is still the case. This year we have considered how councils' performance has changed since 2011/12. All councils have improved their performance despite a reduction in spend. But some councils have improved considerably faster than others and the gap between the best and worst performing council has widened ([Exhibit 10, page 42](#)):



Average Tariff Score

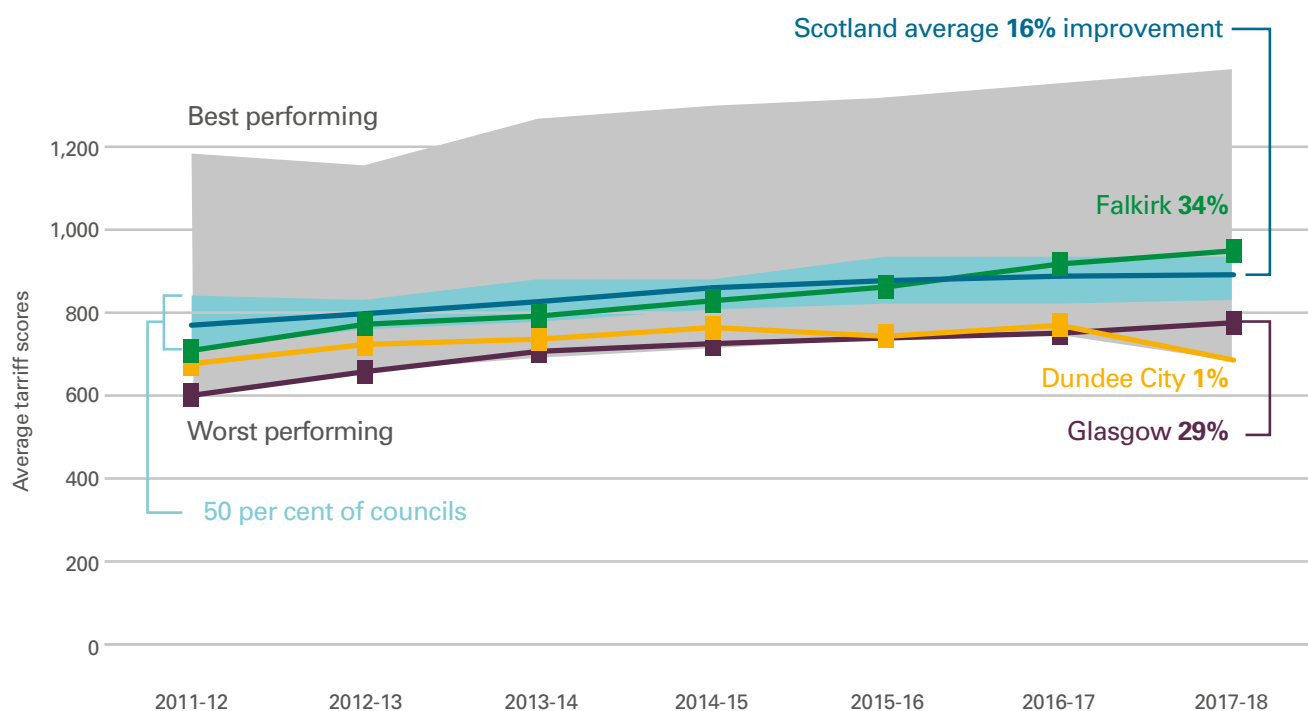
Is an overall measure of secondary attainment, taking account of all qualifications a pupil earns from age 14 until leaving school.

Tariff scores strongly reflect the total number of subjects studied which may not reflect curriculum decisions taken by the council.

Exhibit 10

Improvement in average tariff score 2011/12 to 2017/18

All councils have seen an improvement to their overall tariff scores despite reducing budgets but the gap between best and worst performing has increased.



Note: As leaver information is not available when the LGBF publishes its data, the LGBF uses data based on the year pupils are expected to leave school rather than the actual year they left. This means there are some small differences between it and data published by the Scottish Government later in the year.

Source: Local Government Benchmarking Framework 2017/18




- Falkirk Council's attainment has improved by 34 per cent since 2011/12. It is now in the top quartile for attainment, whereas in 2011/12 it was in the bottom quartile.
- Glasgow City Council has seen a 29 per cent improvement in their tariff scores although it remains in the bottom quartile.
- Dundee City Council has seen only a one per cent improvement in its tariff scores since 2011/12. It had a ten per cent drop in tariff score in 2016/17 which affected the overall trend. It has been in the bottom quartile since 2011/12.

110. The reasons behind why Glasgow and Falkirk have seen big improvements in attainment and Dundee has not, cannot be explained simply by the amount spent on education nor levels of deprivation:

- Dundee City Council spends more than the Scottish average per secondary pupil while Falkirk and Glasgow spend less.
- Both Dundee and Glasgow City councils have reduced their spend per secondary pupil by five per cent since 2011/12, a bigger reduction than the

Scottish average of one per cent. Falkirk Council has reduced spend per pupil by one per cent.

- All three councils have high levels of children living in families with limited resources compared to the Scottish average of 20 per cent. Dundee City and Falkirk have similar levels, 26 per cent and 27 per cent respectively. Forty-one per cent of children in Glasgow live in families with limited resources.^{36, 37}
- Dundee City Council reports that the drop in tariff scores in 2017/18 is due primarily to a higher than usual number of children leaving school at S4 in 2015/16.

111. This variation provides an opportunity for councils such as Glasgow and Falkirk to share what has helped them make these improvements. Our Best Value work, engagement with scrutiny partners and 2014 report on [School education](#)  suggest that the leadership and culture of the organisations have a part to play:

- We highlighted in our 2015 Best Value report on [Falkirk Council](#)  that it had good performance management arrangements and a strong improvement culture embedded in its education department.
- Our [Best Value Assurance Report: Glasgow City Council](#)  reported that targeted actions have helped improve attainment through the Glasgow Improvement Challenge. The Care Inspectorate and Education Scotland's 2017 inspection of young people's services in Glasgow found that 'strong leadership is driving an ambitious vision to improve life chances for all children and young people in Glasgow'.³⁸
- During engagement with scrutiny partners for Dundee City Council, Education Scotland highlighted that the council will need to move from incremental to transformational change to improve attainment.³⁹ In its 2018 inspection of Dundee's Attainment Challenge progress, Education Scotland found that strong leadership and higher aspirations are beginning to improve the pace of change. It also highlighted strong use of data and collaboration with Dundee University to help understand the pupils' needs and improve attainment.⁴⁰

112. In February 2019, Education Scotland rated Renfrewshire Council excellent in its inspection of the Scottish Attainment Challenge. It found that highly effective leadership and governance and evidence-based interventions had led to significant year-on-year improvements in closing the gap between attainment of the most and least deprived pupils.

113. We will be carrying out an audit on educational outcomes in 2019/20 which will consider the reasons for variation in attainment.

There is evidence that spending reductions and increasing demand are impacting on some services

Social care services continue to struggle to meet demand

114. Adult social care remains one of the largest areas of spend for councils and the demand for services will continue to increase as the population ages. Older



Do you know the impact of spending reductions on the services your council provides?

people in need of support are either cared for in their home by visiting care workers or in a residential care home. This care is given by a range of different providers. In 2017:

- Most care home residents were cared for by the private sector, 80 per cent, while the NHS and councils cared for 11 per cent of residents and the third sector nine per cent.⁴¹
- The private sector also provided most homecare hours, 42 per cent, councils provided 41 per cent, the third sector six per cent and a mixture of providers 11 per cent.⁴²

115. We continue to see signs that services are struggling to meet the demand for care. We reported in December 2018, that there has not yet been enough progress to address the scale of challenges with social work in Scotland and there are some outstanding areas where action is needed. In 2017/18, the number of hours of personal care at home is at the highest level since 2010/11. Between 2016/17 and 2017/18, councils have spent more on both home care and residential care, this has increased at a faster rate than the people who are cared for. This is in part due to those receiving care having increasing levels of need, as well as the payment of the living wage and overnight allowances to social care workers.

- Total spending on homecare has increased by 3.1 per cent despite only a 0.1 per cent increase in the number of hours of homecare.
- Net spending on residential care homes increased by 1.2 per cent despite a 0.6 per cent reduction in the number of residents.

116. Both satisfaction indicators in the LGBF data show a substantial drop in satisfaction with social care services. Eighty per cent of adults who receive care are satisfied with it and feel it improves or maintains their quality of life. This is down from 84 and 85 per cent respectively and is the lowest since it was first recorded in 2014/15.

117. We reported last year that local inspections raised concerns about the ability of the City of Edinburgh and Scottish Borders councils to meet the demand from older people and the quality of care provided. A progress review of the City of Edinburgh Council's services for older people found that limited progress had been made towards improving the outcomes for many older people. They and their carers were unable to get help even when their needs were critical, and often had to wait lengthy periods for the care they needed. In April 2018, there were 1,500 people in the community waiting for an assessment, waiting an average of 50 days.

118. The Care Inspectorate has also carried out follow-up inspections of Eilean Siar and Aberdeen City Councils and a full inspection of Renfrewshire Council's adult services. It found that progress has been made but observed issues around staff recruitment and retention in Eilean Siar and Renfrewshire and the capacity of care services in Aberdeen.



How is your council adjusting to meet changing demands for care services?

How is this reflected in the performance data?

Public satisfaction is falling

119. The Scottish Household Survey reported that in 2017 public satisfaction has fallen for another year:

- 52 per cent of adults were satisfied with three public services – local health, schools and transport. This is the lowest since first measured in 2007 (57 per cent) and a reduction of four per cent since 2016.
- Satisfaction amongst schools had dropped from 79 per cent in 2007 to 70 per cent in 2017.
- Satisfaction with service users was higher than the whole population, people who had children at local schools reported 87 per cent satisfaction.

120. Less than half of councils have published a residents' or citizens' survey between 2016 and 2018. Of these, five reported a reduction in satisfaction levels compared to previous years. In their surveys many councils asked satisfaction questions about specific services or aspects of service delivery. The most frequent service-specific surveys were in relation to social care, schools and education, housing, building standards and planning, children and families services and school meals. Overall, the picture varies significantly with both increases and decreases in satisfaction levels being reported for the same service across the country.

Some councils are not meeting their statutory duties in terms of homelessness.

121. The number of homeless applications increased for the first time in nine years in 2017/18, from 34,570 households in 2016/17 to 34,972 households in 2017/18. Councils have a statutory duty to provide temporary and settled accommodation to households assessed as homeless. However, some councils have been unable to meet this obligation.

- The Scottish Housing Regulator reported in March 2018 that Glasgow City Council had failed to offer temporary or emergency accommodation to 40 per cent of the 5,377 applications it had for assistance in 2016/17. It had also provided settled accommodation to just over half of the households it had a duty to provide to.⁴³
- The Local Government and Communities Committee took evidence from the Legal Services Agency who reported up to ten cases a week where households had approached them for legal help with councils who had been unable to offer temporary accommodation.⁴⁴

122. When providing accommodation, councils must ensure that households with children or a pregnant woman do not stay in unsuitable accommodation for more than seven days. In 2017/18, there were 400 cases where the household stayed longer than this time, 280 of these were in Edinburgh, 65 in West Lothian and 20 in East Dunbartonshire.

123. Councils use temporary accommodation when a permanent home is not immediately available. Temporary accommodation is more expensive for councils to provide, impacts on existing housing stock and is not the best place for people to stay long term. However, there has been an increase in the use of temporary accommodation in recent years. In 2017/18:



Do you know what your council is doing to understand how satisfaction with different services is changing?





Is your council meeting its statutory duty to provide temporary and settled accommodation to households assessed as homeless?




- there were 10,933 households in temporary accommodation, one per cent more than in 2016/17 and 6,615 children, nine per cent more than 2016/17
- the average time spent in temporary accommodation is 204 days for families and 161 for households without children
- over 13 per cent of households in temporary accommodation spent more than a year there. In Shetland, the average time spent in temporary accommodation was over a year.

124. Homelessness is a complex problem that is often the symptom of a range of different challenges. Shelter believes that the increase in homeless applications is due to the impact of welfare reform, a lack of affordable housing, an increase in people with complex needs who do not receive the support they need, and insufficient and inconsistent prevention work.⁴⁵ The Scottish Government has an objective to end homelessness, this will require a multi-agency approach. We will be reporting further on affordable housing in 2019/20 and will consider homelessness as part of the scope of this audit.

Endnotes



- 1 Local Government Finance Circulars are letters from the Scottish Government to councils. We use the letters which set out the annual funding settlement. All circulars can be found on the Scottish Government's website: <https://www.gov.scot/publications/local-government-finance-circulars-index/>.
- 2 Local Government Finance Statistics are annual statistics on council spend from returns from councils. We have not audited the information in them. They can be found on the Scottish Government's website: <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats>.
- 3 Provisional outturn and budget estimates contain initial outturn and budget information provided by councils. We have not audited the information in them. They can be found on the Scottish Government's website: <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/POBESStats>.
- 4 The LGBF is published by the Improvement Service and contains over 70 cost and performance indicators for local government. It can be found here: <http://www.improvementservice.org.uk/benchmarking/explore-the-data.html>.
- 5 National Performance Framework indicators are used to measure progress against the NPF. They can be found here <https://nationalperformance.gov.scot/measuring-progress/national-indicator-performance>.
- 6 Scotland's Fiscal Outlook, Scottish Government, May 2018.
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- 10 Projected cost pressures for Scottish local government, Improvement Service, 2018.
- 11 *Securing the future of health and social care to the 2030s*, Institute of Fiscal Studies, May 2018.
- 12 *Health and Social care medium term financial framework*, Scottish Government, October 2018.
- 13 *Poverty and inequality in Scotland: 2014-2017*, Scottish Government, March 2018.
- 14 *Poverty in Scotland 2018*, Joseph Rowntree Foundation.
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- 16 UK Poverty 2018, Joseph Rowntree Foundation.
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- 19 City of Edinburgh, Council papers, 7 February 2019.
- 20 *Financial sustainability of local authorities 2018*, Comptroller and Auditor General, HC 834, March 2018.
- 21 Ibid.
- 22 Local Authority Capital Expenditure and Receipts, England: 2017-18 Final Outturn, Ministry of Housing, Communities and Local Government.
- 23 Statement from Rob Whiteman and Richard Paver on borrowing to invest, CIPFA, October 2018.
- 24 *Workforce strategy and metrics update 2018*, Dumfries and Galloway Council, November 2018.

- 25 These figures do not include staff who are employed by arm's-length external organisations.
- 26 Royal Institute of Town Planners written submission to Local Government and Communities Committee, 2018.
- 27 Data provided by Society of Chief Officers of Environmental Health, 2019.
- 28 Public library statistics, CIPFA, 2014 and 2017/18.
- 29 [Social work in Scotland - Impact report](#) , Account Commission, December 2018.
- 30 *Tipping point*, Unison, November 2018 and *Trading safety*, Unison, May 2018. Both are reports on surveys carried out by UNISON of their members. For environmental health workers, members from 21 councils responded, for trading standards members from 29 councils. The overall number of respondents is not stated.
- 31 The full range of indicators includes unit cost and public satisfaction. These are available on the improvement services website: www.improvementservice.org.uk/benchmarking.
- 32 *National benchmarking overview report 2017-18*, LGBF, 2019.
- 33 [Accounts Commission Strategy and annual action plan 2018-23](#) , Accounts Commission, June 2018.
- 34 LGBF included educational attainment information for the first time in 2011/12.
- 35 As leaver information is not available when the LGBF publishes its data, the LGBF uses data based on the year pupils are expected to leave school rather than the actual year they left. This means there are some small differences between it and data published by the Scottish Government later in the year.
- 36 *Children in families with limited resources across Scotland 2014-2016*, The Scottish Government.
- 37 The Scottish Government, through its Attainment Challenge provides additional funding to the councils it defined as having the highest concentration of deprivation. Glasgow and Dundee are challenge authorities. The other authorities are Clackmannanshire, East Ayrshire, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire and West Dunbartonshire.
- 38 Joint inspection of services for children and young people in Glasgow, May 2017.
- 39 [Dundee City Council Local Scrutiny Plan 2018/19](#) , Audit Scotland, April 2018.
- 40 *How well is Dundee City Council improving learning, raising attainment and closing the poverty-related attainment gap?* Education Scotland, June 2018.
- 41 Care home census for adults in Scotland, 2018, NHS Scotland.
- 42 Social Care Services, Scotland, 2017, Scottish Government.
- 43 Scottish Housing Regulator, March 2018.
- 44 Local government and communities committee, Report on homelessness, February 2018.
- 45 Briefing for Scottish Government debate on ending homelessness together, Shelter, November 2018.

Local government in Scotland

Challenges and performance 2019

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ISBN 978 1 911494 81 2

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****CHIEF EXECUTIVE****18 JUNE 2019**

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.
- 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 compliance with these changes was confirmed by Internal Audit in their report tabled to the Audit and Scrutiny Committee in December 2018.
- 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 however it will also be updated if and when the Strategic Management Team (SMT) feel there is a specific requirement. This was done in the past year when a new risk was created to reflect the potential impact on the Council of the UK's withdrawal from the European Union.
- 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 A further, and welcomed, development in 2019 is that there is now a clear link between the SRR and annual Internal Audit plan, including a three year cycle providing audit coverage across all the identified 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 Equalities - None

5.6 Risk – The report sets out the strategic risks facing the Council

5.7 Customer Service - None

**Cleland Sneddon
Chief Executive
18 June 2019**

For further information please contact: Laurence Slavin, Chief Internal Auditor
(01436 657694)

Appendices:

1. Strategic Risk Register

STRATEGIC RISK REGISTER

NEXT REVIEW DATE 14/10/2019

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>	5	4	20	<p>1. Local outcome improvement plan targets population and economic recovery</p> <p>2. Economic Forum</p> <p>3. Maximise external funding opportunities</p> <p>4. Strategic economic development action plan</p> <p>5. Strategic infrastructure plan</p> <p>6. Area economic development action plans</p> <p>7. Promote and Market Argyll and Bute</p> <p>8. Maximise social-eco benefits via effective partnership working</p>	4	4	16	Treat	<p>1. Deliver Rural Growth Deal (Initial Phase March 2020)</p> <p>2. Lobbying activity in pursuit of regional immigration policies and related strategies</p>	SMT 27 May 2019	Exec Director Dev & Infra
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 2018/2019</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. New schools programme</p> <p>7. Smarter Places</p> <p>8. Community Empowerment and Community Asset Transfer – Arrangements in place to evaluate and determine requests.</p> <p>9. Roads Asset Management Plan</p> <p>10. Status and Options Report</p> <p>11. R&A Services control hub and joint operations team</p>	4	3	12	Treat	<p>1. One Council Property Approach</p> <p>2. Consider implementation of new capital prioritisation process for 2020/21 budget (September 2019)</p>	SMT 27 May 2019	Executive Directors of D & I and CS
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.</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. Develop Effective workforce planning model</p> <p>7. Transformation Programme.</p> <p>8. RPIF / Business Outcomes</p>	4	3	12	Treat	<p>1. Implement SF resilience building project including knowledge sharing and development of guidance notes (March 2020)</p> <p>2. Complete annual review of financial strategy (October 2019)</p> <p>3. Development of medium to longer term savings options (Feb 2020)</p> <p>4. Deliver Rural Growth Deal (Initial Phase March 2020)</p> <p>5. Review of HSCP Scheme of Integration with a focus on the risk sharing arrangements (June 2020)</p>	SMT 27 May 2019	Head of Strategic Finance

4	Governance and Leadership Governance and leadership arrangements are not conducive to effective working and lead to a lack of strategic direction.	All Corporate Outcomes	Poor decision making, lack of strategic direction. Lack of operational direction. Confidence in, and reputation of, the Council harmed. Deterioration in performance	4	4	16	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 7. Performance Improvement Framework and Service Planning. 8. Leadership development programme. 9. Council constitution regularly reviewed and updated. 10. Established partnership governance arrangements 11. Scrutiny arrangements in respect of Police, Fire and Health. 12. Governance arrangements for scrutiny established	4	3	12	Treat	1. Delivery of 2018/19 scrutiny plan' (September 2019) 2. Preparation for BV audit (October 2019)	SMT 27 May 2019	Chief Executive
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.	People live active, healthier and independent lives Enablers	Prioritisation of services may not be aligned to community needs/views Gaps between community needs and Council services. Ineffective partnership working Services not configured to meet user/citizen requirements	3	4	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 8. Conducted future of public services roadshows Summer 2018	3	2	6	Tolerate		SMT 27 May 2019	Chief Executive All Heads of Service
6	Service Delivery Insufficient resources to ensure effective service delivery	Enablers	Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives Resources are poorly managed with result that agreed outcomes and objectives are not fully achieved. Unable to achieve continuous improvement and improve effectiveness and efficiency	3	3	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	3	2	6	Tolerate		SMT 27 May 2019	Executive Directors
7	Health and Social Care Partnership 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.	People live active, healthier and independent lives	Partnership viewed as having failed or not achieved strategic objectives Partnership Failure or weakness exposes Council to significant Financial liability Confidence in, and reputation of, the Council harmed	5	4	20	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.	5	3	15	Treat	1. Develop options to deliver sustainability of future years budgets.	SMT 27 May 2019	Chief Officer HSCP
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. Establishment of the EU Withdrawal Tactical Working Group	2	3	6	Tolerate	1. Arrangements for daily reporting to the West of Scotland Resilience Partnership related to EU Withdrawal Tactical Working Group (timescales dictated nationally)	SMT 27 May 2019	Head of Governance and Law

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	5	4	20	1. Welfare reform group established. 2. Joint working with DWP, CPP and other agencies. 3. Money Skills Argyll	4	3	12	Treat	1. Recruit replacement contract manager to increase project capacity. (30 June 2019). 2. Engage with partners, BIG and other project leads on compliance framework/requirements. Ongoing	SMT 27 May 2019	Head of Customer and Support Services
10	Waste Management Unable to dispose of waste in landfill sites due to the implications of the biodegradable municipal waste (BMW) landfill ban in 2021	Our Infrastructure supports sustainable growth	Alternative delivery models would 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 off-takers 2. Waste strategy	4	4	16	Treat	1. Seek Island impact assessment and funding necessary to achieve compliance 2. Seek derogation from Scottish Government for contractual and island waste.	SMT 27 May 2019	Exec Director Dev & Infra
11	Service Delivery - Cyber Security Unable to deliver services to customers because of failure of ICT systems following major cyber security breach	Our Economy is diverse and thriving	Data corruption of ICT system caused by malware and/or loss of confidential data. ICT Systems unavailable for considerable period whilst recovery from uncorrupted backups takes place. Meanwhile Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives. Reputational damage to Council and potential financial losses (fines, loss of income).	5	3	15	1. ICT Security & compliance officer in post, producing weekly threat analyses, member of CISP 2. PSN and Cyber Essentials Plus accreditations for corporate network 3. Regular patching regimes in place 4. ICT Disaster recovery plans tested regularly 5. All critical activities have recovery plans developed (CARP's)	3	2	6	Treat	Continued close review and update of disaster recovery plans and associated tests Development of incident response plan Reviewing mirroring between data centres Services to test CARPs regularly	SMT 27 May 2019	Exec Director Customer Services
12	Withdrawal from the EU Insufficient preparedness for exit from the European Union	Our Economy is diverse and thriving	A. Potential changes to legislation which may impact on the way the Council delivers services and the resource required to deliver them - there are particular risks in relation to the delivery of neregulatory services. B. Disruption of flow of goods, services and supply chains, in particular energy supplies, fuel and medical supplies C. Adverse impact on communities with regards to economy and population. D. Potential loss of intervention funding (current EU funding programmes). E. State Aid; lack of robust protection against distortion of markets. F. Disruption to the flow of information and data sharing due to impact of new/revised legal requirements. G. Detrimental impact on workforce including potential for Scotland wide job losses and shortage of skilled and unskilled workers in key areas	3	5	15	1. Establishment of tactical team with direct reports to Chief Executive as Strategic Lead 2. Regular reporting to the Strategic Management Team and the Industry and Regional Development Sounding Board as the strategic group. 3. Tactical team via the Civil Contingencies Manager liaising/ collaborating with Regional Resilience Partnerships and other resilience partners.	2	5	10	Treat	1. Development and regular review of dedicated risk register with input from representatives across the organisation and the Health and Social Care Partnership. 2. Preparation of Brexit workplan 3. Standing item on agenda for Strategic Management Team. Deadline - ongoing.	SMT 27 May 2019	Chief Executive

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****STRATEGIC FINANCE****18 JUNE 2019**

MONEY SKILLS ARGYLL SCRUTINY REVIEW

1.0 INTRODUCTION

- 1.1 Money Skills Argyll (MSA) was the first scrutiny review carried out as per the 2018/19 scrutiny plan agreed by the Audit and Committee on the 19 June 2018.
- 1.2 The MSA scrutiny panel comprised of Councillor Taylor (chair), Councillor Findlay and Councillor Reid with support provided by internal audit officers.
- 1.3 MSA was chosen for inclusion in our scrutiny priorities for 2018/19 in light of reports from partner organisations and delays in realising the benefits of participation in an initiative (Delivering Financial Inclusion) designed to add to the resources available to help people in our communities experiencing money management difficulties.
- 1.4 Delivering Financial Inclusion is a £17 million strategic intervention jointly funded by the Big Lottery Fund (BLF) and the European Social Fund, which was established as a pilot project to support some of Scotland's most disadvantaged households by bringing improved money management skills and ensuring debt is less of a barrier to social inclusion. It is delivered via distinct projects in five local authority areas: Argyll and Bute, Dundee, Inverclyde, North Ayrshire and Glasgow. Each project is unique to its associated local authority. MSA is a £3.8 million three year project delivered in partnership by the Council.

2.0 RECOMMENDATIONS

- 1.0 Committee to agree the attached report.
- 1.1 Committee to agree the most appropriate committee or other Council group for the MSA report to be presented to for consideration.

3.0 DETAIL

- 1.2 Throughout this review, a number of panel meetings were held to gather evidence.
 - Panel one - HELP and Citizens Advice Bureau.

- Panel two - ACHA and the Council's Head of Customer and Support Services who was the lead officer involved in the tender and award of the project.
- Panel three - Council's Principal Accountant who is the lead officer involved in the operation and delivery of MSA.
- Panel four - BLF.

1.3 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.

1.4 Based on the information obtained over the course of the review the panel has identified seven findings. These are not specific to the MSA project, they are learning points for the Council to consider when entering into projects and partnerships in future. Findings focus primarily on project management arrangements and are detailed in appendix 1.

4.0 CONCLUSION

1.5 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.

5.0 IMPLICATIONS

5.1 Policy	None
5.2 Financial	None
5.3 Legal	None
5.4 HR	None
5.5 Equalities	None
5.6 Risk	None
5.7 Customer Service	None

Councillor Sandy Taylor

18 June 2019

For further information please contact:

Laurence Slavin, Chief Internal Auditor, 01436 657694

APPENDICES

Appendix 1 – Money Skills Argyll Scrutiny Report

Argyll and Bute Council

Scrutiny Report

June 2019

FINAL

Money Skills Argyll

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1. Executive Summary

Introduction

1. As part of the Argyll and Bute Council's (the Council) 2018/19 internal scrutiny plan, approved by the Audit & Scrutiny Committee in June 2018, we have undertaken a scrutiny review of the Money Skills Argyll project (MSA).
2. Throughout the report reference to 'the panel' refers to the three elected members who conducted this review. They were:
 - Councillor Taylor (Chair)
 - Councillor Findlay
 - Councillor Reid
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.

Background

4. MSA was chosen for inclusion in our scrutiny priorities for 2018/19 in light of reports from partner organisations and delays in realising the benefits of participation in an initiative (Delivering Financial Inclusion) designed to add to the resources available to help people in our communities experiencing money management difficulties.
5. Delivering Financial Inclusion is a £17 million strategic intervention jointly funded by the Big Lottery Fund (BLF) and the European Social Fund (ESF), which was established as a pilot project to support some of Scotland's most disadvantaged households by bringing improved money management skills and ensuring debt is less of a barrier to social inclusion. It is delivered via distinct projects in five local authority areas: Argyll and Bute, Dundee, Inverclyde, North Ayrshire and Glasgow. Each project is unique to its associated local authority. MSA is a £3.8 million three year project delivered in partnership by the Council and the third sector providers detailed in exhibit 1.

Exhibit 1 – Third Sector Providers

Provider	Description of Services Offered via MSA
ALLenergy	Advice on efficient energy use, help with energy billing, and support liaison with energy suppliers about energy debt and applications for energy related grants/credits.
Argyll and Bute Adult Learning	Assistance in computer use covering basic skills and the ability to access and use online financial services and tools.
Argyll and Bute Citizens Advice (ABCAB)	Assistance with money management, debt advice and income maximisation.
Argyll Community Housing Association (ACHA)	Assistance with money management and income maximisation concerns.
Argyll Networks	Network of welfare rights officers from Dunbritton Housing Association, Fyne Homes and West Highland Housing who provide support on money management and income maximisation.

Bute Advice	Support with money and debt advice, money management and income maximisation.
Carr Gomm	Support with money management and income maximisation.
HELP	Support with money management, income maximisation and digital skills.

6. Kintyre Youth Enquiry Services were initially involved in the project but withdrew at an early stage as they ceased business. ABCAB withdrew from the project in June 2018 due to concerns over cash-flow and emergent financial stability.
7. In deciding to participate in the pilot the Council recognised the potential benefit to the citizens of Argyll and Bute, by providing them with financial inclusion services which would not otherwise be available. In particular, this novel approach gave, for the first time, the various partners the opportunity to work together to provide a *holistic, person-centred service* which provides all the elements of assistance with fuel poverty, money management skills, debt advice and assistance, income maximisation and digital inclusion.
8. Underpinning the attraction of the project was the availability of ‘new’ resources and ‘new’ support for many people who would otherwise not receive any help and continue to struggle. This is particularly important to Argyll and Bute as we have one of the highest rates of fuel poverty during a period of reducing welfare funding which is increasing in-work poverty.
9. MSA focuses on improving money management skills and reducing debt as a barrier to social inclusion for disadvantaged participants. In particular it provides bespoke measures to equip eligible clients with the skills, knowledge and support to decrease debt and increase their money management skills. In this way, it was hoped that this inclusive, holistic approach would help people, currently struggling, before they get to crisis point.
10. To qualify clients must satisfy one of the following ESF eligibility criteria:
 - workless and living in a workless household
 - living in a single adult household with dependent children
 - on a low income in employment.

Scrutiny Initiation Briefing – 25 September 2018

11. In September scrutiny officers circulated a briefing to the panel which provided background on MSA. Afterwards the panel met to agree the scope and identify invitees to give evidence at a series of panels.
12. The agreed scope was to scrutinise the tendering for, and delivery of, MSA. In particular to consider:
 - the question of funding flow and its impact on organisations
 - project planning, partner organisation engagement and subsequent operation of the project
 - management of risk for the Council and partner providers
 - any lessons to be learned from this experience which could inform future projects of a similar nature.

13. The scrutiny panel agreed that they should meet with the under-noted groups, who could aid their appreciation and understanding of the project from inception to the present day. (Exhibit 2)

Exhibit 2 – Scrutiny Panels

Evidence Panel	Key Areas for Discussion
Third Sector Providers	<ul style="list-style-type: none"> • Provider experience of the project. • Project benefits and downfalls. • Impact on the providers of providing the project. • Extent to which the project is having a positive impact on clients.
Council Officers	<ul style="list-style-type: none"> • Tendering process. • Risk assessment process. • Provider consultation. • Proposals for the future operation of the project.
BLF	<ul style="list-style-type: none"> • BLF's experience of the project. • Project engagement. • Operational requirements. • Key obstacles and resolutions. • Lessons learned.

2. Panel Meetings

Panel One – Third Sector Providers – 7 November 2018

14. Panel one consisted of representatives from HELP and Citizens Advice Bureau. ACHA were also invited however they were unable to attend. The key messages from this panel are set out in Exhibit 3.

Exhibit 3 – Panel 1 – Third Sector Providers - Key Messages

Theme	Detail
Opportunity	Both providers felt MSA was an excellent opportunity to promote partnership working between the third sector and the Council and to access £3m of funding to help some of Argyll and Bute's most vulnerable citizens.
Risk Management	<p>Risk was discussed during early engagement between the Council and providers however the project was still in development at this stage and there wasn't clarity over the funding model (refer to appendix 1) or the criteria to access funding. Therefore neither the Council nor providers were fully sighted on the potential risk exposure.</p> <p>The Council, through the contracts signed with the providers, minimised the risk to the Council and passed it on to the providers. Whilst this was prudent from a risk management perspective the panel queried whether this was appropriate and whether the Council should have shouldered greater risk and provided more protection to third sector organisations.</p>
Funding Model	The lack of clarity over the funding model at the outset was a major issue which impacted on providers throughout the project. Refer to appendix 1.
Clear Expectations / Administrative Requirements	Both providers agreed that one of the main issues was starting a project before everyone appreciated what they would be expected to deliver and the administrative requirements they would need to comply with.

	<p>These requirements caused issues for providers throughout the project and were not detailed at the beginning of the process as they were not provided by BLF or ESF. They were also subject to change by BLF/ESF during the project with changes having to be applied retrospectively.</p> <p>The Council has extensive experience dealing with European projects and the panel felt providers would have benefited from a member of the Council's European team working closely with them to help them understand and comply with the requirements of European projects.</p>
Third Sector Finances / Impact on Providers	<p>Both providers felt the Council didn't fully understand how precarious the financial position of third sector organisations are, in particular the extent to which they can rely on reserves. They also feel the project has resulted in providers carrying substantial risk and that all the providers have suffered significant financial loss due to their involvement.</p> <p>The panel agreed that the Council should have carried out due diligence on prospective providers at the outset to ensure they had sufficient financial stability to deliver the project.</p>
Communication / Relationships	<p>At the outset, before the tender was successful, there was a sense of partnership working between the Council and the providers. However the relationship deteriorated after the project commenced with providers no longer feeling it was a partnership. Providers did not feel that initial monthly meetings held provided for effective partnership working. They were chaired by the Council who set the agenda and used them to update providers on project progress. Providers felt there was no opportunity to highlight issues. This was rectified, however, for a period, it caused tension between providers and the Council as providers felt the Council were the cause of their issues.</p> <p>Both providers agreed it would have been useful for BLF and/or ESF to have attended monthly project meetings as this would have identified that BLF/ESF, rather than the Council, were the root cause of many of the issues arising and those issues would have been escalated, with action taken sooner, to resolve them. This would have helped avoid the initial breakdown in relations.</p>
Client Impact	<p>Both providers feel the project has not been well received by clients. Excessive paperwork has deterred clients and the requirement to get clients to provide lots of information and sign many documents has been onerous and sometimes embarrassing for both providers and clients. Potential MSA clients are seeking intervention, often in an emergency and a sign up process that takes up to two hours is not ideal for people who could be in a position of crisis.</p>

Panel Two – External Provider and Council Officer – 13 November 2018

15. Panel two consisted of a representative from ACHA and the Council's Head of Customer and Support Services who was the lead officer involved in the tender and award of the project.
16. This panel was split into two halves, panel 2a and 2b. Panel 2a was attended by both invitees with questions focused on ACHA's experience of MSA. ACHA's representative then left and panel 2b focused on the Head of Customer and Support Service's involvement in MSA.

17. The key messages from this panel are set out in exhibits 4 and 5.

Exhibit 4 – Panel 2a – Third Sector Provider - Key Messages

Theme	Detail
Opportunity	ACHA felt MSA was an excellent opportunity to access funding to help some of Argyll and Bute's most vulnerable citizens.
Risk Management	Risks were considered at the beginning of the process however risks did not materialise as initially expected. Issues relating to administrative requirements were not anticipated at the outset so this risk was not identified. If ACHA had been aware of the requirements at the outset they may have decided not to participate however they were keen to continue their involvement due to the benefit the project could deliver.
Funding Model	The complexity of the funding model has caused extreme difficulty. In particular the timing of payments to providers and the way funding is distributed. There was no way for providers to calculate how much funding they would get back from delivering a service. Refer to appendix 1.
Administrative Requirements	Eligibility criteria in the initial invite to tender were based on an employability programme however MSA is not an employability project meaning the criteria was not appropriate. This was queried by the Council when the contract was signed and the Council were provided verbal assurance from BLF that the criteria would be changed to better fit the project. This did not happen. Administrative requirements were not known until after the contract was signed, so neither the providers nor the Council were aware of how difficult it was going to be to manage this project.
Client Impact	The project has not been well received by clients as the complexity of the sign up process is deterring people who are already, by nature, in an extremely stressful position.

Exhibit 5 – Panel 2b – Council Officer - Key Messages

Theme	Detail
Opportunity	A significant amount of work was undertaken to ascertain the level of interest across the third sector in MSA and it was clear there was a lot of demand. Providers saw MSA as a way to access funding and wanted to get involved in a partnership model. It wasn't clear whether any other body would bid for the project on behalf of Argyll and Bute so the Council prepared a bid to make sure Argyll and Bute did not miss out on the funding.
Risk Management	<p>The December 2016 Policy and Resources committee agreed to <i>“transfer the financial risks on delivering the outcomes onto the subcontractors, with the exception of the small amount of services that will be delivered by Adult Learning and Literacy”</i>.</p> <p>It was clear from the outset that MSA was a payment by results project and the Council made clear that the majority of risk sat with the providers. In particular, at a meeting in October 2016, prior to the tender being submitted, there was an agenda item on “assessment of cost, funding and risks” and the minute states that “each subcontractor will bear the financial risks for the activities which they deliver”. This evidences that the Council considered the risks with providers at the process outset.</p>

	The panel acknowledged that the Council communicated the transfer of risk to providers however considered whether some providers may not have the experience or capacity to fully comprehend the implications of the terms of the contract or to carry out appropriate due diligence. It was also considered possible that providers may have placed their trust in the project as the Council was recommending it.
Clear Expectations/ Administrative Requirements	BLF advised they would provide a case management system however, at BLF's recommendation, the Council also identified an alternative system in case the BLF option did not materialise. BLF did not provide a case management system, rather they provided a spreadsheet, after the contract start date which was not intended to be a long term solution. Therefore, the Council procured the system they had identified. As the cost exceeded the expected cost submitted to BLF, this required a change request to be submitted to BLF to secure additional funding. In the meantime, the need to administer cases manually contributed to the delay to roll out MSA.
Third Sector Finances / Impact on Providers	<p>The Council knew there would be delay providing funds to providers due to the trigger points stipulated in the contract. Due to this it was anticipated there would be a minimum of a two month delay after providing a service before any funding would be received. The Council asked each provider individually whether the time lapse would be an issue for them.</p> <p>The Council were not aware quite how financially unstable some of the providers were. The providers had to complete forms as part of the tender process which were submitted to BLF which included questions on whether they were facing bankruptcy or insolvency. The Council did no further checks on the provider's financial sustainability.</p>
Communication / Relationships	There was a notable change in the relationship between the Council and providers after the contract was awarded and the MSA transferred from customer services to strategic finance. There was a period where providers felt it was no longer a partnership as meetings with BLF/Council were held separately to meetings with Council/Providers. The lack of continuity of council officers did not help communication issues. The Council should have been stronger in their communications with BLF and used collective power with other lead partners to try and rectify issues with the administrative procedures in order to find a resolution earlier in the process.

Panel Three – Council Officer – 22 November 2018

18. Panel three consisted of the Principal Accountant (Argyll and Bute), who is the lead officer involved in the operation and delivery of MSA. The key messages from this panel are set out in exhibit 6.

Exhibit 6 – Panel 3 – Council Officer - Key Messages

Theme	Detail
Opportunity / Project benefits	The main reason for continuing the involvement in MSA is the potential benefit for the community. What the project aims to do is really positive and worthwhile. Work has been ongoing with BLF to try to resolve issues to ensure the project will be deliverable going forward.
Project Governance	The preparation and submission of the tender was carried out by officers in Customer and Support services after which the project was transferred to Strategic Finance. There was no formal handover process although

	<p>officers who had been involved from the outset provided support wherever possible. This project is not a natural fit for Strategic Finance as they do not provide public advice or benefits maximisation services. In addition, Customer and Support Services officers had put a lot of work, time and effort into preparing the project bid so had accumulated knowledge which Strategic Finance didn't have. The lack of continuity of officers was considered to be the principal reason for the deterioration of the relationship between the Council and the providers.</p> <p>Delivery, communication and engagement plans had to be created immediately upon transfer to Strategic Finance as this was a deliverable required by the contract. This was an extremely difficult task for the officer who had no prior knowledge of the project.</p> <p>Having staff in place at the beginning of the project may have helped reduce some of the issues experienced. The project was supposed to go live on 20 February 2017. The Contract Manager started in post May 2017 and a financial inclusion officer was appointed in June 2017. Ideally staff would have been in place in February to allow the project to go live. This delay contributed to the financial difficulties experienced by providers as they were preparing for a February go live and some had taken on staff to deliver their element of the project.</p>
<p>Clear Expectations / Administrative Requirements</p>	<p>The Council and providers entered into a contract before being clear about basic principles of the project, such as the eligibility criteria and administrative requirements. The Council received different answers from different contacts in BLF for the same queries and it became clear that not only were the Council and providers learning as they went along, so were BLF.</p> <p>Council officers involvement in this project has proven to be significantly time consuming. This level of commitment was not reflected in the initial report to the Policy and Resources Committee on 15 December 2016.</p> <p>One of the most time consuming tasks is dealing with changes or clarifications around the administrative and audit requirements. When the Scottish Government make changes to project guidance they don't highlight the changes, they just issue new guidance making it time consuming to identify what has changed. All changes have to be applied retrospectively which has caused a huge amount of rework for council officers and providers.</p> <p>The Council needs to look at how they work with the third sector and make sure there is a common understanding between the Council and the providers about expectations when entering into projects of this scale. The Council has a responsibility and a critical role to make sure providers understand what they are signing up to.</p>
<p>Funding Model</p>	<p>The funding model was extremely complex. When the Principal Accountant first saw it he realised it would not work for a variety of reasons and he identified the funding distribution and timing of funding flow was going to be an issue. The complexity of the funding model and the delay in payment has had a negative impact on the third sector</p>

	provider's cash flow. The providers had no certainty over how much they would get or when they would get it because of the way the payment model works. This is explained further in appendix 1.
Communication/ Engagement	<p>The providers were all keen to get started at the project outset however the relationship between providers and the Council started to deteriorate when frustrations over the requirements around eligibility and record keeping kept changing. The providers initially thought that it was the Council making these changes.</p> <p>In hindsight, the Council should have made it clear earlier in the process about their limited influence over project changes. This may have avoided the early breakdown in the relationship between the Council and the providers. Providers now see the Council as a partner now and better understand the root cause of the changes to requirements.</p>

Panel Meeting Four – Big Lottery Fund – 21 January 2019

19. Panel four was attended by the Big Lottery Fund's (BLF) current Funding Manager and the Deputy Director for Scotland. The key messages from this panel are set out in exhibit 7.

Exhibit 7 – Panel 4 – Big Lottery Fund - Key Messages

Theme	Detail
Opportunity / Project Benefit	Due to the difficulties experienced considerable consideration was given to whether MSA should continue however BLF concluded there was still benefit to be achieved and it was still worthwhile in terms of helping people and providing value for money for the Scottish Government. BLF are still committed to making this project work.
Risk Management	At the project outset consideration was given to project risks. Risk registers were created for both BLF and the partners identifying what could go wrong and why it might happen.
Clear Expectations / Administrative Requirements	<p>It is not unusual for grant funded programmes like this to evolve over time and end up looking quite different to what was initially intended or envisaged. This is usually manageable when the programme is purely BLF funded however MSA was more complicated and less flexible due to the element of European funding and ESF requirements.</p> <p>BLF and partners didn't appreciate the amount of paperwork required for MSA. This should have been better planned at the outset. BLF acknowledged that, as the project progressed, their understanding of ESF's project requirements developed. This caused difficulties for the Council and third sector providers as they were required to comply with the evolving requirements and had to make retrospective changes.</p>
Funding Model	It was the Council's responsibility to ensure the funding flow was communicated to providers. The ITT sets out the way funding will be paid to the lead partner (the Council) but BLF left the allocation of funds to the discretion of the Council. BLF felt the Council's funding model was relatively complicated compared to those adopted by some other lead partners. This is explained further in appendix 1.
Communications / Engagement	BLF recognised there were a number of reasons, including a restructure within BLF and a changeover of staff, which led to delays in BLF responding to issues. Lead partners should have been stronger in their attempts to communicate issues to BLF. When BLF spoke to a number of

	lead partners the general message was ‘it’s all going fine, we just aren’t quite there yet with the process’.
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3. Financial Risk

20. The greatest financial risk lies with the providers. Providers only receive payment if they reach the 50% and 100% action plan completion milestones. Therefore if the client completed less than 50% of their action plan the provider(s) would not receive any money regardless of the work they had done. The 50% and 100% payment triggers are stipulated in the contract with BLF.
21. The Council pay the provider based on their 50% and 100% compliance audits then submit a claim to BLF for this amount. Therefore, there is the risk that BLF may deem that a case does not comply following the BLF audit and not pay the Council’s claim. In this case, the Council would need to ask the provider to return the money paid to them. There is a risk the Council would not be able to recover these funds due to the solvency of the provider(s) involved in the scheme. Requesting a return of funds due to BLF refusing claims has not occurred to date. The impact of this risk on the Council would be marginal, whereas the loss of this income could undermine the sustainability of many third sector organisations.

4. Findings

22. Based on the information obtained over the course of the review the panel has identified seven findings. These are not specific to the MSA project, they are learning points for the Council to consider when entering into projects and partnerships in future. These findings are focused on areas the panel considered to be under Council control however it is also appropriate to recognise there were issues during the project which originated from the funding bodies. For example a failure to
- clearly understand and communicate project requirements
 - agree eligibility criteria which were relevant and aligned to the objectives of the project
 - provide a case management system.

Exhibit 8 – Findings

No.	Finding	Learning Point
1	<p>Supporting Third Sector Partners</p> <p>It is clear that some providers may not have had the experience or capacity to fully comprehend the implications of the terms of the MSA contract or to carry out appropriate due diligence. It also appears that some providers may have placed their trust in the project as the Council was recommending it. For example, providers did not fully understand the principles of the funding distribution prior to signing contracts. Although the Council documented the funding distribution principles within the contract the panel believe the Council could have done more to effectively communicate</p>	<p>When engaging with the third sector the Council should ensure partners fully understand contractual requirements and appreciate the risks associated with entering into a contract and/or partnership working. This may include sharing Council expertise such as financial or legal advice to assist with this understanding.</p> <p>The Council should also ensure it strikes an appropriate balance when considering the sharing of project risk with third sector organisations.</p>

No.	Finding	Learning Point
	<p>the funding model and ensure providers understood what they were signing up to.</p> <p>The Council, through a decision made by the Policy and Resources Committee, adopted a risk averse position passing all risk to the providers. Whilst it could be argued this was prudent the Council also needs to consider its corporate social responsibility and ensure it contributes to, rather than hinder, the sustainable development of the third sector who provide a key role in the delivery of services in Argyll and Bute.</p>	
2	<p>Financial Due Diligence</p> <p>The Council was not fully aware of the financial resilience of providers when they signed up to MSA. Providers had to fill out standard forms as part of the tender process, which included questions on whether they were facing bankruptcy or insolvency however this was limited in nature and the Council did no further checks on the financial sustainability or resilience of providers. Involvement in MSA has created substantial financial issues for a number of the providers, due to inadequate resilience, or early commitment to staff expenditure in the absence of an established income stream.</p>	<p>The Council should consider whether the current level of due diligence they carry out to assess the financial resilience of third sector organisations they intend to enter into contracts or partnership arrangements with is sufficient.</p>
3	<p>Project Responsibility and Handover</p> <p>The preparation and submission of the MSA tender was carried out by officers in Customer and Support Services after which the project was transferred to Strategic Finance. The lack of continuity of officers impacted negatively on the working relationship with the providers.</p> <p>When responsibility for MSA was transferred from Customer and Support Services to Strategic Finance officers who had been involved from the outset provided support to Strategic Finance wherever possible and mobilisation meetings were held and attended by relevant officers. Copies of some documentation was also provided. Whilst these helped Strategic Finance to take on the project, their focus on operational issues gave rise to a change in</p>	<p>At the beginning of a project, the Council should determine who has the most appropriate skills and experience to manage it throughout its lifecycle. Changing the project team mid project should only be done if there is a clear benefit in doing so. Continuity of officers should be promoted wherever possible to allow positive stakeholder relationships to be developed and maintained.</p> <p>Where there is a need to transfer responsibility for a project the Council should ensure appropriate handover arrangements are in place to ensure the transfer of knowledge, skills and learning.</p>

No.	Finding	Learning Point
	<p>the Council's role from leading the Partnership group to contract management and a changing relationship with partners and approach to project management. As partners became more involved again, the Project group has together better addressed the prevailing issues with the funders.</p> <p>Delivery, communication and engagement plans had to be created immediately upon transfer to Strategic Finance as this was a deliverable required by the contract. This was an extremely difficult task for the Strategic Finance officer as they had no prior knowledge of the project. However considerable assistance was given to them in creating these plans by Customer & Support Services staff.</p>	
4	<p>Project Readiness</p> <p>The MSA contract start date stipulated by the funding bodies was 20 February 2017, however there were no resources, such as a case management system, training or staff, ready on this date.</p> <p>Staff were recruited in May and June 2017 and there were delays to this process due to BLF not providing a logo for the job adverts until after the contract was signed.</p> <p>This delay contributed to the financial difficulties experienced by providers as they were preparing for a late February go live and one had taken on new staff to deliver their element of the project.</p>	<p>The Council should aim to have appropriate resources in place in advance of project start date or build in appropriate lead in times to avoid unnecessary delays. Where this is not possible they should communicate and agree a realistic and achievable start date with all stakeholders as soon as a risk of delay is identified.</p>
5	<p>Understanding Project Requirements</p> <p>The opportunity to access new funding to support vulnerable citizens was understandably attractive to the Council and the third sector. However, basic principles of the project, such as eligibility criteria and complex administrative requirements, were not understood by BLF, the Council or providers when they entered into the contract. This caused additional work for Council and providers and added to the delay in receiving funding for work carried out. The Council did query eligibility criteria</p>	<p>The Council should ensure that appropriate planning processes, such as a critical appraisal of the implications of committing to a project, are followed to ensure contract requirements are fully understood, and queries formally resolved, before they enter into a contract.</p> <p>Furthermore, the Council should be more robust when highlighting issues to funding bodies and ensuring they are resolved adequately.</p>

No.	Finding	Learning Point
	<p>with BLF at the beginning of the process as criteria included within the contract was based on an employability programme, which MSA isn't. The Council and third party providers subsequently placed trust in BLF following verbal assurance from them that the eligibility criteria would be changed however this did not occur.</p>	
6	<p>Project Impact</p> <p>Client participation in MSA has not been at the level or nature anticipated. This is partially due to client sign up being targeted by partners to those needing crisis intervention rather than holistic support which was the original objective of the project. Partners have been put off extending the service to struggling low income families.</p> <p>Furthermore, the complexity of the sign up process deterred people who are already, by nature, in an extremely stressful position. Excessive paperwork has deterred clients and has been onerous and sometimes embarrassing for both providers and clients. Potential MSA clients are often seeking emergency intervention and a sign up process that takes up to two hours is not ideal for people who could be in a position of crisis.</p> <p>This has often resulted in the client receiving a service but the provider being unable to claim back the cost of delivering it due to the inability to meet administrative requirements.</p>	<p>When considering projects the Council should consider the suitability of the project in meeting the target client needs and demands. This should include considering how the requirements of this project could potentially impact clients and delivery partners.</p>
7	<p>Partnership Working and Engagement</p> <p>There was a notable change in the relationship between Council and providers after the contract was awarded and the project transferred from Customer & Support Services to Strategic Finance. There was a period of time where providers felt they were no longer part of a partnership as meetings with BLF/Council were held separately to meetings with Council/Providers. In addition, it was not communicated to providers that the Council</p>	<p>When managing projects delivered by multiple partners the Council should recognise it's lead role in placing an emphasis on the importance of engaging and communicating with all stakeholders and encourage a flow of information from between all stakeholders.</p>

No.	Finding	Learning Point
	was not the root cause of the administrative complexities of the project. This should have been communicated earlier in the process to avoid the negative impact and tension in the relationship between the Council and providers.	

Appendix 1 – Funding Model

As the funding model proved to be one of the major issues for the providers it was thought to be worthwhile explaining how it worked.

A detailed personal action plan is created for each eligible participant based on their assessed need. Action plans are made up of a number of actions which may be delivered by various providers. Initially it was a BLF/ESF requirement that at least two providers are involved in delivering an action plan. This caused issues for providers and clients as some activities were being included in the action plan as an 'add on' purely to meet this multi-provider requirement. Consequently clients would often not complete the action plan in full as they would have received the support required to deal with their immediate financial difficulties and have limited incentive to complete their action plan. This would result in a loss of income for the relevant provider. This requirement has since been removed.

An average unit cost of £1,593 was calculated at contract stage. This was calculated by dividing the total funding available by the key performance indicator (KPI) participant figures. This is demonstrated in exhibit 9.

Exhibit 9 – Project Unit Cost

Total Support Costs	£3,002,328
Target number of participants (across 3 years of project)	1,571
Unit Cost (with VAT)	£1,911
Unit cost (Excluding VAT)	£1,593

The calculation of the actual cost of an action plan is based on agreed unit costs for each service which are detailed in the contract. The funding is split between the providers involved depending on their share of the action plan cost at the respective claim point (i.e. 50% complete or 100% complete).

The unit cost of £1,593 is the maximum amount that the Council can reclaim from BLF for each action plan that is 100% complete (£796.50 can be claimed for 50% complete). The Council can reclaim this amount regardless of the total cost of completing the action plan, which may result in a surplus or deficit of funds for individual plans. The theory being that surplus funds can be reallocated to pay for plans that are delivered at a deficit. However, to date, no plans have been delivered with a surplus meaning there are no surplus funds available for reallocation. This has resulted in cost pressures and funding problems for providers.

Funding is paid by BLF to the Council/providers based on two milestones, 50% of action plan completed and 100% of action plan completed. If an eligible participant withdraws from this process before the triggers are met then the provider is not eligible for any funding. This creates further cost pressures for providers.

A compliance audit is carried out by Council's MSA team when the action plan is 50% complete/100% complete. If the audit is satisfactory the Council provides the appropriate share of payment to the provider(s) based on their contribution to the cost of the service provided up to that point. An example of the funding distribution is provided at appendix 2.

The Council prepares and submits monthly claims to BLF for reimbursement of the funds they have paid to provider(s). BLF undertakes their own compliance audits and may raise queries prior to payment of the claim. For the first claim submitted BLF queried and requested more information for

16 out of 18 cases included in the claim. This resulted in additional time and expense for the Council and providers.

The claim is paid to the Council following completion of the BLF compliance check although there is currently a five month lead time for payment.

The 50% and 100% payment triggers were determined in the ITT however it was left at the Lead Partner's (the Council) discretion to determine how the distribution of funding would work. Case studies were included in the contract between the Council and providers explaining the principles of the funding distribution. An example case study is provided in exhibit 10:

Exhibit 10 – Case Study for Mr Smith

50% COMPLETION OF ACTION PLAN

Service	Service Unit Cost (£)	Partner	No. of Actions Planned	50% Completed	Cost of Completed Actions (£)
Income Maximisation	450	A	2	2	450
Money Management	240	A	2	1	120
Partner A subtotal	690	A	4	3	570
Debt Advice	2,000	B	2	1	1,000
Money Advice	100	B	2	0	0
Partner B subtotal	2,100	B	4	1	1,000
TOTAL	2,790		8	4	1,570

Mr Smith has completed 50% of the agreed actions so that triggers a payment of £796.50 (50% of the £1,593 unit cost agreed in the project tender). The £796.50 is split between the providers based on their costs to date.

	Calculation	Payment due (£)
Partner A	$570/1570 * 796.50$	289.18
Partner B	$1000/1570 * 796.50$	507.32
TOTAL		796.50

100% COMPLETION OF ACTION PLAN

Service	Service Unit Cost (£)	Partner	No. of Actions Planned	100% Completed	Cost of Completed Actions (£)
Income Maximisation	450	A	2	2	450
Money Management	240	A	2	2	240
Partner A subtotal	690	A	4	4	690
Debt Advice	2,000	B	2	2	2,000
Money Advice	100	B	2	2	100
Partner B subtotal	2,100	B	4	4	2,100
TOTAL	2,790		8	8	2,790

Mr Smith has completed 100% of the agreed actions so that triggers a payment of the remaining balance of £796.50.

	Calculation	Less Payment To Date	Payment Due
Partner A payment (£)	$690/2790 * 1593$	$393.97 - 289.18$	104.80
Partner B payment (£)	$2100/2790 * 1593$	$1,199.03 - 507.32$	691.70
TOTAL PAYMENT (£)			796.50

Appendix 2 – Funding Flow



ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

CUSTOMER SERVICES

18 JUNE 2019

**LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 – ANALYSIS
AND COMMENTARY**

1.0 EXECUTIVE SUMMARY

1.1 This paper presents the final LGBF 2017/18 data for Argyll and Bute which includes 'Telling Our Story' and 'Looking Forward – Expected Impact On Indicator' commentary from Heads of Service.

1.2 It is recommended that the Audit and Scrutiny Committee (ASC) –

- Considers the contents of the report prior to publication as part of our statutory Public Performance Reporting duty
- Refers the relevant sections of the LGBF report to Strategic Committees to enable them to scrutinise and agree associated performance improvements.
- Agrees to send the report to a members' seminar to raise awareness and to better enable members to carry out their scrutiny function.

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

CUSTOMER SERVICES

18 JUNE 2019

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2017/18

ANALYSIS AND COMMENTARY

2.0 INTRODUCTION

2.1 This paper presents the final LGBF 2016/17 data for Argyll and Bute which includes 'Telling Our Story' and 'Looking Forward – Expected Impact On Indicator' commentary from Heads of Service.

3.0 RECOMMENDATIONS

It is recommended that the Audit and Scrutiny Committee:

- 3.1 Considers the contents of the report prior to publication as part of our statutory Public Performance Reporting duty
- 3.2 Refers the relevant sections of the LGBF report to Strategic Committees to enable them to scrutinise and agree associated performance improvements.
- 3.3 Agrees to send the report to a members' seminar to raise awareness and to better enable members to carry out their scrutiny function.

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 Framework consists of 81 indicators that are 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.
- 4.3 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. Work is ongoing to improve and strengthen the measures to support a more strategic use of the LGBF and be more outcome focused.

- 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.
- 4.5 Some of the indicators in the LGBF are used strategically in our Service Plans and Scorecards while others are used operationally for Benchmarking.
- 4.6 The LGBF uses a rank structure to illustrate performance, from 1st to 32nd with the Scotland average also shown. The rank structure should be used in context of the actual performance. For example our performance may have improved but our rank position has worsen – this is because other Councils have also improved.

With this in mind, rather than simply analyse the data Heads of Service have added commentary that helps us ‘Tell Our Story’. This also helps put into perspective some of the challenges and achievements that have occurred. The ‘Looking Forward – Expected Impact On Indicator’ section contains additional commentary by Heads of Service and explains any improvements that have been identified in the process.

The report is presented in the same order as the LGBF data, namely –

- Education
- Children and Families
- Corporate Services
- Social Care
- Community and Culture
- Roads and Amenity
- Economic Development & Strategic Transportation
- Facility Services
- Planning & Regulatory Services

- 4.7 The final data is normally received at the end of March / early April each year. Since then the 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.

- 4.8 Points for noting –

- Improvements identified by Heads of Service will be added to the Services’ Improvement Plan in Pyramid for future monitoring and reporting.
- Not all data is available. Where applicable the indicator is noted with DNA (Data Not Available) or DNS (Data Not Submitted). For these indicators the percentage calculation from base to last year and two most recent years has not been done.
- Of the 81 indicators, 5 refer to Housing which we do not submit data for; there are 2 indicators that we either did not submit data (DNS) for or the data is not available (DNA).

- Some measures where appropriate have been pulled together as a basket of measures, such as the condition of roads network.
- There are nine survey satisfaction measures within the suite of indicators.

The 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 2015-18. The data is a rolling 3-year average with a 5.5% confidence tolerance.

The sample and response sizes are both very small, these should be borne in mind when reviewing the satisfaction results.

To compliment these findings a local survey is planned for 2019/20. The findings will be presented once available.

- 4.9 Appendix 2 is an additional analysis exploring how geography or demography can have an impact on the indicators.
- 4.10 Table 1 illustrates the Council's performance for 2017/18 for all indicators compared to Scotland averages and by quartile.

Table 1.

COMPARED TO THE SCOTTISH AVERAGE (WHERE DATA AVAILABLE)			
BETTER THAN AVERAGE		21 INDICATORS = 28%	
SAME OR VERY SLIGHTLY WORSE		12 INDICATORS = 16%	
WORSE THAN AVERAGE		41 INDICATORS = 56%	
TOTAL		74 INDICATORS	
PERFORMANCE OF INDICATORS BY QUARTILE (74 INDICATORS)			
QUARTILE 1 (1-8)	QUARTILE 2 (9-16)	QUARTILE 3 (17-24)	QUARTILE 4 (25-32)
12	19	15	28
PERCENTAGE PER QUARTILE			
16.2	25.6	20.4	37.8

Tables 2a and 2b illustrates the Council's performance by quartile over time.

This illustration consists of a suite of 35 indicators that are used by Audit Scotland as a comparator of performance.

Table 2a.

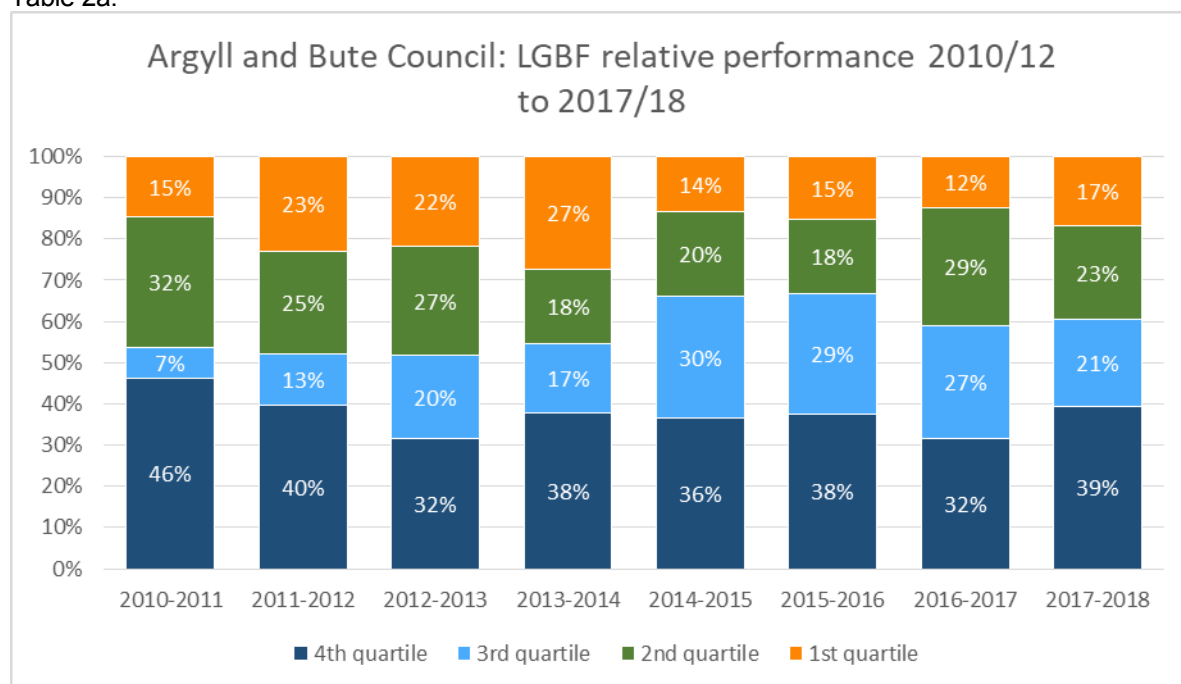


Table 2b. – Percentage per quartile

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
1st & 2nd quartile	46%	48%	48%	45%	34%	33%	41%	39%
1st quartile	15%	23%	22%	27%	14%	15%	12%	17%
2nd quartile	32%	25%	27%	18%	20%	18%	29%	23%
3rd quartile	7%	13%	20%	17%	30%	29%	27%	21%
4th quartile	46%	40%	32%	38%	36%	38%	32%	39%

4.11 This is a large piece of work with a desired outcome of improved performance engagement and scrutiny by Officers, Elected Members and the Public. Consideration for future presentation options will be taken forward during the course of 2019/20, i.e. whether to continue with the presented format or use Pyramid to illustrate our performance.

4.12 Many of the Improvements mentioned in Looking Forward are captured in the current Service Plans, either as success measures or improvements. Other Improvements that are noted in Looking Forward will be identified and built in Pyramid.

4.13 The IS are holding a series of Learning and Benchmarking events throughout the year. The purpose of these is to work with councils to further improve the appropriateness of the indicators. These are attended as often as possible however, the timing and location is sometimes a barrier. We are fortunate that Executive Director Pippa Milne is a member of the Board of the LGBF, this will

support our engagement going forward.

5.0 CONCLUSION

5.1 The ASC considers the contents of the report prior to publication and agrees to send the report to a members' seminar to raise awareness and to better enable members to carry out their scrutiny function.

6.0 IMPLICATIONS

6.1	Policy	None
6.2	Financial	None
6.3	Legal	Publication forms part of our statutory Public Performance Reporting duty
6.4	HR	None
6.5	Equalities	None
6.6	Risk	Engaging with the LGBF is an area of interest for the upcoming BV3 audit.
6.7	Customer Service	None

Douglas Hendry, Executive Director - Customer Services

18 June 2019

For further information contact: Jane Fowler, Head of Improvement and HR

Appendices

Appendix 1 – LGBF Presentation.

Appendix 2 – Impact of geography or demography on indicators.



LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2017/18

Argyll and Bute

TELLING OUR STORY and
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

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INTRODUCTION AND KEY TO SYMBOLS

↓ ↑ An improvement in performance – the arrow indicates the direction of travel

↓ ↑ A reduction in performance – the arrow indicates the direction of travel

↓ ↑ The performance itself isn't being measured – simply a fact i.e. 'how much is being spent'

→ No difference in position since last reporting period

★ Large improvement in performance

! Performance has dropped or is of interest

POINTS TO CONSIDER

- The Performance Range data always reads 'best to worst'
- When data is taken from surveys the timing and demographic will affect the survey result.
- Geography and demographic profiles may have an impact on some of these indicators in different areas. These can affect the costs of providing a service, and may complement or offset any efficiencies that are made.
- Would be worth looking at / noting where Service Choices has already had an impact on some of these indicators, as well as where the transformation programme is likely to have an impact in the future.
- For most indicators the Base Year data is 2010/11.
- The majority of young people in Argyll and Bute live in SIMD4.
- In all cases 'real' cash figures have been used, these have been adjusted for inflation over time.
- Family Groups. There are two sets of Family Groups –
 - People's Services: Children, Social Work and Housing
 - Corporate Services: Environment, Culture & Leisure, Economic Development, Corporate and Property.

Within People's Services we are part of Group 2 along with Angus; East Lothian; Highland; Midlothian; Moray; Scottish Borders and Shetland.

Within Corporate Services we are part of Group 1 along with Aberdeenshire; Dumfries and Galloway; Eilean Siar; Highland; Orkney Islands; Scottish Borders and Stirling.

Abbreviations:

- **MYE – Population Mid-Year Estimates. For this LGBF 2017/18 report the MYE is 86,810**
- **SIMD – Scottish Index of Multiple Deprivation**
- **SDS – Self-Directed Support**
- **LFR – Local Finance Return**
- **SHS – Scottish Household Survey**

Data not available / not confirmed for –

CHN20b - School Exclusion Rates (per 1,000 Looked After Children) – Data not submitted

ECON9 – Town vacancy rates – Data not submitted

Summary of indicators by quartile.

	Quartile				
	1	2	3	4	
Grand Total	12	19	15	28	74
% indicators by quartile	16.2	25.6	20.4	37.8	100.0

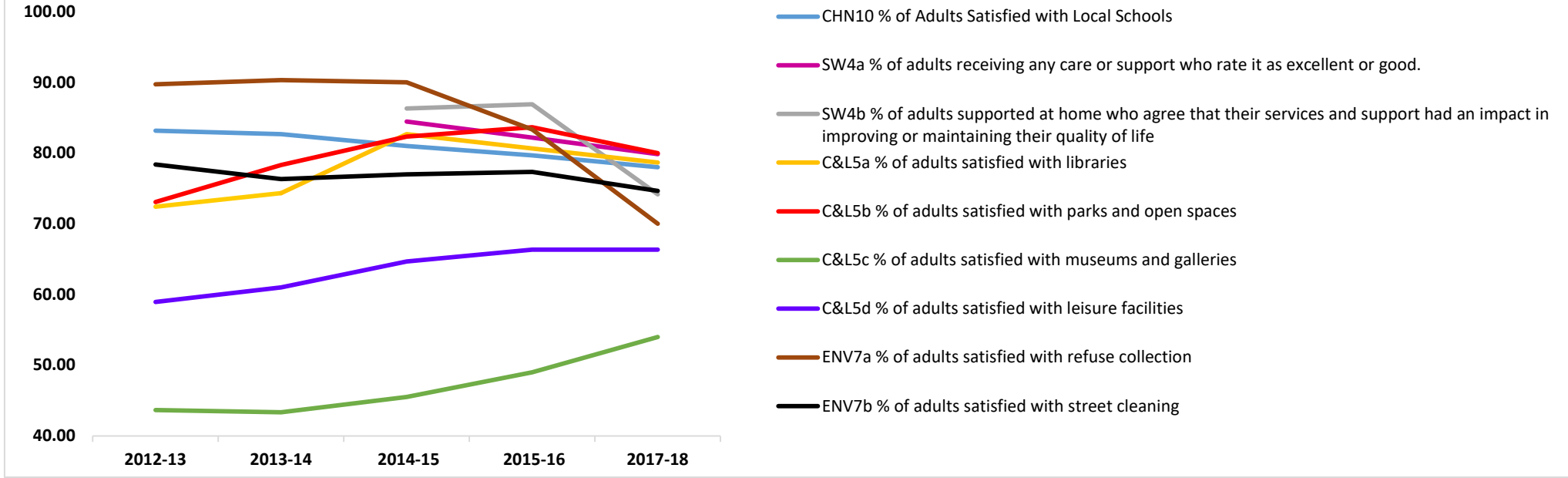
Overview of LGBF 2017/18 Satisfaction Measures

Please note the survey response size this should be borne in mind when reviewing the results

- The 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 2015-18.
- The data is a rolling 3-year average with a 5.5% confidence tolerance.
- We don't know why people are dissatisfied with the service or experience
- Of the 9 measures 7 show a decrease in satisfaction
- The indicators with that show the largest decrease in satisfaction are –
 - ENV7a % of adults satisfied with refuse collection with a drop of 13.33 percentage points
 - SW4b % of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life with a drop of 12.71 percentage points.
- C&L5d % of adults satisfied with leisure facilities remained the same
- C&L5c % of adults satisfied with museums and galleries saw an increase of 5.00 percentage points

INDICATOR ID AND NAME		PERIOD					No. Of Responses
		2012-13	2013-14	2014-15	2015-16	2017-18	
CHN10	% of Adults Satisfied with Local Schools	83.17	82.67	81.00	79.67	78.00	90
SW4a	% of adults receiving any care or support who rate it as excellent or good			84.45	82.19	79.85	240
SW4b	% of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life			86.30	86.89	74.18	224
C&L5a	% of adults satisfied with libraries	72.43	74.33	82.67	80.67	78.67	80
C&L5b	% of adults satisfied with parks and open spaces	73.10	78.33	82.33	83.67	80.00	158
C&L5c	% of adults satisfied with museums and galleries	43.67	43.33	45.50	49.00	54.00	40
C&L5d	% of adults satisfied with leisure facilities	58.97	61.00	64.67	66.33	66.33	87
ENV7a	% of adults satisfied with refuse collection	89.73	90.33	90.00	83.33	70.00	Public Data Not Available
ENV7b	% of adults satisfied with street cleaning	78.40	76.33	77.00	77.33	74.67	Public Data Not Available

Overview Of LGBF Satisfaction Measures



EDUCATION

SERVICE: EDUCATION			
INDICATOR REF: CHN1 - Cost per primary school pupil			
Performance Range: £4,371 to £8,748 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£6,135		£4,974	
CHANGE 2016/17 TO 2017/18:	4.25%	CHANGE 2016/17 TO 2017/18:	1.71%
CHANGE BASE YEAR TO 2017/18:	-6.27%	CHANGE BASE YEAR TO 2017/18:	-8.06%
RANK POSITION: 29 th RANK MOVEMENT: 0			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 8 th RANK MOVEMENT: 1			
TELLING OUR STORY:			
Argyll and Bute has an increase of 68 pupils (up from a decrease of 1 for 16/17), or 1.17%. Scotland wide has an increase of 3,613 pupils or 0.91% (this is down from the 16/17 increase of 5,550).			
The 2017/18 cost for Argyll and Bute has increased by £250 (4.25%) per primary pupil, for Scotland wide the increase is £83 (1.71%) per primary school pupil. Our performance in this indicator will remain difficult to change without a significant change to the school estate.			
The cost since 2010/11 has decreased by £411 per pupil. However, many of the costs for this indicator are fixed.			
Argyll and Bute has the 6 th lowest pupil school roll, this has been the position since the base year of 2010/11. It also has the 4 th highest cost per pupil, again this has been the position since 2010/11 except for 2011/12 & 2016/16 when it was the 5 th highest.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Looking forward to 2018/19, there should be no impact as census figures remain stable.			

SERVICE: EDUCATION

INDICATOR REF: CHN2 - Cost per secondary school pupil

Performance Range: £5,909 to £11,559 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£9,126 ↑		£6,879 ↓	
CHANGE 2016/17 TO 2017/18:	6.20% ↑	CHANGE 2016/17 TO 2017/18:	-0.80% ↓
CHANGE BASE YEAR TO 2017/18:	12.57% ↑	CHANGE BASE YEAR TO 2017/18:	-3.72% ↓
RANK POSITION: 29 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 8 th RANK MOVEMENT: 1 ↓			

TELLING OUR STORY:

Argyll and Bute has a decrease of 109 pupils (-2.4%) while Scotland wide has an increase of 997 pupils (.37%)

The 2017/18 cost for Argyll and Bute has increased by £533 (6.2%) per pupil, for Scotland wide there is a decrease is £56 (-.81%) per secondary school pupil. Again, many of the costs for this indicator are fixed. Our performance in this indicator will remain difficult to change without a significant change to the school estate.

Argyll and Bute has the 6th lowest pupil school roll, this has consistently been the case except for the 2010/11 and 2011/12 years when the pupil roll was the 7th lowest.

It also has the 4th highest cost per pupil, again this has consistently been the case except for the 2010/11 year when it was the 5th highest.

Our performance in this indicator will be difficult to influence without a significant change to the school estate. We will always have remote, rural schools with a low number of pupils leading to high costs per pupil. This indicator is being reviewed Nationally.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Looking forward for 20/18/19, there will be a notional increase in school roll which will reduce our costs per pupil slightly.

SERVICE: EDUCATION

INDICATOR REF: CHN3 - Cost per pre-school education registration

Performance Range: £2,468 to £6,873 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£5,027 ↑		£4,463 ↑	
CHANGE 2016/17 TO 2017/18:	0.52% ↑	CHANGE 2016/17 TO 2017/18:	4.28% ↑
CHANGE BASE YEAR TO 2017/18:	9.85% ↑	CHANGE BASE YEAR TO 2017/18:	19.27% ↑
RANK POSITION: 23 rd → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 1 ↓			

TELLING OUR STORY:

Argyll and Bute has a decrease of 34 pupils, while Scotland wide has a decrease of 1,068 pupils. Figures for Argyll and Bute have remained quite stable since base year 2010/11, an increase of 58 pupils.

The 2017/18 cost for Argyll and Bute has increased by £119 per child, this has been due to the increased number of places being provided within establishments where we had existing capacity. For Scotland wide the increase is £263 per child. Had the number of pupils for Scotland wide remained at the 2016/17 level Scotland would have seen an increase of £47 per child.

Although costs have increased the relationship between the decrease in pre-school pupil numbers and increased costs isn't comparable.

Argyll and Bute has a decrease in pupil numbers by 2.37% with an increase in cost of 0.52%.

Scotland has a decrease in pupil numbers by 1.10% with an increase in cost of 4.28%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Phasing in of 1140 hrs in all settings will be complete by August 2020 ensuring pupils quality of experience is maintained. The new National Standards mean we must maintain all settings at evaluations of good or better to ensure all services can continue to deliver ELC.

SERVICE: EDUCATION

INDICATOR REF: CHN4 - Percentage of pupils gaining 5+ awards at level 5

Performance Range: 87.0% to 48.0% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
66.00% ↑		62.00% ↑	
CHANGE 2016/17 TO 2017/18:	4.00 ↑	CHANGE 2016/17 TO 2017/18:	1.00 ↑
CHANGE BASE YEAR TO 2017/18:	9.00 ↑	CHANGE BASE YEAR TO 2017/18:	11.00 ↑
RANK POSITION: 8 th ↑ RANK MOVEMENT: 3 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 nd RANK MOVEMENT: 0 →			

TELLING OUR STORY:

The achievements of our pupils has meant this indicator has seen a large increase for 2017/18. This has been achieved through a review of curriculum models throughout our secondary schools.

The 4 point increase is the largest for 4 years, it is matched by 3 other authorities with 1 authority recording a 5 point increase.

This indicator presents an improving 3-year trend with year on year increases ranging from 1 to 4 percentage point increases. On comparison with similar authorities, our increase of 4 percentage points is matched by 3 authorities with only 1 authority recording a 5 percentage point increase.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Secondary schools continue to develop the range of awards on offer at level 5 in line with developments in the Senior Phase Curriculum. As young people decide on the most appropriate learner journey for them there may be variance in this indicator.

SERVICE: EDUCATION			
INDICATOR REF: CHN5 - Percentage of pupils gaining 5+ awards at level 6			
Performance Range: 63.0% to 24.0% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
33.00% ↓		34.00% →	
CHANGE 2016/17 TO 2017/18:	-2.00 ↓	CHANGE 2016/17 TO 2017/18:	0.00 →
CHANGE BASE YEAR TO 2017/18:	6.00 ↑	CHANGE BASE YEAR TO 2017/18:	8.00 ↑
RANK POSITION: 14th ↓ RANK MOVEMENT: 3 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 4th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
This indicator has dropped by 2 points, with a drop in rank of 3 places, while the Scotland average has remained the same. Only 4 authorities achieved a percentage above the 39% while 21 authorities achieved a percentage between 30% and 40%. This has been achieved through a review of curriculum models throughout our secondary schools leading to increased choice at this level.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Continual review of appropriate pathways for young people in secondary schools will inevitably lead to notional variance in this indicator. It is important that all our young people access the relevant pathway to ensure positive and sustained education.			

SERVICE: EDUCATION

INDICATOR REF: CHN6 - Percentage of pupils living in the 20% most deprived areas gaining 5+ awards at level 5 (SIMD)



Performance Range: 69.0% to 29.0% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
54.00% ↑		42.00% ↑	
CHANGE 2016/17 TO 2017/18:	11.00 ↑	CHANGE 2016/17 TO 2017/18:	1.00 ↑
CHANGE BASE YEAR TO 2017/18:	24.00 ↑	CHANGE BASE YEAR TO 2017/18:	13.00 ↑
RANK POSITION: 3 rd ↑ RANK MOVEMENT: 7 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 1 st RANK MOVEMENT: 2 ↑			

TELLING OUR STORY: Previous wording - Percentage of Pupils Living In The 20% Most Deprived Areas Gaining 5+ Awards at Level 5 (SIMD).

The performance of our pupils that are covered in this indicator have achieved an immense improvement, with 54% achieving 5+ awards at level 5. (The overall percentage of pupils achieving 5+ awards at level 5 is 66%). Although there has been variable performance over time this could be attributed to small number of pupils influencing this factor.

Three island authorities returned a N/A response, and one authority did not submit a return, this is often due to low reporting numbers. These nil returns are taken into account with the rankings.

This indicator presents an improving 2-year outcome with increases averaging 11 percentage points. On comparison with similar authorities grouped by deprivation we rank first in this indicator in 2017/18. Closing the attainment gap for the most deprived young people has been a focus for our schools who ensure appropriate pathways for all learners. Pupil Equity Funding has empowered Head Teachers to direct funds ensuring appropriate interventions and impact on young people who live in the most deprived areas.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding to ensure that all children and young people are supported to attain and achieve at their target level.

SERVICE: EDUCATION

INDICATOR REF: CHN7 - Percentage of pupils living in the 20% most deprived areas gaining 5+ awards at level 6 (SIMD)



Performance Range: 37.0% to 9.0% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
27.00% ↑		16.00% →	
CHANGE 2016/17 TO 2017/18:	12.00 ↑	CHANGE 2016/17 TO 2017/18:	0.00 →
CHANGE BASE YEAR TO 2017/18:	20.00 ↑	CHANGE BASE YEAR TO 2017/18:	6.00 ↑
RANK POSITION: 3 rd ↑ RANK MOVEMENT: 9 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 1 st RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The performance of our pupils that are covered in this indicator have also achieved an immense improvement, with 27% achieving 5+ awards at level 6. (The overall percentage of pupils achieving 5+ awards at level 6 is 33%).

This indicator presents an improving outcome with a 12 percentage point increase. On comparison with similar authorities grouped by deprivation we rank first in this indicator for 2017/18. Closing the attainment gap for the most deprived young people has been a focus for our schools who ensure appropriate pathways for all learners. Pupil Equity Funding has empowered Head Teachers to direct funds ensuring appropriate interventions and impact on young people who live in the most deprived areas. The performance of our pupils in the 20% most deprived areas has closed the attainment gap for 2017/18 when compared with the overall percentage of pupils achieving 5+ awards at level 6 of 33%.

Three island authorities returned a N/A response and two authorities did not submit a return, this is often due to low reporting numbers. These nil returns are taken into account in the rankings.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding to ensure that all children and young people are supported to attain and achieve at their target level.

SERVICE: EDUCATION

INDICATOR REF: CHN10 – Percentage of adults satisfied with local schools

Performance Range: 91.3% to 62.7% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
78.00% ↓		72.33 ↓	
CHANGE 2016/17 TO 2017/18:	-1.67 ↓	CHANGE 2016/17 TO 2017/18:	-3.00 ↓
CHANGE BASE YEAR TO 2017/18:	-5.17 ↓	CHANGE BASE YEAR TO 2017/18:	-10.03 ↓
RANK POSITION: 13 th ↑ RANK MOVEMENT: 4 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

Argyll and Bute performance has dropped, the drop in satisfaction is smaller than the Scotland average.

The drop in satisfaction is reflected across Scotland. For 2017/18 the highest satisfaction percentage is 91.3%. This is a drop of 3.34 on the previous year, for both years Orkney council ranked no.1.

This data is from the SHS for the period 2015-18. It is a rolling 3-year average with a 5.5% confidence tolerance.

As with all SHS satisfaction surveys we don't what people are dissatisfied with – school facilities, curriculum options or very local issues.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

There is a new parental engagement strategy which has been developed and will be implemented this year aiming to improve involvement and satisfaction with local schools.

SERVICE: EDUCATION

INDICATOR REF: CHN11 - Proportion of Pupils Entering Positive Destinations

Performance Range: 98.80% to 91.30% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
95.00%		94.40%	
CHANGE 2016/17 TO 2017/18:	0.30	CHANGE 2016/17 TO 2017/18:	0.70
CHANGE BASE YEAR TO 2017/18:	4.60	CHANGE BASE YEAR TO 2017/18:	4.30
RANK POSITION: 13 th RANK MOVEMENT: 4			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 1			

TELLING OUR STORY:

Our performance has improved by .3 percentage points but our rank position has decreased by 4 places. This is due to the overall increase across Scotland. The percentage of Argyll and Bute pupils entering appositive destination has been consistent at 95% for the last two years. This figure is higher than the national figure and is the same as our virtual comparator.

Overall, the Annual Participation Measure for 2018 indicates the proportion of 16-19 year olds participating for Argyll and Bute Council was 94.2%, a 1.2% point rise from 2017 (93.0%) and 2.4% higher than the national rate (91.8%).

For 16 year olds the rate was 99.2%, down very slightly with a 0.1% point fall from 2017 (99.3%). The national rate is 98.9%.

For 17 year olds the rate was 97.4%, a 1.0 percentage point rise from 2017 (96.4%). The national rate is 94.6%.

For 18 year olds the rate was 92.3%, a 1.7 percentage point rise from 2017 (90.6%). The national rate is 89.9%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We continue to monitor and track whilst working with partners to support children and young people into positive and sustained destinations.

Schools and partners continue to develop DYW and employability activities to support young people to achieve and sustain positive destinations, including foundation apprenticeships.

SERVICE: EDUCATION			
INDICATOR REF: CHN12a - Overall average total tariff			
Performance Range: 1,388 to 686 (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
893		891	
CHANGE 2016/17 TO 2017/18:	0.18%	CHANGE 2016/17 TO 2017/18:	0.39%
CHANGE BASE YEAR TO 2017/18:	6.06%	CHANGE BASE YEAR TO 2017/18:	15.81%
RANK POSITION: 17 th RANK MOVEMENT: 1			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 0			
TELLING OUR STORY:			
The overall average tariff is in line with the national average and has increased by 2 points and demonstrates a 3-year improving trend. The highest performing authority saw an increase of 35 points.			
This could be attributed to smaller number of pupils.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Our continued focus on improving outcomes and attainment has contributed to the improvement in this indicator. As schools reflect and review their learner pathways it is expected that this will continue to maintain and improve.			

SERVICE: EDUCATION

INDICATOR REF: CHN12b - Average total tariff SIMD quintile 1 ★

Performance Range: 972 to 446 (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
783 ↑		618 ↓	
CHANGE 2016/17 TO 2017/18:	26.29% ↑	CHANGE 2016/17 TO 2017/18:	-1.12% ↓
CHANGE BASE YEAR TO 2017/18:	52.33% ↑	CHANGE BASE YEAR TO 2017/18:	29.29% ↑
RANK POSITION: 3 rd ↑ RANK MOVEMENT: 12 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 1 st RANK MOVEMENT: 2 ↑			

TELLING OUR STORY:

The overall tariff for this indicator has increased by 163 points, from 620 to 783. This is an increase of over 26%, and moved up 12 rank positions. This will have been influenced by school use of PEF funding and improvements in tracking and monitoring. Post codes do not reflect the rurality of Argyll and Bute which we raise Nationally through the Northern Alliance Regional Improvement Collaborative.

Although there has been variable performance over time could this be attributed to small number cohorts?

Only Aberdeenshire had a larger point increase – 167 points, from 517 to 684. Three island authorities returned an N/A response.

The Scotland average is a drop of 7 points.

This outcome demonstrates a 3-year improving trend within SIMD1.










LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding.

SERVICE: EDUCATION

INDICATOR REF: CHN12c - Average total tariff SIMD quintile 2 

Performance Range: 1,139 to 591 (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
735 		750 	
CHANGE 2016/17 TO 2017/18:	-3.42% 	CHANGE 2016/17 TO 2017/18:	-0.13% 
CHANGE BASE YEAR TO 2017/18:	5.91% 	CHANGE BASE YEAR TO 2017/18:	21.36% 
RANK POSITION: 18 th  RANK MOVEMENT: 3 			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 nd RANK MOVEMENT: 1 			










TELLING OUR STORY:

All authorities returned a response for this indicator. Argyll and Bute dropped 26 tariff points and has gone down by 3 rank positions. For this indicator the majority of authorities have a lower tariff score compared to the previous year. Post codes do not reflect the rurality of Argyll and Bute which we raise Nationally through the Northern Alliance Regional Improvement Collaborative.

The Scotland average is a drop of 1 tariff point.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding plans which are based on the local needs of children and young people. Schools track and monitor the impact of their spending through their school improvement plans which are reviewed by Education Team centrally during quality improvement visits. Examples of good practice have been shared through Education's Annual Plan and Inspections.

SERVICE: EDUCATION			
INDICATOR REF: CHN12d - Average total tariff SIMD quintile 3			
Performance Range: 1,324 to 673 (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
877 		896 	
CHANGE 2016/17 TO 2017/18:	0.23% 	CHANGE 2016/17 TO 2017/18:	1.59% 
CHANGE BASE YEAR TO 2017/18:	7.21% 	CHANGE BASE YEAR TO 2017/18:	18.05% 
RANK POSITION: 18 th  RANK MOVEMENT: 3 			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 0 			
TELLING OUR STORY:			
<p>All authorities returned a response for this indicator. Argyll and Bute increased by 2 tariff points, the rank has gone down by 3 rank positions. For this indicator the majority of authorities have a higher tariff score compared to the previous year. Post codes do not reflect the rurality of Argyll and Bute which we raise Nationally through the Northern Alliance Regional Improvement Collaborative.</p> <p>The Scotland average is an increase of 14 tariff points.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
<p>Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding plans which are based on the local needs of children and young people. Schools track and monitor the impact of their spending through their school improvement plans which are reviewed by Education Team centrally during quality improvement visits. Examples of good practice have been shared through Education's Annual Plan and Inspections.</p>			









SERVICE: EDUCATION			
INDICATOR REF: CHN12e - Average total tariff SIMD quintile 4			
Performance Range: 1,369 to 861 (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
984		1016	
CHANGE 2016/17 TO 2017/18:	1.55%	CHANGE 2016/17 TO 2017/18:	1.50%
CHANGE BASE YEAR TO 2017/18:	-0.40%	CHANGE BASE YEAR TO 2017/18:	11.77%
RANK POSITION: 20 th RANK MOVEMENT: 2			
FAMILY GROUP RANKING RANK POSITION: 4 th RANK MOVEMENT: 1			
TELLING OUR STORY:			
<p>All authorities returned a response for this indicator. Argyll and Bute increased by 15 tariff points, the rank has gone down by 2 rank positions. For this indicator the majority of authorities have a higher tariff score compared to the previous year. This is due to decreasing number of pupils within this quintile. Post codes do not reflect the rurality of Argyll and Bute which we raise Nationally through the Northern Alliance Regional Improvement Collaborative.</p> <p>The Scotland average is an increase of 15 tariff points.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
<p>Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding plans which are based on the local needs of children and young people. Schools track and monitor the impact of their spending through their school improvement plans which are reviewed by Education Team centrally during quality improvement visits. Examples of good practice have been shared through Education's Annual Plan and Inspections.</p>			

SERVICE: EDUCATION			
INDICATOR REF: CHN12f - Average total tariff SIMD quintile 5 ★			
Performance Range: 1,527 to 314 (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
1148 ↑		1221 ↑	
CHANGE 2016/17 TO 2017/18:	0.88% ↑	CHANGE 2016/17 TO 2017/18:	0.91% ↑
CHANGE BASE YEAR TO 2017/18:	0.00% →	CHANGE BASE YEAR TO 2017/18:	10.90% ↑
RANK POSITION: 21 st ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
<p>One authority returned a N/A response for this indicator. Argyll and Bute increased by 100 tariff points, the rank has gone down by 1 rank position. This is due to a decreasing number of pupils within this quintile. Post codes to not reflect the rurality of Argyll and Bute which we raise Nationally through the Northern Alliance Regional Improvement Collaborative.</p> <p>Over the past 7 years (since base year) Argyll and Bute's total tariff score for this indicator has remained quite consistent. There has been a fluctuation of 69 points.</p> <p>For this indicator the majority of authorities have a higher tariff score compared to the previous year.</p> <p>The Scotland average is an increase of 11 tariff points.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Our schools will maintain a focus on closing the attainment gap and sustaining improvements supported by Pupil Equity Funding.			

SERVICE: EDUCATION

INDICATOR REF: CHN17 - Percentage of children meeting developmental milestones (27-30 months)

Performance Range: (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
79.49% 		57.11% 	
CHANGE 2016/17 TO 2017/18:	13.1 	CHANGE 2016/17 TO 2017/18:	9.00 
CHANGE BASE YEAR TO 2017/18:	13.6 	CHANGE BASE YEAR TO 2017/18:::	13.75 
RANK POSITION: 9 th RANK MOVEMENT: 13 			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 3 			

Information from Improvement Service -

"It should be noted that the implementation of the new ASQ-3 assessment and the introduction of a new domain in the 27-30 Month Review has led to an increase in the number of incomplete returns. This has resulted in the data from 2016/17 not being directly comparable to previous year's data.

For 2017/18 most of the Boards not using the ASQ-3 for all reviews have recorded information against all the 8 new developmental domains for reviews provided from April 2017 onwards, based on Health Visitor judgement. However NHS Greater Glasgow & Clyde took the decision to record the new Problem solving domain as incompletely assessed until ASQ-3 could be implemented. This inevitably means that, from April 2017 onwards, very few children reviewed in NHS Greater Glasgow & Clyde have had meaningful information recorded for every developmental domain. This has resulted in the data for the councils below being unusually low and not comparable across years

- East Dunbartonshire
- East Renfrewshire
- Glasgow City
- Inverclyde
- Renfrewshire
- West Dunbartonshire.

For more information on this issue please see ISD's Technical Report - <https://www.isdscotland.org/Health-Topics/Child-Health/Publications/2019-04-09/2019-04-09-Child-Health-27m-review-Technical-Report.pdf> "

NHS Commentary - One area of Argyll and Bute experienced health visiting staffing issues in 2014/15, as a result the team required to prioritise their workload and focus on new births, child protection and childhood immunisations. A high percentage of children in therefore did not receive a 27-30 month review. This has now been rectified and reflects the increase in the data in subsequent years.

Health visiting teams have also been working in the Universal Health Visiting Pathway since it was introduced in May 2015. Tests of change to encourage parents to bring their child to the review and improve uptake have been carried out and the learning has been spread across the teams.

ABC Commentary - The performance of this indicator has seen a large increase, only one other authority has seen a larger increase.

Through multi-agency working, reflected in plans such as “The Children and Young People’s Plan 2017 – 2021” Argyll and Bute has worked to support young children and their parents and ensure that developmental milestones are met. The Wellbeing Indicators in this plan sets this as a key objective and states that the target is to move from 77% to 85%.

A number of measures have helped to achieve this including the Pregnancy and Parenthood in Young People Strategy that ensures that young parents are signposted to the right health and other supports and are supported to engage with resources at an early stage. Parents in Argyll and Bute are also supported with regard to housing provision and housing policies are in place to ensure children grow up in good environments. The Universal Health Visiting Pathway is also in place, with additional home visiting contacts. Health Visitors and Early Years staff, as stated in the “Children and Young People’s Plan, also promote the importance of attachment and parenting classes, such as the Psychology of Parenting Programmes (POPP) are available to parents.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

NHS Commentary - As part of the Universal Pathway Quality Improvement Collaborative, Health Visiting teams in Argyll and Bute are currently undertaking work to ensure children reach their developmental milestone by the time they reach their 27-30 month review. This work commences at the 13-15 month review, if a child is not achieving their developmental milestones at this stage parents are provided with additional strategies to support the child to achieve their milestones by the time they reach 27-30 months.

ABC Commentary - Argyll and Bute employ a multiagency approach that considers the needs of parents and young children on a “whole life” spectrum and ensures that maternity, health services, early year’s services, advice, benefits and housing services work together to support children to reach their developmental milestones. This will be done with an awareness of the challenges presented by our geography and rural and island places, as opposed to our towns.

SERVICE: EDUCATION

INDICATOR REF: CHN18 - Percentage of funded early years provision which is graded good/better

Performance Range: 100.0% to 75.4% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
84.00% ↓		91.03% ↓	
CHANGE 2016/17 TO 2017/18:	-2.49 ↓	CHANGE 2016/17 TO 2017/18:	-0.64 ↓
CHANGE BASE YEAR TO 2017/18:	-1.71 ↓	CHANGE BASE YEAR TO 2017/18:	0.46 ↑
RANK POSITION: 28 th ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 6 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

Performance has dropped by 2.49 (percentage) points, with a drop in rank of 1 position.

There has been under investment in a number of early years environments whilst at the same time an increase in national expectations. Funded partners have found it difficult to release staff to attend training due to a lack of cover available so staff understanding of developing relationships and pedagogy was not being invested in.

Scotland wide has seen a 50/50 split in changes to performance, with exactly 50% of authorities seeing an increase in performance.

The Scotland average has dropped by .64 points.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Learning and development visits are ensuring that quality in settings are improving along with learners' experiences. This is leading to an increase in the number of setting achieving gradings of good or better. There is significant investment in environments both indoors and out and in LA and funded partner establishments as a result of 1140hrs funding. The creating of a supply list and also investment in recruitment is leading to more practitioners attending training.

SERVICE: EDUCATION			
INDICATOR REF: CHN19a - School attendance rates (per 100 pupils)			
Performance Range: 95.3% to 91.8% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
93.70% ↓		93.30% ↓	
CHANGE 2016/17 TO 2017/18:	-0.50 ↓	CHANGE 2016/17 TO 2017/18:	-0.40 ↓
CHANGE BASE YEAR TO 2017/18:	0.00 →	CHANGE BASE YEAR TO 2017/18:	0.20 ↑
RANK POSITION: 12 th ↓ RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING RANK POSITION: 5 th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
The combined primary and secondary school attendance for Argyll and Bute has worsened by .5 of a percentage point with a drop in rank position of 2.			
The combined school roll has dropped by 41 pupils.			
Scotland average has seen a drop of .4 of a percentage point.			
It should be noted that the overall performance range for this indicator is very narrow at only 3.5%.			
Unauthorised parental holidays has been raised by head teachers as negatively impacting attendance.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Schools have continued to focus on improving attendance, and this continues to be a priority. An audit of attendance is being implemented in session 2018/19 to plan for improvement.			
The audit scheduled for 2018/19 has been delayed until session 2019/20, however for all secondary schools attendance figures were analysed during professional discussion activities in August/September 2018. This is being following up in all schools during the session whilst Education Officer have			

made visits to schools. The Principal Teacher Looked After Children (LAC) has also been monitoring and tracking attendance of all LAC young people across the authority and having individual conversations with school on how to maximise attendance.

SERVICE: EDUCATION

INDICATOR REF: CHN19b - School attendance rates (per 100 Looked After Children) ★

Performance Range: 95.0% to 83.8% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
91.50% ↑		90.98% ↓	
CHANGE 2016/17 TO 2017/18:	0.18 ↑	CHANGE 2016/17 TO 2017/18:	-0.61 ↓
CHANGE BASE YEAR TO 2017/18:	1.14 ↑	CHANGE BASE YEAR TO 2017/18:	2.38 ↑
RANK POSITION: 12 th ↑ RANK MOVEMENT: 7 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 1 st RANK MOVEMENT: DNA			

TELLING OUR STORY:

The combined primary and secondary school attendance for Argyll and Bute’s Looked After Children has improved by .18 of a percentage point with an increase in rank position of 7. The data does not provide the combined school roll. The Scottish Government are not currently able to provide data on the number of Looked After pupils on a consistent basis across the years. Children and young people are often looked after for a number of weeks or months and therefore an annual return does not capture this data accurately.

Scotland average has seen a drop of .61 of a percentage point.

It should be noted that the overall performance range for this indicator is 11.2%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Argyll and Bute Council has invested in a PT for Care Experienced Young People, working with schools to consider issues around attainment and engagement, including attendance. As a result, continued improvement in this area would be expected. Looked After and Accommodated Children, with a remit focused on improving outcomes for this cohort of children in the authority. We would expect these indicators to improve.

SERVICE: EDUCATION			
INDICATOR REF: CHN20a - School exclusion rates – per 1,000 pupils ★			
Performance Range: 3.2 to 47.6 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
15.79 ↓		26.84 ↓	
CHANGE 2016/17 TO 2017/18:	-4.81 ↓	CHANGE 2016/17 TO 2017/18:	-0.36 ↓
CHANGE BASE YEAR TO 2017/18:	-18.23 ↓	CHANGE BASE YEAR TO 2017/18:	-13.16 ↓
RANK POSITION: 6 th ↓ RANK MOVEMENT: 7 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 1 st RANK MOVEMENT: 1 ↑			
TELLING OUR STORY:			
Argyll and Bute has seen a large improvement in this indicator, a drop of 4.81 per 1,000 pupils. This has resulted in an increase in rank position from 13 to 6.			
Scotland wide has seen a 50/50 split in changes to performance, with exactly 50% of authorities seeing a decrease in exclusion rates.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Continued implementation of the Rights Respecting School programme and restorative approaches and support for our most vulnerable children and young people should ensure that exclusion rates continue to fall.			
Clear guidance on school exclusion is in place.			

SERVICE: EDUCATION			
INDICATOR REF: CHN20b - School Exclusion Rates (per 1,000 Looked After Children) - DNA			
Performance Range: (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
CHANGE 2016/17 TO 2017/18:		CHANGE 2016/17 TO 2017/18:	
CHANGE BASE YEAR TO 2017/18:		CHANGE BASE YEAR TO 2017/18:	
RANK POSITION: RANK MOVEMENT:			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: RANK MOVEMENT:			
TELLING OUR STORY:			
No data is available for this indicator. This is expected to maintain confidentially when small numbers are reported.			
The Scottish Government are not currently able to provide data on the number of Looked After pupils on a consistent basis across the years.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Expectation is that these numbers would remain very low and not reportable. All exclusions in relation to this group of pupils requires approval from Head of Service to ensure all possible supports have been put in place. The Practice Teacher for Care Experienced Young people is also working with schools to ensure that supports are in place to reduce the likelihood for exclusion.			

SERVICE: EDUCATION

INDICATOR REF: CHN21 - Participation rates for 16-19 year olds (per 100 pupils) ★

Performance Range: 97.6 to 88.7 (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
94.20% ↑		91.80% ↑	
CHANGE 2016/17 TO 2017/18:	1.20 ↑	CHANGE 2016/17 TO 2017/18:	0.70 ↑
CHANGE BASE YEAR TO 2017/18:	0.00 →	CHANGE BASE YEAR TO 2017/18:	1.40 ↑
RANK POSITION: 9 th ↑ RANK MOVEMENT: 2 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 0 →			

TELLING OUR STORY:

This is only the 3rd year that data is available for this indicator however, for each year Argyll and Bute has exceeded the Scotland average.

Argyll and Bute has improved by 1.20 percentage points, Scotland average has improved by .70 percentage points.

In total 8 authorities have shown an increase larger than Argyll and Bute's 1.20 percentage points, but only 2 of them have a larger participation rate.

Key partner agencies, including secondary schools, Community Learning and Development (CLD), local colleagues, Skills Development Scotland and the third sector work in partnership with the Opportunities for All team to ensure young people are supported to access and sustain positive destinations.

The 2018 APM headline figures confirm that in Argyll and Bute:

- 94.2% of 16-19 year olds in Argyll and Bute were participating in education, training or employment compared to 91.8% nationally.
- 2.7% were not participating compared to 3.4% nationally.
- 3.1% have an unconfirmed status compared to 4.7% nationally.

Argyll and Bute rank 9th out of the 32 local authorities and higher than our comparator authorities for the proportion for 16-19 year olds participating in education, training or employment.

89.8% of young people aged 16-19 from the most deprived areas of Argyll and Bute (SIMD 20% most deprived deciles) are recorded as participating. Again, this is higher than the Scottish average of 85.7%.

The percentage point difference between young people participating from the most deprived areas (89.8%) and least deprived areas (96.1%) is 6.3%. This figure has reduced significantly from 8.9% in 2016. The equivalent Scottish percentage point difference for 2018 is 10.8%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Improved data and analysis of information provided by the Data Hub and Annual Participation Measure will be increasingly used to identify potential issues and inform partners. This will enable partners to be proactive in providing more targeted and tailored intervention to support young people.

CHILDREN AND FAMILIES

SERVICE: CHILDREN AND FAMILIES			
INDICATOR REF: CHN8a - The gross cost of "Children Looked After" in residential based services per child per week ★			
Performance Range: £1,947 to £6,123 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£2,202 ↓		£3,485 ↑	
CHANGE 2016/17 TO 2017/18:	-4.35% ↓	CHANGE 2016/17 TO 2017/18:	0.99% ↑
CHANGE BASE YEAR TO 2017/18:	-19.00% ↓	CHANGE BASE YEAR TO 2017/18:	11.00% ↑
RANK POSITION: 2 nd ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 nd RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
<p>Our performance has improved again this year, with a reduction in cost of £101 per child, per week. Our rank position has increased by 1 placing us 2nd. Our costs have reduced considerably since base year. Our Family Group position has dropped by 1 place, East Lothian has the lowest cost across Scotland and our Family Group at £1,947 per child, per week.</p> <p>Scotland has seen an increase of £34 per child, per week.</p> <p>Glasgow City Council did not submit data.</p> <p>Three key actions have been taken that will impact on this data. 2017 saw the opening of a brand new, purpose built Children's Residential House in Dunoon, to replace an older building. This marked a considerable investment in our residential services for children and young people. In 2018 a review was carried out in three Children and Young People's Residential Houses; staffing and best value were considered as part of this. All of the residential houses continue to achieve scoring of 5 in Care Inspections and this reflects this process.</p>			

A Core and Cluster model is also being put in place that will provide at least one additional property, attached to each residential house; one has already been retained in Helensburgh. Such properties will allow young people to move on in a supported manner, free up places in the residential houses and allow children and young people to return from out of area placements. It is anticipated that our residential provision will be more cost effective, flexible and well managed.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We expect that the new residential house in Dunoon and the Service Review of the children's houses will continue to show improvement in gross cost/efficiency figures. We also expect the implementation of Core and Cluster accommodation to improve the effectiveness of our placements to allow young people to move forward appropriately.

SERVICE: CHILDREN AND FAMILIES

INDICATOR REF: CHN8b - The gross cost of "Children Looked After" in a community setting per child per week

Performance Range: £197 to £572 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£314 ↑		£328 ↑	
CHANGE 2016/17 TO 2017/18:	31% ↑	CHANGE 2016/17 TO 2017/18:	2% ↑
CHANGE BASE YEAR TO 2017/18:	126% ↑	CHANGE BASE YEAR TO 2017/18:	43% ↑
RANK POSITION: 15 th RANK MOVEMENT: 3 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 1 ↓			

TELLING OUR STORY:

Our performance has reduced this year, with an increase in cost of £74 per child, per week. Our rank position has reduced by 3 places to 15th. Our costs have increased by £175 per child, per year since base year. Scotland has seen an increase of £34 per child, per week. Glasgow City Council did not submit data.

In Argyll and Bute, payments and allowances to Foster Carers have not changed. However considerable work has been done with kinship carers in terms of training, support and reviewing. As a consequence more kinship carers are now receiving kinship allowances. This is a positive development and supports children remaining with their families and communities.

There have been some increases in employee costs and expenses due to the use of agency workers and other factors. Transport costs have increased. There have also been additional costs relating to a necessary recruitment campaign following success in the number of permanent placements/adoptions with the existing Foster Carers. In addition, the Continuing Care Duty means that more young people are remaining in their Foster Placements for longer.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The Fostering and Adoption Service intends to develop its support for both Foster and Kinship Carers in the coming year, some investment has been necessary to facilitate this and should reduce over time. The Foster Care recruitment campaign has been successful and these new resources will be developed in the coming year. Agency workers are no longer being employed and this will be positive in terms of costs and stability within the team.

SERVICE: CHILDREN AND FAMILIES

INDICATOR REF: CHN9 - Balance of Care for looked after children: % of children being looked after in the community !

Performance Range: 95.36% to 72.41% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
81.88% ↓		89.69% ↓	
CHANGE 2016/17 TO 2017/18:	-5.54 ↓	CHANGE 2016/17 TO 2017/18:	-0.17% ↓
CHANGE BASE YEAR TO 2017/18:	-4.42 ↓	CHANGE BASE YEAR TO 2017/18:	-1.31% ↓
RANK POSITION: 28 th RANK MOVEMENT: 7 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 2 ↓			

TELLING OUR STORY:

The performance of this indicator has seen a drop of over 5.5 percentage points and a decrease in rank position of 7 places. The performance on this indicator is 7.81% below that of the Scotland average.

Scotland wide has also seen a drop, but not so large.

Glasgow City Council did not submit data.

There is an apparent negative shift in the balance between Residential Care and Foster Care between the years 2016/17 and 2017/18. This is due in part to 2016/17 seeing on residential house restricted in usage due to the nature of the offences of one resident; this was throughout the entire year, necessitating placements elsewhere. Also, in 2017/18, we have seen the impact of the duty of continuing care (Children and Young People’s (Scotland) Act 2014) duty, increasing residential care numbers to a degree. Further, in 2016/17, there were 151 Foster Care and Kinship Interventions and only 135 in 2017/18. However 2017/18 has seen a higher number of children moving to permanence/adoption.

We are looking to increase the percentage of Looked After Children who are looked after in the community. We have an Early Intervention Team that looks to work closely with children and young people to prevent crisis and reception into care. We also employ an Early and Effective Intervention approach. When we are required to take children into care we have an effective Foster Care and Family Placement Team that works to try and ensure community placement where possible.

Due to an increased rate of success in moving forward adoption and permanence placements, the number of Foster Carers available was reduced and a successful recruitment campaign has been taking place.

We have been working to support kinship carers to get Kinship Care Orders, which takes children out of the LAC system. We are looking at s22 support plans rather than s25, which we see as an area for development across the service.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We anticipate that the measures outlined above will, in the coming year, improve the percentage of children looked after in the community setting. It should be noted that by working to support kinship carers to get kinship orders, we keep children out of probable, other community care settings and reduce this percentage as opposed to non-community care options.

SERVICE: CHILDREN AND FAMILIES

INDICATOR REF: CHN22 - Percentage of child protection re-registrations within 18 months **!**

Performance Range: 0.00% to 24.24% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
15.79% ↑		6.12% ↓	
CHANGE 2016/17 TO 2017/18:	7.62 ↑	CHANGE 2016/17 TO 2017/18:	-0.33 ↓
CHANGE BASE YEAR TO 2017/18:	6.20 ↑	CHANGE BASE YEAR TO 2017/18:	-0.34 ↓
RANK POSITION: 30 th RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 8 th RANK MOVEMENT: 0 →			

TELLING OUR STORY:

The performance in this indicator has dropped with only 1 authority showing a higher percentage. Glasgow City Council did not submit data. There are factors that can affect this indicator such as the number of children on the child protection register.

Scotland wide has seen a decrease.

Children’s names are placed on the CP register following an interagency assessment indicating that they are at risk of significant harm, deregistration occur when risks to the child have significantly reduced and re registrations occur when risk again escalates. The Child Protection Committee (CPC) closely monitors and reviews all de registrations.

Re registrations within a short period are important as they enable a focus on quality of assessments and supports it children at risk. A low level of re registration is to be anticipated as there will occasionally be wholly unpredictable changes in circumstances; overall preregistrations in Argyll are rare however because of our low numbers of children on the CP register this period has seen a disproportionate impact from 2 large families.

While there is confidence in the quality of our child protection services which has been endorsed in the recent inspection of children’s services; the CPC has identified 2 critical factors which appear to be adversely impacting on performance in this area – the need to enhance the quality of our risk assessments and risk management plans and to improve the consistency of our step down support to families post registration.

The CPC improvement plan includes actions to address this and at this point there are we have had zero re registrations in the last 12 months.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

There will continue to be some vulnerability in this indicator from the disproportionate impact of large families on all to out CP statistics however indications that improvement work to date is beginning to impact positively in this area.

This area of performance will continue to be closely monitored to ensure continued progress as a key improvement priority for the CPC.

SERVICE: CHILDREN AND FAMILIES

INDICATOR REF: CHN23 - Percentage of Looked After Children with more than 1 placement in the last year (Aug 2017- July 2018)

Performance Range: 4.38% to 56.10% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
23.49% ↑		20.55% ↑	
CHANGE 2016/17 TO 2017/18:	-2.22 ↑	CHANGE 2016/17 TO 2017/18:	-0.63 ↑
CHANGE BASE YEAR TO 2017/18:	-5.46 ↑	CHANGE BASE YEAR TO 2017/18:	-0.81 ↑
RANK POSITION: 15 th RANK MOVEMENT: 9 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 4 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The performance has improved by over 2.2 percentage points and our rank position has increased by 9 places. Again this indicator can be affected by the number of children involved.

Scotland wide has also improved. Glasgow City Council did not submit data.

This indicator shows a positive and much improved service. This is due in part to the Fostering and Adoption Team focusing on parallel planning in Permanence, placing children early with prospective adopters or permanent foster carers in order to reduce change of placements.

The improvement our residential accommodation produced from having a replacement, brand new residential house in Dunoon has also had an impact. Further, percentages may be improved, to a degree, by the number of young people choosing to stay in their placement under “continuing care” regulations. These improvements will have positive impacts in the lives of children and young people, providing greater stability in environments and relationships.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We expect these figures to remain positive and to be enhanced by the introduction of Core and Cluster accommodation linked to the existing residential houses in the coming year.

CUSTOMER AND SUPPORT SERVICES

SERVICE: CUSTOMER AND SUPPORT SERVICES			
INDICATOR REF: CORP 4 - The cost per dwelling of collecting Council Tax			
Performance Range: £2.78 to £27.02 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£8.32 ↑		£7.35 ↓	
CHANGE 2016/17 TO 2017/18:	19.07% ↑	CHANGE 2016/17 TO 2017/18:	19.51% ↓
CHANGE BASE YEAR TO 2017/18:	-37.82% ↓	CHANGE BASE YEAR TO 2017/18:	-52.43% ↓
RANK POSITION: 21 st ↓ RANK MOVEMENT: 14 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
<p>The number of dwellings has increased by 92 to 48,010 and the overall cost has increased by £70,833 to £399,293. The cost of collecting council tax has seen a large rise for 2017/18 costing an additional £1.47 per dwelling. The additional costs were all due to costs associated with implementing a new council tax system – both covering the costs of a small project team and for some of the capital costs which were funded from revenue as we did not have enough capital available to fully fund. This will not affect future years as it was a one-off cost. The new system has much lower maintenance costs so this will reduce further costs of collection and bring this back to well below the Scottish average.</p> <p>This indicator has a large performance range of £24.24. The rank position has dropped 14 points. The cost of gathering council tax increased in only six councils; all others showed a reduction. Overall Scotland had a decrease of £1.79 per dwelling. In percentage terms, ABC showed the largest increase.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
<p>The new system will reduce costs going forward as it includes an online portal rather than these facilities having to be paid for separately. In addition there is full integration to the back office system for certain changes which will improve efficiency. A re-organisation is planned in 2019/20 which will ensure that these efficiencies are taken.</p>			

SERVICE: CUSTOMER AND SUPPORT SERVICES

INDICATOR REF: CORP 7 - Percentage of income due from Council Tax received by the end of the year

Performance Range: 97.92% to 93.91% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
95.80%		96.00%	
CHANGE 2016/17 TO 2017/18:	0.01	CHANGE 2016/17 TO 2017/18:	0.17
CHANGE BASE YEAR TO 2017/18:	-0.35	CHANGE BASE YEAR TO 2017/18:	1.26
RANK POSITION: 21 st RANK MOVEMENT: 1			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 1			

TELLING OUR STORY:

This is another indicator where the performance range is very narrow, as a result changes in performance tend to be in ‘points’ rather than ‘whole numbers’. The performance range is 4.01%.

The performance has increased slightly by .01 percentage point, the rank position has decreased by 1 place. Our performance is adversely affected by two factors – collection on accounts which are subject to a double charge for being long term empty are particularly hard to collect; and the fact that we do not use “line by line” accounting which would increase our figures without changing the amount of actual income received by the local authority (it changes the proportion treated as water and sewerage income which is paid over to Scottish Water).










The amount of council tax income due for receipt has increased by £3,557,283. This equates to an increase of 7.32% on the previous year.

This is the 7th largest percentage increase in monetary value for the whole of Scotland.

The Scotland average has shown an increase in performance, and an 8.59% increase of income due.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

In 2018/19 we have introduced the “Water Direct” scheme through which we send accounts to DWP to make deductions for customers who are on benefit and only pay water and sewerage – the amount of deductions are higher than with Attachment of Benefit Orders which we used previously. This benefits the council as only a proportion is paid over to Scottish Water. We have also introduced new special exercises with our appointed sheriff officers focussing on accounts which were not engaging to make payment arrangements. Together we expect to achieve c £250,000 additional collections p.a. net of costs.

SERVICE: CUSTOMER AND SUPPORT SERVICES			
INDICATOR REF: CORP 8 - Percentage of invoices sampled that were paid within 30 days			
Performance Range: 97.13% to 78.02% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
96.57% 		93.19% 	
CHANGE 2016/17 TO 2017/18:	2.47 	CHANGE 2016/17 TO 2017/18:	0.13 
CHANGE BASE YEAR TO 2017/18:	7.58 	CHANGE BASE YEAR TO 2017/18:	3.66 
RANK POSITION: 5 th  RANK MOVEMENT: 10 			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 1 st RANK MOVEMENT: 1 			
TELLING OUR STORY:			
This is the 4 th consecutive year that performance has improved with this indicator and the highest percentage over 8 years of data.			
For the 4 th consecutive year performance remains higher than the Scotland average.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
We are continuing to roll out our “No purchase order: No payment” project which ensures more orders are placed through systems and speeds up processing of invoices when these are received. This is having a beneficial impact on payment performance.			

SERVICE: CUSTOMER AND SUPPORT SERVICES

INDICATOR REF: ECON 4 - Percentage of procurement spent on local enterprises

Performance Range: 54.17% to 9.52% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
29.40% ↓		27.40% ↑	
CHANGE 2016/17 TO 2017/18:	8.60 ↓	CHANGE 2016/17 TO 2017/18:	0.92 ↑
CHANGE BASE YEAR TO 2017/18:	0.43 ↓	CHANGE BASE YEAR TO 2017/18:	0.16 ↑
RANK POSITION: 11 th RANK MOVEMENT: 8 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 5 th RANK MOVEMENT: 3 ↓			

TELLING OUR STORY:

This indicator only includes authority spend that is over £1,000, and 'local' is being within the same local authority and defined by the postcode area of the head office of the supplier.

The procurement spend on local enterprises has dropped by 8.60 percentage points with a downward rank movement of 8 places. The main reason for this is that one supplier (Enable Scotland) was erroneously classed as local by Spikes Cavell in 2016/17 and this has been corrected in 2017/18. Excluding this, the drop is c1.36%. The reason for the change is largely due to capital projects. In 2017/18 our second top supplier was a specialist out of area construction company employed on the Queens Hall project in Dunoon and there was another large specialist marine project where the supplier came from out of our area. The results for each year are very much influenced by the type of spend and whether there are local suppliers who have those capabilities. We do a lot of engagement with local suppliers to ensure they are aware of all procurement opportunities and have the skills to bid for our business. In 2017/18 the percentage of local suppliers bidding for our business was 28.5%. Where they do bid, local suppliers are usually very successful in winning business. There are 8 years of data for this indicator, apart from 2011/12 this is the lowest percentage spend during the 8 years but consistently higher than the Scotland average for each year.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We expect very similar performance in 2018/19 as only two of our top 10 suppliers in 2018/19 to date are local, as again there have been a number of large projects using specialist out of area contractors.

IMPROVEMENT AND HR

SERVICE: IMPROVEMENT AND HR			
INDICATOR REF: CORP 3b - The percentage of the highest paid 5% of employees who are women			
Performance Range: 65.19% to 26.56% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
50.89%		54.60%	
CHANGE 2016/17 TO 2017/18:	0.39	CHANGE 2016/17 TO 2017/18:	1.70
CHANGE BASE YEAR TO 2017/18:	15.91	CHANGE BASE YEAR TO 2017/18:	8.34
RANK POSITION: 22nd RANK MOVEMENT: 2 			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 4th RANK MOVEMENT: 1 			
TELLING OUR STORY:			
The percentage has increased this year, as it has generally across Scotland. Only 7 authorities show a decrease in this indicator.			
During this year LiveArgyll was formed. The number of staff and the number of females in the top 5% fell from 202 staff and 102 female in 2016/17 to 169 staff and 86 females in 2017/18.			
The Council has females in high profile, leadership positions in the organisation, so presents positive role models for women moving into senior roles in future. Two of the three Director level posts in the Strategic Management Team are female and five of the ten Council Heads of Service are female. We have women in gender non typical leadership roles including the Executive Director of Development and Infrastructure, the Head of Strategic Finance and the Head of Customer and Support Services. At third tier level, we have women in gender non typical senior management roles such as Strategic Transportation, IT, Finance and Procurement.			

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Argyll and Bute has variable performance in this area, depending on changes to individual posts. We have some good examples of women in Chief Officer positions, which has increased in the last year.

As part of our Growing Our Own initiative, we are promoting a wide range of roles for women, including female mechanic apprentices, showcasing the variety of careers that are available to women in Argyll who work for the Council. We have developed and are continuing to improve our data analytics on social media, which we use to promote and advertise all of our job vacancies. We will use this to positively target senior jobs in ways that we know are attractive to women as well as men.

SERVICE: IMPROVEMENT AND HR

INDICATOR REF: CORP 3c - The gender pay gap

Performance Range: -6.97% to 13.70% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
7.71% ↓		3.93% ↓	
CHANGE 2016/17 TO 2017/18:	-0.77 ↓	CHANGE 2016/17 TO 2017/18:	-0.28 ↓
CHANGE BASE YEAR TO 2017/18:	-0.01 ↓	CHANGE BASE YEAR TO 2017/18:	-0.57 ↓
RANK POSITION: 27 th ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

We have reduced the Gender Pay Gap by .77 percentage points, increased the rank position by 1 place. In total 19 authorities have a reduced Gender Pay Gap figure.

With regards the performance range, Glasgow City Council is the only authority that reports women are paid more than men, with a figure of -6.97%.

This is a larger improvement than the Scotland average however, the Scotland average is almost half of Argyll and Bute's.

It is important to note that the presence of a gender pay gap does not mean that women are paid less than men when doing the same job or when on the same grade. The Council has pay and grading structure that has been equality impact assessed and which ensures that everyone is paid equally for the job that they carry out.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The council is gradually improving its gender pay gap performance. This performance indicator is affected by the fact that the Council currently pays the Living Wage as a supplement, which lowers the base of the statistical calculation. We anticipate that this will improve when the Living Wage is consolidated in 2020. It is factual to say that a higher number of women work in part time, lower paid jobs for the Council, such as cleaning, catering and home care. This is further compounded by the fact that the overall gender profile of the workforce is heavily skewed towards women, precisely because we offer flexible and part time working. Further to this, Argyll and Bute has not outsourced catering and cleaning services, which other councils have, and which are lower paid posts, predominantly occupied by women. As referenced above, we continue to promote higher paid jobs to women by targeting advertising of posts, exemplifying some of our gender non typical post holders and encouraging young people to consider a future career in the council across a wide range of service areas.

SERVICE: IMPROVEMENT AND HR

INDICATOR REF: CORP 6a - Sickness absence days per teacher

Performance Range: 4.20 to 9.12 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
5.89 ↓		5.93 ↓	
CHANGE 2016/17 TO 2017/18:	-0.38% ↓	CHANGE 2016/17 TO 2017/18:	-2.12% ↓
CHANGE BASE YEAR TO 2017/18:	-25.00% ↓	CHANGE BASE YEAR TO 2017/18:	-10.15% ↓
RANK POSITION: 16 th ↑ RANK MOVEMENT: 3 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 nd RANK MOVEMENT: 2 ↑			

TELLING OUR STORY:

This is the 4th consecutive year that Teacher absence rates have fallen. The actual drop is .02 days per teacher, and there is an increase in rank position of 3 places.

Teacher numbers have fallen by 13, From 911 in 2016/17 to 898 in 2017/18.

The performance range is small at 4.92, as a result any change in performance may not necessarily equate to a change in rank position. This is a positive story for Education services, highlighting a focus by school management on attendance absence. It should be noted that the service has had an additional part time resource to support absence management over the period of the data.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The Council has improved its sickness absence for teachers and we aim to continue this trend. Analysis shows that as well as seasonal variations in absence, the highest reason for absence is stress related illness. The Council continues to roll out mandatory stress awareness and stress management training to all staff. We are also looking at a comprehensive review of our absence procedure and our terms and conditions. The most important aspect for the council to develop in relation to managing attendance is a preventative, wellbeing based approach, which supports and directs employees to look after their own wellbeing, whilst providing tools, advice and support to do so. Associated with this is committed action by senior management team to acknowledge the importance of a preventative approach to attendance management and to act accordingly through delivering the forthcoming strategy.

SERVICE: IMPROVEMENT AND HR

INDICATOR REF: CORP 6b - Sickness absence days per employee (non-teacher)

Performance Range: 8.36 to 16.78 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
12.82 ↑		11.41 ↑	
CHANGE 2016/17 TO 2017/18:	10.84% ↑	CHANGE 2016/17 TO 2017/18:	4.49% ↑
CHANGE BASE YEAR TO 2017/18:	27.75% ↑	CHANGE BASE YEAR TO 2017/18:	5.69% ↑
RANK POSITION: 29 th ↓ RANK MOVEMENT: 8 ↓			
FAMILY GROUP RANKING RANK POSITION: 8 th RANK MOVEMENT: 2 ↓			

TELLING OUR STORY:

This is the 3rd consecutive year that employee (non-teacher) absence rates have increased. The actual increase is 1.26 days per employee, and there is a drop in rank position of 8 places.

Employee (FTE) numbers have fallen by 139. From 2,894 in 2016/17 to 2,755 in 2017/18.

The performance range is larger than that of Teachers absence at 8.42. In total 21 authorities has seen an increase in absence rates. This is a disappointing area of performance, particularly when compared with the positive improvements in the teaching staff absence. The main reasons for absence are stress and medical. In terms of managing stress, we have mandatory stress awareness and stress management training available to all staff and we have recently introduced mental health first aiders to some workplaces. Our attendance management procedures are based on best practice, but we are currently reviewing and updating them to make them more user friendly.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

There are indications that the age profile of the workforce towards older employees has an impact on absence levels related to medical issues. However this is not sufficient to explain the high rate and there are management initiatives being put in place to tackle and improve absence.

We will continue to expand the number of mental health first aiders in our workplaces and will promote the Employee Assistance Service more widely and in different ways to improve its use. We are developing a wellbeing strategy which will focus on the preventative side of employee absence, helping employees to recognise signs of stress or other ill health and taking early action to prevent acute episodes that lead to prolonged absence. It is important that as part of this, senior management become more open in talking about mental health and embrace and encourage a preventative approach to absence. As part of the process of consolidating the Living Wage, we are looking closely at our terms and conditions for LGE employees to identify any areas of potential benefit to employee wellbeing. We have also recently completed both a culture audit and an employee survey that give us good indications of employees' views on issues in the workplace that we can work with them to address.

The Council continues to operate within a climate of financial uncertainty, which adds pressure to employees when their job is potentially at risk. These continuing pressures have an impact on wellbeing and stress absence, so our future approach to budget management will reflect this by incorporating much earlier inclusion of employees in the development of proposals.

We also propose to bid for 2 additional attendance and wellbeing officers to support service managers to manage absence and ensure that the process is adhered to and support such as OHP referral is used to optimum effect. This is dependent on funding being made available.

GOVERNANCE AND LAW

SERVICE: GOVERNANCE AND LAW			
INDICATOR REF: CORP 1 - Support services as a percentage of total gross expenditure ★			
Performance Range: 2.20% to 7.65% (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
4.35% ↓		4.45% ↓	
CHANGE 2016/17 TO 2017/18	-3.39 ↓	CHANGE 2016/17 TO 2017/18	-0.55 ↓
CHANGE BASE YEAR TO 2017/18	-5.28 ↓	CHANGE BASE YEAR TO 2017/18	-0.44 ↓
RANK POSITION: 14 th ↑ RANK MOVEMENT: 16 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 3 ↑			
TELLING OUR STORY:			
<p>There is a large change in the support service cost, a reduction of 3.39 percentage points. This has resulted in an improved rank position of 16 places.</p> <p>Argyll and Bute has achieved the largest reduction of costs compared to all authorities. Edinburgh City achieved the next largest reduction at 2.62 percentage points.</p> <p>There is the question as to whether all authorities are calculating the support services costs equally. Service Choices/Transformation Agenda will have had an impact on this indicator.</p> <p>There has been an improvement in ranking which is most likely explained by ongoing reductions in staff numbers in support services.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
There is likely to be a further improvement when the corporate management review is completed.			

ADULT CARE

SERVICE: ADULT CARE			
INDICATOR REF: SW1 - Home care costs per hour for people aged 65 or over ★			
Performance Range: £13.28 to £46.76 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£24.82 ↓		£23.76 ↑	
CHANGE 2016/17 TO 2017/18	-12.13% ↓	CHANGE 2016/17 TO 2017/18	3.02% ↑
CHANGE BASE YEAR TO 2017/18	-27.57% ↓	CHANGE BASE YEAR TO 2017/18	5.43% ↑
RANK POSITION: 18 th ↑ RANK MOVEMENT: 7 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↑			
TELLING OUR STORY:			
There is a large reduction in the home care costs per hour, the reduction of 12.13% equates to £3.42 per hour.			
There was also a large increase in the number of home care hours delivered, an increase of 87,754 hours which equates to an increase of 17.41%.			
Only 2 authorities have seen a larger percentage increase in the number of home care hours delivered.			
The Scotland average is an increase in costs of 3.02% and an increase in hours of 2.27%.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Home care costs will remain a demand on the authority, but close scrutiny will remain in place to ensure the indicator remains positive.			

An added element that continues to be factored into costs is the impact of meeting living wage commitments. Also, Procurement and Commissioning will remain vigilant and mindful of variation in costs attributed to the geography of the area (rurality), and the sparsity of the population and limitations on providers associated with housing, job market and skills mix.

SERVICE: ADULT CARE

INDICATOR REF: SW2 - Self Directed Support (SDS) spend on adults 18+ as a percentage of total social work spend on adults 18+

Performance Range: 21.14% to 1.09% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
4.34% ↑		6.74% ↑	
CHANGE 2016/17 TO 2017/18	0.15 ↑	CHANGE 2016/17 TO 2017/18	0.26 ↑
CHANGE BASE YEAR TO 2017/18	4.34 ↑	CHANGE BASE YEAR TO 2017/18	5.17 ↑
RANK POSITION: 16 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The data for this indicator doesn't tell us whether the delivery and take-up of SDS is good for the customer. It is one of four options that authorities must offer eligible people assessed as needing social care. Therefore performance is measured as a result of clients 'personal choice', and not a reflection of the council's performance.

Argyll and Bute has seen a small increase in the number of social work clients taking up the SDS offer, and the rank position remains the same.

It should be noted that some authorities are reporting over 20% of the social work spend is via SDS, and at least one authority has a 'target' of 100%.

LOOKING FORWARD EXPECTED IMPACT ON INDICATOR:

We will continue to aim for an increase in uptake of direct payments through SDS. Standard Operating Procedures and Local Guidance will be revisited and revised to help promote and embed the application of SDS. Also, financial awards allocated in respect to DP's will be commensurate and have 'parity of esteem' across all clients groups and with other delivery options under SDS. Supply and demand factors will continue to be considered with respect to encouraging and supporting SDS as being a realistic option where it is preferred.

SERVICE: ADULT CARE			
INDICATOR REF: SW3a - Percentage of people 65 and over with long-term needs who are receiving personal care at home			
Performance Range: 73.68% to 42.57% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
67.37%		61.72%	
CHANGE 2016/17 TO 2017/18	0.89	CHANGE 2016/17 TO 2017/18	1.60
CHANGE BASE YEAR TO 2017/18	12.91	CHANGE BASE YEAR TO 2017/18	2.78
RANK POSITION: 8 th RANK MOVEMENT: 0			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 2 nd RANK MOVEMENT: 1			
TELLING OUR STORY:			
There has been a slight increase of .89 percentage points and no change in rank position. However, the performance range has reduced from the previous year by 1.68 percentage points overall. Performance range for 16/17 was 75.69% to 42.24%.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
We will aim to increase this position by supporting more people to remain at home. The continued emphasis on shifting the balance of care should help to realise increased numbers of older people assessed to have long term care needs supported at home as opposed to being placed in residential care.			

SERVICE: ADULT CARE

INDICATOR REF: SW4a - Percentage of adults receiving any care or support who rate it as excellent or good

Performance Range: 94.32% to 71.35% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
79.85% ↓		80.18% ↓	
CHANGE 2016/17 TO 2017/18	-2.34 ↓	CHANGE 2016/17 TO 2017/18	-0.82 ↓
CHANGE BASE YEAR TO 2017/18	-4.60 ↓	CHANGE BASE YEAR TO 2017/18	-3.82 ↓
RANK POSITION: 20 th ↓ RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 3 rd RANK MOVEMENT: DNA			

TELLING OUR STORY:

This information is taken from the Scottish Health and Care Experience Survey, where only service users were surveyed. This is more appropriate as it measures the actual experience rather than a perceived experience as in previous years.

The survey is run every 2 years and this data is taken from the 2017/18 survey which became available in April 2018. The Scotland wide sample size of the survey was 14,649 and received 4,027 responses, which equates to 27% response rate.

The number of responses for Argyll and Bute was 240. The number of adults that received care or support during this period isn't available.

The client's level of expectation affects this indicator, and this is information we don't know.

Performance for this indicator fell for all except 13 authorities, with the 3 Island authorities ranking the highest. The Scotland average also fell.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We aim to improve on this indicator. Work with community teams and application of Buurtzorg principles should support this improvement. should support this improvement by promoting further integration of Community Teams and developing Single Points of Access in terms of receiving and responding to referrals to services in a timely, consistent, equitable and priority manner.

SERVICE: ADULT CARE			
INDICATOR REF: SW4b - Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life			
Performance Range: 96.57% to 70.65% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
74.18% ↓		79.97% ↓	
CHANGE 2016/17 TO 2017/18	-12.71 ↓	CHANGE 2016/17 TO 2017/18	-4.03 ↓
CHANGE BASE YEAR TO 2017/18	-12.12 ↓	CHANGE BASE YEAR TO 2017/18	-5.03 ↓
RANK POSITION: 30th ↓ RANK MOVEMENT: 23 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 7th RANK MOVEMENT: DNA			
TELLING OUR STORY:			
Again this information is taken from the Scottish Health and Care Experience Survey, but this is where only service users were surveyed. This is more appropriate as it measures the actual experience rather than a perceived experience as in previous years.			
The survey is run every 2 years and this data is taken from the 2017/18 survey which became available in April 2018. The Scotland wide sample size of the survey was 14,649 and received 4,027 responses, which equates to 27% response rate.			
The number of responses for Argyll and Bute was 224. The number of adults that received care or support during this period isn't available.			
There has been a large drop of 12.71 percentage points, dropping from 86.89% for 2016/17, and a corresponding drop in rank from 7 th to 30 th .			

Only 4 authorities saw an increase in performance for 2017/18, with the Scotland average also dropping 4.03 percentage points.

Again, the client's level of expectation affects this indicator, and this is information we don't know.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We aim to improve this indicator with a focus on asset based approach to care and working with agreed persons' expectations.

SERVICE: ADULT CARE

INDICATOR REF: SW5 - Residential costs per week per resident for people aged 65 or over

Performance Range: £195.33 to £1,348.56 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£441.00 ↓		£386.00 ↑	
CHANGE 2016/17 TO 2017/18	-7.44% ↓	CHANGE 2016/17 TO 2017/18	1.80% ↑
CHANGE BASE YEAR TO 2017/18	-11.61% ↓	CHANGE BASE YEAR TO 2017/18	-11.19% ↓
RANK POSITION: 23 rd ↑ RANK MOVEMENT: 4 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The weekly cost has gone down by £6.00 per resident/per week. This has been achieved while the number of residents has remained the same as the previous year at 550.

This straight saving of 7.44% has resulted in an improved rank position of 4 places.

The Scotland average has increased by £7.00 per resident / per week and a reduction in resident numbers of 180.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

We aim to maintain this improvement. By supporting singular registered homes and providing in-reach support from Community Nursing Services complex clients will continue to be supported locally and help mitigate the need to move out with the area to residential settings providing specific Nursing Home care charging higher unit costs.

COMMUNITY AND CULTURE

SERVICE: COMMUNITY AND CULTURE			
INDICATOR REF: C&L1 - Cost per attendance at sports facilities ★			
Performance Range: £0.70 to £4.75 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£2.95 ↓		£2.71 ↓	
CHANGE 2016/17 TO 2017/18	-12.55% ↓	CHANGE 2016/17 TO 2017/18	-8.42% ↓
CHANGE BASE YEAR TO 2017/18	8.85% ↑	CHANGE BASE YEAR TO 2017/18	-31.88% ↓
RANK POSITION: 21 st ↓ RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 6 th RANK MOVEMENT: 0 →			
TELLING OUR STORY:			
There has been a large, positive reduction with this indicator, with a decrease in rank position by 2 places.			
The cost per attendee has come down by .42p per visit and the number of attendees has increased by 18,410. The nett expenditure has also reduced by £147,000. This is due to better timetables and changes in opening hours we have seen a higher footfall in facilities.			
The Scotland average has also seen a positive reduction of .25p per visit but the number of attendees has decreased by 49,605.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Our new pricing model should see 1,000 more attendees within facilities and therefore a further reduction in cost per attendance is expected			

SERVICE: COMMUNITY AND CULTURE

INDICATOR REF: C&L2 - Cost per library visit ★

Performance Range: £0.76 to £5.19 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£3.34 ↓		£2.08 ↑	
CHANGE 2016/17 TO 2017/18	-23.48% ↑	CHANGE 2016/17 TO 2017/18	3.13% ↑
CHANGE BASE YEAR TO 2017/18	-45.29% ↑	CHANGE BASE YEAR TO 2017/18	-45.36% ↓
RANK POSITION: 21 st ↑ RANK MOVEMENT: 9 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 5 th RANK MOVEMENT: 3 ↑			

TELLING OUR STORY:

This indicator has also seen a large, positive reduction in the cost per library visit, with an increase in rank position by 9 places.

The cost has reduced by £1.03 per visit and the number of visits has reduced by 12,095 on the previous year.

This reduction in visits equates to a drop of -4.28%.

The nett expenditure has also reduced by £330,000. This is almost a direct correlation between the number of visits and reduction in cost per visit.

The Scotland average has seen the cost per visit increase, while the number of visits has decreased by -7.53%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Our development plan for Libraries should see more events etc. within the service, this should lead to more visits and a corresponding drop in cost per attendee.

SERVICE: COMMUNITY AND CULTURE

INDICATOR REF: C&L3 - Cost of museums per visit ★

Performance Range: £0.76 to £5.19 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£0.21 ↓		£3.49 ↑	
CHANGE 2016/17 TO 2017/18	-48.52% ↓	CHANGE 2016/17 TO 2017/18	3.18% ↑
CHANGE BASE YEAR TO 2017/18	-27.29% ↓	CHANGE BASE YEAR TO 2017/18	-25.89% ↓
RANK POSITION: 1 st ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 1 st RANK MOVEMENT: 0 →			

TELLING OUR STORY:

Since base year data (2010/11) Argyll and Bute has consistently been within the 4 highest ranked authorities for this indicator, achieving rank position number 1 again this year.

There has been a large increase in internet traffic for Kilmartin Museum since 2016/17 as exhibits are also being 'shown' via the internet. 2016/17 saw an increase in visits of 222,356 which equates to an increase of 127% upon the previous year.

2017/18 saw an increase in visits of 74,269 which equates to an increase of 18.6% upon the previous year.

There has also been a reduction in the nett expenditure of £63,000. This isn't a direct correlation between the increase in visitor numbers, nor should it be expected if a large volume of visits are via the internet.

The Scotland average has seen an increase of .11p per visit, and a decrease in visits of 545,882 which equate to a drop of -4.38%.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

For 2018/19, Kilmartin Museum is taking forward a £6.8 million redevelopment project and all funding has been secured however construction will not commence until 2020 and therefore it is not anticipated that there will be any significant impact for this year. Campbeltown Museum is having work done to the entrance, etc. to attract more visitors.

SERVICE: COMMUNITY AND CULTURE			
INDICATOR REF: C&L5a - Percentage of adults satisfied with libraries			
Performance Range: 93.33% to 52.33% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
78.67% ↓		73.00% ↓	
CHANGE 2016/17 TO 2017/18	-2.00 ↓	CHANGE 2016/17 TO 2017/18	-1.67 ↓
CHANGE BASE YEAR TO 2017/18	6.23 ↑	CHANGE BASE YEAR TO 2017/18	-9.50 ↓
RANK POSITION: 9 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 0 →			
TELLING OUR STORY:			
<p>This figure is from the SHS for 2015-18. The satisfaction data drawn from the Scottish Household Survey is now presented in 3 year rolled averages to deliver the required level of precision at a local level. By rolling the data across the 3 years, the confidence intervals for all figures reported are within 5.5%.</p> <p>Satisfaction has fallen by 2 percentage points. Overall this has not resulted in a change of rank position, this is partly because in all except 3 authorities the satisfaction levels have fallen.</p> <p>What we don't know is 'what' adults are not satisfied with, this could be the facilities, opening hours, location of facilities. It could also be due to a lag in the SHS data and improvements in service delivery.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
During 2019/20 we will be carrying out our own satisfaction surveys to gauge, we are also amending our opening hours.			

SERVICE: COMMUNITY AND CULTURE			
INDICATOR REF: C&L5c - Percentage of adults satisfied with museums and galleries			
Performance Range: 90.33% to 40.67% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
54.00%		70.00%	
CHANGE 2016/17 TO 2017/18	5.00	CHANGE 2016/17 TO 2017/18	-2.00
CHANGE BASE YEAR TO 2017/18	10.33	CHANGE BASE YEAR TO 2017/18	-6.50
RANK POSITION: 28 th RANK MOVEMENT: 3			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 0			
TELLING OUR STORY:			
<p>This figure is from the SHS for 2015-18. The satisfaction data drawn from the Scottish Household Survey is now presented in 3 year rolled averages to deliver the required level of precision at a local level. By rolling the data across the 3 years, the confidence intervals for all figures reported are within 5.5%.</p> <p>Satisfaction has increased by 5 percentage points. This has resulted in an increase in rank position of 3 places. For all except 5 authorities the satisfaction levels have fallen.</p> <p>This level of satisfaction seems at odds with the highest rank for cost per visit to museums. However, as in the previous indicator what we don't know is 'what' adults are not satisfied with, this could be the facilities, opening hours, location of facilities. It could also be due to a lag in the SHS data and improvements in service delivery.</p> <p>However, it should be noted that there are only 2 museums in local operation - Kilmartin and Campbeltown, therefore no-one has easy access to museums.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
Works being carried out at Campbeltown Museum should aid customer satisfaction.			

SERVICE: COMMUNITY AND CULTURE

INDICATOR REF: C&L5d - Percentage of adults satisfied with leisure facilities

Performance Range: 90.33% to 41.67% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
66.33% →		72.67% ↓	
CHANGE 2016/17 TO 2017/18	0.00 →	CHANGE 2016/17 TO 2017/18	-1.33 ↓
CHANGE BASE YEAR TO 2017/18	7.37 ↑	CHANGE BASE YEAR TO 2017/18	-4.87 ↓
RANK POSITION: 29 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 6 th RANK MOVEMENT: 0 →			

TELLING OUR STORY:

This figure is from the SHS for 2015-18. The satisfaction data drawn from the Scottish Household Survey is now presented in 3 year rolled averages to deliver the required level of precision at a local level. By rolling the data across the 3 years, the confidence intervals for all figures reported are within 5.5%.

Satisfaction has remained the same with no change in rank position. For all except 6 authorities the satisfaction levels have fallen.

This level of satisfaction again seems at odds with the high rank for cost per attendance at leisure facilities. However, as in the previous indicator what we don't know is 'what' adults are not satisfied with, this could be the facilities, opening hours, location of facilities. It could also be due to a lag in the SHS data and improvements in service delivery.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

From April 2019 we have made changes to opening hours, classes, pricing, etc. and will be carrying out our own satisfaction surveys. There will be a pricing review which will be implemented in October 2019.

ROADS AND AMENITY

SERVICE: ROADS AND AMENITY			
INDICATOR REF: C&L4 - Cost of parks and open spaces per 1,000 population !			
Performance Range: £890 to £39,627 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£24,847 ↑		£19,814 ↓	
CHANGE 2016/17 TO 2017/18	40.80% ↑	CHANGE 2016/17 TO 2017/18	-6.67% ↓
CHANGE BASE YEAR TO 2017/18	41.65% ↑	CHANGE BASE YEAR TO 2017/18	-31.73% ↓
RANK POSITION: 26 th ↓ RANK MOVEMENT: 16 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 3 ↑			
TELLING OUR STORY:			
Has there been a change to the financial accounting for this indicator?			
There has been an increase of £619,000 to the nett expenditure since the previous year. Even accounting for the MYE population reduction of 320 this doesn't account for the increase.			
If the MYE remained the same as 16/17 the cost would be £24,756 per 1,000 population.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
For the financial year 2019/20, there has been no policy reductions to specification and the provision of service remains the same as the previous financial year. The maintenance of Hermitage Park will return to the Council on completion of the Heritage Lottery Fund project, the future maintenance will be carried out in partnership with volunteers, the partnership will reduce future maintenance costs.			

SERVICE: ROADS AND AMENITY

INDICATOR REF: C&L5b - Percentage of adults satisfied with parks and open spaces

Performance Range: 93.00% to 70.33% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
80.00% ↓		85.67% ↓	
CHANGE 2016/17 TO 2017/18	-3.67 ↓	CHANGE 2016/17 TO 2017/18	-0.33 ↓
CHANGE BASE YEAR TO 2017/18	6.90 ↑	CHANGE BASE YEAR TO 2017/18	0.63 ↑
RANK POSITION: 26 th ↓ RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 0 →			

TELLING OUR STORY:

This figure is from the SHS for 2015-18. The satisfaction data drawn from the Scottish Household Survey is now presented in 3 year rolled averages to deliver the required level of precision at a local level. By rolling the data across the 3 years, the confidence intervals for all figures reported are within 5.5%. Satisfaction have decreased by 3.67 percentage points. This has resulted in a decrease in rank position of 2 places. The drop in satisfaction is not mirrored across Scotland as 12 authorities reported an increase in the satisfaction levels.

This level of satisfaction again seems at odds with the increased costs incurred in Parks and Open Spaces indicator (C&L4). However, as in the previous indicator what we don't know is 'what' adults are not satisfied with, this could be the facilities, access hours, location of facilities. It could also be due to a lag in the SHS data and improvements in service delivery.

It should also be borne in mind that there are limited parks within Argyll and Bute, and most of the population doesn't live within easy access to a park

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Satisfaction in relation to open space and playing fields has unfortunately dropped due to a number of factors, including, reduction in grassland maintenance cutting cycles and the non-removal of grass arising. In relation to satisfaction of playing fields, there has been concerns raised relating to the maintenance and in particular about the draining of playing fields.

Going forward, it is important to maintain the maintenance cycles at the current level as future reductions in service cuts will impact on the services' costs of maintaining areas. Grassland taking longer to cut and putting additional strain on Council equipment, longer grass requires more time to clear of litter and debris and there is also the added problem of dog foulings not being removed.

Moving forward there are opportunities to engage with third sector partners to improve Council amenity areas and playing field facilities.

SERVICE: ROADS AND AMENITY

INDICATOR REF: ENV1a - Net cost per waste collection per premises

Performance Range: £38.63 to £109.67 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£53.73 ↓		£65.98 ↑	
CHANGE 2016/17 TO 2017/18	-2.56% ↓	CHANGE 2016/17 TO 2017/18	0.33% ↑
CHANGE BASE YEAR TO 2017/18	9.34% ↑	CHANGE BASE YEAR TO 2017/18	3.06% ↑
RANK POSITION: 9 th ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 rd RANK MOVEMENT: 0 →			

TELLING OUR STORY:

The cost for this indicator has reduced by £1.41 per collection per premise. This has also resulted in an increase in rank position of 1 place.

According to the data the number of premises has reduced by 1,036 premises on the previous year. This is a premise reduction of -2.06%.

The total cost of waste collection per premise has reduced by £127,000, which equates to a reduction in cost of -4.59%.

The Scotland average has seen a slight increase overall in cost with an increase of 14,331 premises, or a premise increase of .54%.










LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

For waste collection, in this financial year 19/20, we expect the number of premises we collect from to go up by around 500. This increase in premises will result in an increase in costs to cover the provision of the service. The majority of the new premises are being constructed in the Helensburgh and Lomond model area changes to extant collection routes are being planned to mitigate any increase in costs.

SERVICE: ROADS AND AMENITY

INDICATOR REF: ENV2a - Net cost of waste disposal per premises

Performance Range: £70.81 to £185.28 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£185.28 per premise 		£98.42 per premise 	
CHANGE 2016/17 TO 2017/18	2.48% 	CHANGE 2016/17 TO 2017/18	-2.21% 
CHANGE BASE YEAR TO 2017/18	15.18% 	CHANGE BASE YEAR TO 2017/18	-1.52% 
RANK POSITION: 32 nd  RANK MOVEMENT: 0 			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 8 th RANK MOVEMENT: 0 			

TELLING OUR STORY:

The cost for this indicator has increase by £4.48 per collection per premise. The rank position remains unchanged at 32.

As for waste collection, according to the data the number of premises has reduced by 1,036 premises on the previous year. This is premise reduction of - 2.06%.

The total cost of waste collection per premise has increased by £33,000, which equates to an increase in cost of .36%

The Scotland average has seen a decrease overall in cost of £2.22 per premise with an increase of 14,331 premises - or a premise increase of .54%

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

It is expected that as a result of measures taken to support Waste Disposals transition away from landfill in advance of the upcoming ban on BMW disposal (Jan 21), that there will be an increase in disposal costs. The scale of the increase in costs is partly dependant on what BMW ban compliant options are selected to be put in place in advance of the ban. It is also partly dependant on what level of financial/practical (derogation) support we may receive to support BMW ban compliance.

Changing to a Comingled Recyclate service at our Island sites increased haulage costs in the previous year, however long term contracts are now in place that will prevent further rises in costs.

In Helensburgh and Lomond, the joint procured (West Dun/Inverclyde) Residual Waste contract will be appointed by June 19. This is a 10 year contract that will fix disposal cost/tonne for that duration. It is expected that the costs of this contract would not be above current future budget estimates. In this financial year 19/20, we expect the number of premises we collect from to go up by around 500, waste from these premises will increase tonnage of waste therefore will result in an increase cost from disposal gate fee from this additional tonnage.

The PPP area costs may fluctuate due to the inclusion of tonnages previously processed by third sector partners. Depending on the tonnage included (Glass/Dried Mixed Recyclate) could either positively or negatively impact on the cost banding in the contract.

In addition to fluctuation in PPP cost banding as a result of the inclusion of waste previously processed by partner organisations, the cost banding is subject to further fluctuation as result of rises and fall in tonnages across the entirety of the waste PPP area and all of the waste streams dealt with under that contract. This could have the effect of either increasing or decreasing costs depending on the level of material process/disposed of.

SERVICE: ROADS AND AMENITY			
ADDITIONAL ANALYSIS - Combined cost of waste collection and disposal per premises !			
Performance Range: £121.88 to £239.01 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£239.01 ↓		£164.40 ↓	
CHANGE 2016/17 TO 2017/18	1.30% ↑	CHANGE 2016/17 TO 2017/18	1.20% ↓
RANK POSITION: 32 nd → RANK MOVEMENT: 0 →			
FAMILY RANKING GROUP 2017			
RANK POSITION: 8 th RANK MOVEMENT: 0 →			
TELLING OUR STORY:			
<p>An additional piece of analysis has been performed by combining the cost of collection and disposal per premise. As both indicators use the same figure for premises (49,157) it should give a reasonable overview. The data used is 'real' time data and financial information has been adjusted to allow for inflation. As the number of households used in other indicators is 48,010, the number of 'premises' that are not household is 1,147. This is another indicator where a growth in businesses would affect the performance.</p> <p>The combined cost for collection and disposal is the highest in Scotland, and has increase by £3.07 per premise or 1.30%. The total cost of waste collection and disposal per premise has reduced by £94,000, this equates to a reduction in overall cost of -.79%</p> <p>However, when the 'total cost' (the total amount we spend on waste collection / disposal – not per premise) is compared to all other authorities the rank position is 19th, and this is an increase of 1 rank place on the previous year. The Scotland average has seen a reduction in overall cost of £2.01 or -1.2%.</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
<p>The PPP area costs may fluctuate due to the inclusion of tonnages previously processed by third sector partners. Depending on the tonnage included (Glass/Dried Mixed Recyclate) could either positively or negatively impact on the cost banding in the contract.</p> <p>In addition to fluctuation in PPP cost banding as a result of the inclusion of waste previously processed by partner organisations, the cost banding is subject to further fluctuation as result of rises and fall in tonnages across the entirety of the waste PPP area and all of the waste streams dealt with under that contract. This could have the effect of either increasing or decreasing costs depending on the level of material process/disposed of.</p>			

SERVICE: ROADS AND AMENITY			
INDICATOR REF: ENV3a - Net cost of street cleaning per 1,000 population			
Performance Range: £4,915 to £36,496 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£10,874 ↑		£15,551 ↑	
CHANGE 2016/17 TO 2017/18	9.01% ↑	CHANGE 2016/17 TO 2017/18	5.33% ↑
CHANGE BASE YEAR TO 2017/18	-13.76% ↓	CHANGE BASE YEAR TO 2017/18	-30.01% ↓
RANK POSITION: 11 th ↓ RANK MOVEMENT: 2 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 5 th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
<p>This indicator has increased by £898 per 1,000 population and the rank position has gone down by 2 places. The population figure is reduced by 320 according to the MYE. Street sweeping and cleansing budgets have been reduced as a policy decision to manage the reducing level of revenue funding available to the council. This has clearly had an impact on the spend per 1000 population.</p> <p>The cost is well below the Scotland average which has also shown an increase in both cost and MYE population</p>			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
<p>The service has introduced flexible work patterns to front line service delivery to better utilise resources and reduce costs in service delivery. The service will be looking to further remodel the delivery of street sweeping to increase operational times and reduce overtime working. Going forward over the next 2-3 years, the service will be changing the way it deploys fleet and this will further reduce hire costs for street sweeping operations.</p>			

SERVICE: ROADS AND AMENITY			
INDICATOR REF: ENV3c - Cleanliness Score (Percentage Acceptable)			
Performance Range: 98.21 to 85.78 (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
93.55 ↓		92.20 ↓	
CHANGE 2016/17 TO 2017/18	-1.76% ↓	CHANGE 2016/17 TO 2017/18	-1.81% ↓
CHANGE BASE YEAR TO 2017/18	-4.54% ↓	CHANGE BASE YEAR TO 2017/18	-3.35% ↓
RANK POSITION: 15 th ↓ RANK MOVEMENT: 4 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 7 th RANK MOVEMENT: 2 ↓			
TELLING OUR STORY:			
The cleanliness score has reduced by 1.68 points, or 1.76%. The rank position has decreased by 4 places.			
The cleanliness score has dropped slightly following the policy decision to reduce revenue resource. However, given the reductions the service has had to implement with service reductions and some innovative rescheduling of frequencies and operational delivery the cleanliness score remains a positive score and at 93.55 is above the Scottish average score of 92.20.			
One authority has N/A, and only 5 authorities have seen an increase with the cleanliness score.			
Across Scotland the highest score is 1.17 points lower than the previous year, the lowest score is 2.26 points lower than the previous year and the Scotland average is 1.17 points lower.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
There will be an impact on carrying out the service in carrying out the cleanliness audits in the future, given the recent Council decision to reduce the number of Amenity Services Enforcement Wardens from 10 to 4, these wardens are responsible for the evaluation scoring, on receipt of random locations provided by Keep Scotland Beautiful. The future method of collating cleanliness scores will also be more onerous than the present system and this will take additional warden time to cover transects of road and footways several times to provide an accurate score for each transect.			

ROADS AND AMENITY

INDICATOR REF: ENV4a - Cost of maintenance per kilometre of roads

Performance Range: £4,675 to £29,995 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£6,541 ↑		£10,547 ↑	
CHANGE 2016/17 TO 2017/18	15.17% ↑	CHANGE 2016/17 TO 2017/18	0.11% ↑
CHANGE BASE YEAR TO 2017/18	-33.95% ↓	CHANGE BASE YEAR TO 2017/18	-16.00% ↓
RANK POSITION: 5 th ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↓			

TELLING OUR STORY:

The performance arrows for this indicator are black as the cost of maintenance is greatly affected by several factors rather than just making efficiencies. Other factors include policy decisions, cost of materials, geography and weather. This indicator also includes winter maintenance costs.

Also, although the 'lowest' spend achieves a higher rank position this should be read in conjunction of the road condition and uncontrollable factors.

The data shows the road network has reduced by 25kms to 2,285kms. This slight decrease has a minimal effect on the overall cost which has increased by £861 per km, or £1,826,000 on total for 2017/18.

Argyll and Bute has the 8th largest road network and the 13th largest spend.

When the cost of maintaining the road network is compared to population the figures read differently:

Argyll and Bute has a MYE population of 86,810 which equates to £172.14 per person / per km with a network of 2,285kms.

Highland has a MYE population of 235,180 which equates to £231.81 per person / per km with a network of 6,751kms.

Aberdeenshire (the highest spend) has a MYE population of 261,000 which equates to £209.27 per person / per km with a network of 5,529kms.

West Dumbarton (the lowest spend) has a MYE population of 89,610 which equates to £54.42 per person / per km with a network of 387kms.

The Scotland average increased, with 19 authorities reporting an increase in total spend. Whilst the Council has seen a general decline in revenue funding for routine maintenance there has been an increase in capital funding which has allowed a more proactive approach to planned resurfacing and larger scale surface treatments. This has resulted in an overall improvement to the RCI.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Uncontrollable factors in the annual costs are directly or indirectly related to weather conditions.

Winter Maintenance spend 2017/18 increased by approximately £500k or +25% from that allocated in 2016/17. This trend of fluctuation may continue with 2018/19 spend likely to be on a par with 2017/18 despite there being no significant weather events. Weather conditions also affect efficiency of Island based operations, where ferry reliability has become an issue in recent years. This effectively increases the unit cost of island treatments but in restricted budgets results in lesser coverage of the network.

Capital expenditure plans 2018/19 - 2019/20 are approximately 2 -3 times that of the allocation in 2016/17 – 2017/18, increasing from approximately £3M p.a. to over £7M p.a. which will assist in smoothing out the fluctuations above and likely increasing the km spend in future stats. The current strategy of programmed surface treatments to sustain a large proportion of the network annually will continue, within the overall reconstruction and cyclic maintenance programmes.

This will allow a sustained value of spend per km.

Where beneficial, in-situ recycling techniques are employed, especially in the island context where this saves a proportion of haulage costs including ferry fares. This does however effectively reduce the overall cost per km where these “low cost” improvements are used to sustain the network.

SERVICE: ROADS AND AMENITY

INDICATOR REF: ENV4b, c, d & e - Percentage of roads that should be considered for maintenance treatment by road class

INDICATOR REF: ENV4b - Percentage of A class roads that should be considered for maintenance treatment

Performance Range: 15.18% to 43.49% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
43.49% ↓		30.16% ↑	
CHANGE 2016/17 TO 2017/18	-1.12 ↓	CHANGE 2016/17 TO 2017/18	0.62 ↑
CHANGE BASE YEAR TO 2017/18	-0.97 ↓	CHANGE BASE YEAR TO 2017/18	-0.14 ↓
RANK POSITION: 32 nd → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 8 th RANK MOVEMENT: 0 →			

INDICATOR REF: ENV4c - Percentage of B class roads that should be considered for maintenance treatment

Performance Range: 16.94% to 63.86% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
63.86% ↑		35.90% ↑	
CHANGE 2016/17 TO 2017/18	0.51 ↑	CHANGE 2016/17 TO 2017/18	1.14 ↑
CHANGE BASE YEAR TO 2017/18	1.45 ↑	CHANGE BASE YEAR TO 2017/18	0.10 ↑
RANK POSITION: 32 nd → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			

RANK POSITION: 8 th RANK MOVEMENT: 0 →			
INDICATOR REF: ENV4d - Percentage of C class roads that should be considered for maintenance treatment			
Performance Range: 14.42% to 62.06% (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
62.06% ↑		36.16% ↑	
CHANGE 2016/17 TO 2017/18	1.84 ↑	CHANGE 2016/17 TO 2017/18	1.59 ↑
CHANGE BASE YEAR TO 2017/18	2.16 ↑	CHANGE BASE YEAR TO 2017/18	1.16 ↑
RANK POSITION: 32 nd → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 8 th RANK MOVEMENT: 0 →			
INDICATOR REF: ENV4e - Percentage of unclassified roads that should be considered for maintenance treatment			
Performance Range: 19.61% to 56.59% (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
52.81% ↓		38.99% ↓	
CHANGE 2016/17 TO 2017/18	-0.09 ↓	CHANGE 2016/17 TO 2017/18	-0.52 ↓
CHANGE BASE YEAR TO 2017/18	-5.12 ↓	CHANGE BASE YEAR TO 2017/18	-2.91 ↓
RANK POSITION: 30 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 6 th RANK MOVEMENT: 0 →			

TELLING OUR STORY:

It is probably better to read these 4 indicators jointly as they supplement the cost indicator above.

The data period is a rolling 2-year period (2016/18), with not all classes of road being surveyed every year. Therefore improvements made to some roads will not show in the data for several years.

It should be borne in mind that the term 'Considered for maintenance treatment' offers no indication of the severity of condition, safety concerns or road user data.

The data also doesn't tell us the km length of each road class. Overall the total percentage of roads that should be considered for maintenance has increased by 1.16 percentage points.

The Scotland average has increased by 2.84 percentage points.

Argyll and Bute has approximately 25% of its roads founded on peat meaning that the roads are prone to move with changes in the natural water table as the peat expands and contracts depending on moisture content. The geography and topography result in the longitudinal profile element of the RCI indicator 'scoring down' some of the road network. Attention should be paid to the general positive improvements to the RCI which helps to demonstrate the level of improvement given the sparsity of population, peat factor, coastal influence and island settings.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The substantial increase in Capital Budget, approved by the Council in March 2017 as £16M to be delivered over the next two financial years, will assist in the maintenance of the Road Condition Index in approximately "steady state". The unit cost per klm will likely improve over the next 2 annual statistics 2018/19 – 2019/10, due to this capital injection. The mixture of inlay / overlay schemes delivered in conjunction with a large proportion of surface treatments, with Surface Dressing values of £2-3M p.a. will continue to sustain a large proportion of the network.

It should be noted, that in most island and some rural mainland sections of the network, a combination of topography, geometry and the proportion of peat based subgrades with limited bearing capacity, means that the condition index in some routes is unlikely to change dramatically despite investment. In these cases the strategy is to manage the condition of the surface by minimising water ingress and maintaining skid resistance, rather than attempting a full reconstruction process. In some cases in-situ recycling techniques are employed where beneficial. This does however reduce the average KLM spends in ENV4a , where these more cost effective treatments are employed to minimise cost in the overall budget.

SERVICE: ROADS AND AMENITY

INDICATOR REF: ENV6 - The percentage of total household waste arising that is recycled ★

Performance Range: 67.15% to 7.98% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
38.73% ↑		45.60% ↑	
CHANGE 2016/17 TO 2017/18	4.85 ↑	CHANGE 2016/17 TO 2017/18	0.40 ↑
CHANGE BASE YEAR TO 2017/18	-2.79 ↓	CHANGE BASE YEAR TO 2017/18	6.91 ↑
RANK POSITION: 26 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 4 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

Although the rank position remains the same there has been an increase in the percentage of waste recycled. The percentage increase is the 5th largest across all authorities, and it's the 4th consecutive year that the percentage of recycled waste has increased and the largest percentage increase for 7 years. However, this indicator is based on a percentage of the total waste arising, which for 2017/18 was 50,437 tonnes. This is a reduction of 3,247 tonnes, or - 6.04% on the previous year. The reduction is the 10th largest reduction in waste generation across all authorities. (Data source SEPA household waste data). This in part is down to increased recycling following the successful introduction of 3 weekly collections. In summary the data indicates there is an increase in the percentage of waste recycled against a smaller volume of waste arising. This should be borne in mind alongside the rank position and overall percentage. The Scotland average has also increased for the 8th consecutive year.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

It is expected that as a result of the roll out of the Scottish Governments Deposit Return Scheme (DRS) we will see a drop in the amount of plastic bottles and cans disposed of at the kerbside. However it is important to note that the DRS is unlikely to be in place until Q1 2020/21.

There may also be an increase in recycling rates should the Council bring back in house kerbside recyclate collections in Kintyre. This rise in participation would be a result of moving to a Wheelie bin based collection service. Starting with the consultation on the Draft Waste Strategy the council is putting into place a robust programme of communications across various media platforms with a view to increase Reuse and Recycling.

SERVICE: ROADS AND AMENITY			
INDICATOR REF: ENV7a - Percentage of adults satisfied with refuse collection !			
Performance Range: 92.00% to 63.33% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
70.00% ↓		78.67% ↓	
CHANGE 2016/17 TO 2017/18	-13.33 ↓	CHANGE 2016/17 TO 2017/18	-3.00 ↓
CHANGE BASE YEAR TO 2017/18	-19.73 ↓	CHANGE BASE YEAR TO 2017/18	-3.63 ↓
RANK POSITION: 29 th ↓ RANK MOVEMENT: 9 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 8 th RANK MOVEMENT: 3 ↓			
TELLING OUR STORY:			
This data is from the SHS for the period 2015-18. It is a rolling 3-year average with a 5.5% confidence tolerance.			
The satisfaction levels have seen the largest drop across Scotland, down 13.33 percentage points and down 9 rank places.			
Across Scotland 23 authorities saw a drop in satisfaction levels resulting in a drop for the Scotland average.			
Again will all satisfaction surveys we don't what people are dissatisfied with – frequency of bin collections, number of missed collections or time of collection for example. However, it is anticipated that the dissatisfaction will be down in part to the introduction of 3 weekly general waste collections with 2 weekly dry recycled collections across all areas. This policy change was as a result to encourage a reduction in general waste, to encourage recycling and also to meet a council wide budget gap. The 3 weekly policy reduced council costs by approximately £0.5M.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
In 2019 we have switched to an online waste collection calendar service with residents also able to receive a calendar on request. We expect that this will have limited negative impact as customers will still be able to receive a free paper copy on request.			
Starting with the consultation on the Draft Waste Strategy the council is putting into place a robust programme of communications across various media platforms to increase the visibility of service status updates to keep customers better informed of service changes.			

SERVICE: ROADS AND AMENITY

INDICATOR REF: ENV7b - Percentage of adults satisfied with street cleaning

Performance Range: 82.67% to 59.33% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
74.67% ↓		69.67% ↓	
CHANGE 2016/17 TO 2017/18	-2.67 ↓	CHANGE 2016/17 TO 2017/18	-2.67 ↓
CHANGE BASE YEAR TO 2017/18	-3.73 ↓	CHANGE BASE YEAR TO 2017/18	-4.43 ↓
RANK POSITION: 9 th ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 2 nd RANK MOVEMENT: 0 →			

TELLING OUR STORY:

This data is from the SHS for the period 2015-18. It is a rolling 3-year average with a 5.5% confidence tolerance.

Satisfaction levels have dropped but the rank position has increased by 1 place.

Across Scotland 28 authorities saw a drop in satisfaction levels resulting in a drop for the Scotland average.

Again will all satisfaction surveys we don't what people are dissatisfied with. However, it is anticipated that the reduction in satisfaction will be linked to a reduction in service. That said Argyll and Bute still rank above the national street cleanliness score.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The drop in satisfaction levels is understandable, given the specification reductions the service has had to implement due to budget reductions. The service are looking to remodel street sweeping operations to better utilise resources through flexible working and utilisation of pedestrian mechanical sweeping equipment.

ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION			
INDICATOR REF: ECON 1 - Percentage of unemployed people assisted into work from council operated / funded employability programmes			
Performance Range: 29.90% to 2.15% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
2.15% ↑		14.40% ↑	
CHANGE 2016/17 TO 2017/18	1.30 ↑	CHANGE 2016/17 TO 2017/18	0.40 ↑
CHANGE BASE YEAR TO 2017/18	-16.50 ↓	CHANGE BASE YEAR TO 2017/18	5.28 ↑
RANK POSITION: 31 st ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 7 th RANK MOVEMENT: 1 ↑			
TELLING OUR STORY:			
<p>The number of people assisted into work has increased by 14, or 2.15%. This is an increase of 1.30 percentage points. Although the rank position has increased by 1 place this is slightly misleading as one authority submitting a N/A return. It should also be noted that these figures were recorded during the transition year of 2017/18 with one year contracts, such as WorkAble Scotland, before moving into the three-year Fair Start Scotland initiative from 2018/19 onwards.</p> <p>Business Gateway deals with micro businesses (less than 10 employees), but as noted many start-ups have growth potential and are providing job opportunities across the Argyll and Bute area.</p> <p>However, the number of unemployed people has also dropped by 100 from 2016/17 to 1,300.</p>			

The Council's Employability service is delivered on a commercial basis which requires staff to be funded through income raised through bids in the main to Scottish Government programmes. Therefore, as noted previously in reports on these indicators to the Improvement Service, Argyll and Bute Council does not core fund employability programmes, thus this measure is not helpful.

In turn our performance is affected as this restricts the freedom to employ an appropriate staffing complement, with associated capacity, which gives the service geographical challenges in relation to service delivery given the size of Argyll and Bute. Along with current low referral rates to main contracts such as Fair Start Scotland (not just an Argyll and Bute issues) this has impacted on the number of programme participants.

The Scotland average shows a large number were assisted into work but this equates to .40 percentage points.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The recent rollout of Universal Credit across Argyll and Bute will increase the number of unemployed claimants who are deemed available for work, however, many of these individuals also have significant barriers to enter into sustainable employment. All the employability programmes delivered by the council on a commercial basis are voluntary, which can impact on participation levels. It is hoped that through the ongoing close working arrangements with JobCentre Plus offices throughout Argyll and Bute, plus weekly community engagement work, the percentage of unemployed people assisted into work will continue to increase.

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

INDICATOR REF: ECON 5 - No of business gateway start-ups per 10,000 population

Performance Range: 26.47 to 6.01 (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
12.44 ↑		16.83 ↑	
CHANGE 2016/17 TO 2017/18	4.23% ↑	CHANGE 2016/17 TO 2017/18	1.25% ↑
CHANGE BASE YEAR TO 2017/18	8.46% ↑	CHANGE BASE YEAR TO 2017/18	-11.56% ↓
RANK POSITION: 28 th → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 6 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The number of business start-ups has increased to 108, this is an increase of 4 upon the previous year. There is no change in the rank position. Overall job numbers increased from 109 in 2016/17 to 144 jobs in 2017/18 (up 32%) – an average of 1.33 jobs per business start-up. Turnover also increased from £3.7m to £5.5m (up by just under 50%) over the same period – an average of just under £51,000 per business start-up for 2017/18.

Business Gateway deals with micro businesses (less than 10 employees), but as noted many start-ups have growth potential and are providing job opportunities across the Argyll and Bute area.

This indicator is calculated using the population MYE and when a business starts trading.

There are probably other measures that would be useful such as if the business continues to trade after a period of time; the number of staff employed; business sector.

The Scotland average also increased.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

Argyll and Bute is one of eight local authorities across the west of Scotland that has historically and is currently witnessing an ongoing decline in its overall population and in particular the working age population. Therefore, as the population decreases, even with static growth in start-up businesses, this figure

will increase. Therefore, this performance figure masks underlying demographic issues. However, as business survival and sustainability is dependent on a strong business base (which includes access to people with varying skill levels) Argyll and Bute Council's mission statement is that 'Argyll and Bute's economic success (e.g. in this case an increase in business start-ups year-on-year) is built on a growing population'. Thus this performance ratio will only continue to increase if the growth in business start-ups is significantly greater than population growth.

The ongoing delivery of the Local Growth Accelerator Programme (LGAP) Phase 1 (2015-2018) to support entrepreneurs (includes those who have only been trading for at least three months). The achievements for 2017/18 are as follows,

- 82 businesses have been registered to the programme;
- 29 Growth grants have been approved, taking the committed spend to £120.1k 71% of total growth grant budget now committed;
- 10 Employer/Graduate Placement grants have been approved, taking committed spend to £113.2k 86% of total employer grant budget now committed;
- 19 Key Sector grant applications have been approved, taking committed spend to £21.3k 118% of key sector grant budget now committed; and
- 19 specialist advice sessions have been approved, taking committed spend to £21.7k 74% of specialist advice budget now committed

This intervention will continue into 2018/19 where targets for LGAP Phase 1 are as follows:

- 73 unique SMEs to be supported.
- 58 unique SMEs to be supported with grants.
- 28 unique SMEs to be supported with advice.
- 20 supported SMEs to have increased FTEs.
- 10 supported SMEs to be exporting.

Business Gateway will also progress with the Digital Boost Programme – leveraging additional funding from Digital Scotland to support SMEs in developing digital skills

SERVIEC: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

INDICATOR REF: ECON 6 - Cost of Economic Development and Tourism per 1,000 population

Performance Range: £24,337 to £551,315 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£94,805 ↑		£91,806 ↑	
CHANGE 2016/17 TO 2017/18	6.26% ↑	CHANGE 2016/17 TO 2017/18	11.32% ↑
CHANGE BASE YEAR TO 2017/18	57.02% ↑	CHANGE BASE YEAR TO 2017/18	-2.76% ↓
RANK POSITION: 23 rd ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: DNA			

TELLING OUR STORY:

Although this is a new measure for the LGBF there are 8 years of data available.

For the last 6 years Argyll and Bute has fluctuated with the cost of Economic Development and Tourism, varying between £44,163 and £103,577.

This indicator provides a measure of an authority's expenditure on the delivery of their economic development service, both in terms of capital projects and revenue costs, with the ranking from lowest to highest. The costs include employee costs, operating costs, and third part projects by the General Capital Grant (GCG). The operating costs exclude Capital Charges

The tourism budget held within Economic Development is very small compared with the figures noted and is allocated to third parties i.e. AITC and Visit Scotland. Indeed during 2017/18 the £91k of funds that had gone to Visit Scotland had been identified as a saving for 2018/19.

The increase between 2016/17 and 2017/18 of total budget is £456,000.

This indicator doesn't illustrate the benefits of inward investment.

The Scotland average has also shown an increase. The percentage increase is almost double that of Argyll and Bute's.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

Due to decreased public sector budgets, the level of spend on economic development and tourism per 1,000 population has decreased and this trend is expected to continue.

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

INDICATOR REF: ECON 7 - Proportion of people earning less than the living wage

Performance Range: 13.80% to 31.20% (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
24.20% ↑		18.40% ↓	
CHANGE 2016/17 TO 2017/18	0.90 ↑	CHANGE 2016/17 TO 2017/18	-1.70 ↓
CHANGE BASE YEAR TO 2017/18	3.90 ↑	CHANGE BASE YEAR TO 2017/18	-0.40 ↓
RANK POSITION: 25 th ↓ RANK MOVEMENT: 7 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 7 th RANK MOVEMENT: DNA			

TELLING OUR STORY:

Although this is a new measure there are 6 years of data available.

Argyll and Bute's position has worsened since the previous year, both in terms of the proportion of people earning less than the living wage and rank position.

The proportion of people earning less than the living wage has increased by 0.90 percentage points.

The data over 6 years for Argyll and Bute has fluctuated between 18.20% - 24.20%.

This is not a measure Economic Growth can influence. The only way influence can be made under terms and conditions for interventions such as LGAP noted above. Companies in receipt of funding/assistance via LGAP must pay their employees the Scottish living wage

Three authorities returned N/A which for this measure indicates the data is too small to submit.
The Scotland average has dropped to its lowest for 6 years.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

Wage inflation has increased across some key sectors. However, with continued uncertainty for businesses with regard to EU withdrawal, it is anticipated that the proportion of people earning less than the living wage may increase (which is different to the legal requirement to pay the minimum wage). However, this indicator is dependent on issues such as the type of job full-time or part-time, the level of job (unskilled to highly skilled), etc. and only through T&Cs associated with our interventions as noted above.

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

INDICATOR REF: ECON 8 - Proportion of properties receiving superfast broadband

Performance Range: 98.07% to 66.34% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
77.72% ↑		91.13% ↑	
CHANGE 2016/17 TO 2017/18	6.72 ↑	CHANGE 2016/17 TO 2017/18	5.27 ↑
CHANGE BASE YEAR TO 2017/18	73.72 ↑	CHANGE BASE YEAR TO 2017/18	35.05 ↑
RANK POSITION: 28 th ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 4 th RANK MOVEMENT: DNA			

TELLING OUR STORY:

Although this is a new measure there are 5 years of data available. The arrow indicators are black as this measure is out with the authorities control, the authority can only influence this indicator.

As you would expect there has been a huge increase over the last 5 years, from 4% of properties in 2013/14 to 77.72% in 2017/18. However the coverage that has been completed indicates the desirability of an improved service as take-up of the service upgrade is well above the national average and forecast levels. It is realised that more work is required to stimulate demand.

The only authorities with a smaller percentage are Highland and the Island authorities.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

The coverage of superfast broadband will continue to increase across the region as programmes such as the R100 are progressed. The R100 is still going through and extensive procurement exercise with three potential providers creating the desired levels of competition. It has been indicated that all three providers draft submissions show a vast majority of full fibre connections in line with the UK Government's National Infrastructure Review. Argyll and Bute Council is also liaising with key stakeholders regarding a potential funding bid to the Department for Media, Culture and Sport (DCMS) as part of the Local Full Fibre Networks (LFFN) programme. Investment for digital connectivity is also a key part of the Rural Growth Deal proposition for Argyll. Growth Deal investment would be used to deliver innovative Fibre to Full Fibre Gigabit Capable Technology and address gaps in 4g mobile coverage.

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION			
INDICATOR REF: ECON 9 - Town vacancy rates – DNS			
Performance Range: 3.96% to 20.78% (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
		11.49% ↑	
CHANGE 2016/17 TO 2017/18		CHANGE 2016/17 TO 2017/18	1.30 ↑
CHANGE BASE YEAR TO 2017/18		CHANGE BASE YEAR TO 2017/18	1.39 ↑
RANK POSITION: RANK MOVEMENT:			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: RANK MOVEMENT:			
<p>TELLING OUR STORY: Although this is a new measure there are 4 years of data available. However, Argyll and Bute is one of 6 authorities that submitted a N/A return. Data is available for the previous 3 years:- 14/15: 11.05% 15/16: 10.91% 16/17: 13.80%</p> <p>The percentage of town vacancy rates has risen year on year for Argyll and Bute. While the Scotland average saw an increase for 2017/18, there had been a drop on the previous year.</p>			
<p>LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR Due to reduced resources within the Development Policy team it has not been possible to carry out this survey. Currently there is no immediate impact from not having carried out the survey other than our linear data set becomes less robust if being used to justify planning or other decisions. When team resources allow a new survey will be carried out.</p>			

SERVICE: ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION

INDICATOR REF: ECON 10 - Immediately available employment land as a percentage of total land allocated for employment purposes in the local development plan

Performance Range: 92.77% to 1.14% (Highest is best)

ARGYLL AND BUTE		SCOTLAND	
41.49% ↑		40.78% ↑	
CHANGE 2016/17 TO 2017/18	3.73 ↑	CHANGE 2016/17 TO 2017/18	2.35 ↑
CHANGE BASE YEAR TO 2017/18	10.87 ↑	CHANGE BASE YEAR TO 2017/18	27.84 ↑
RANK POSITION: 13 th ↑ RANK MOVEMENT: 4 ↑			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 1 st RANK MOVEMENT: DNA			

TELLING OUR STORY:

Although this is a new measure there are four years of data available. This indicator is important as it effects local economic growth.

This is the fourth consecutive year that this indicator has increased.

The Scotland average has also shown four consecutive years of increase. Four authorities returned N/A.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

This indicator is likely to gradually increase until we produce the next LDP in 2020. This is because the LDP every five years (soon to be every 10 years under new legislation) identifies new employment land. Over the time period of the plan this land then gains planning permission and becomes serviced, thus naturally increasing the % of land which is immediately available. It indicated that the land identified by the LDP have been suitable/appropriate choices.

FACILITY SERVICES

SERVICE: FACILITY SERVICES			
INDICATOR REF: CORP ASSET1 - Percentage of operational buildings that are suitable for their current use			
Performance Range: 96.47% to 66.06% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
73.74% ↑		80.96 ↑	
CHANGE 2016/17 TO 2017/18	1.06 ↑	CHANGE 2016/17 TO 2017/18	1.15 ↑
CHANGE BASE YEAR TO 2017/18	8.84 ↑	CHANGE BASE YEAR TO 2017/18	7.29 ↑
RANK POSITION: 28 th ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 6 th RANK MOVEMENT: 0 →			
TELLING OUR STORY:			
<p>Argyll and Bute has seen an increase of 52 buildings, which makes a total of 396 buildings. This increase has arisen as a consequence of ongoing improvements and data cleansing within our Asset Management System. Arising from that, we are now in a position to report on more properties rather than having built or purchased more buildings. As reported, the overall trend is for rationalisation of the property estate wherein the Council aims to reduce the number of buildings it occupies. Of these 292 are classed as being suitable for their current use, or 73.74%. This is an increase of 1.06 percentage points.</p> <p>Across Scotland only 8 authorities saw an increase in the number of buildings, with Argyll and Bute having the 3rd largest increase.</p> <p>The Scotland average saw a decrease of two buildings in total.</p>			

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The other Authorities considered to have similar geography/demographic challenges are the family group plus Moray so the list is: Aberdeenshire; Dumfries & Galloway; Eilean Siar; Highland; Moray; Orkney Islands; Scottish Borders; and Shetland Isles.

Summary

The performance of the Family Group listed above along with All Scotland and the Scottish average is as follows:

Maximum (Scotland)	96.47%
Maximum (Family Group)	94.76%
Scotland Average	80.96%
Family Group Average	79.55%
A&BC	73.74%
Minimum (Family Group)	66.06%
Minimum (Scotland)	66.06%
Scotland Average	80.96%

Argyll and Bute Council are towards the lower end of the range and below both the Scotland average and the Family Group average. Having said that, the trend for this indicator has been continual improvement over the last 8 years (time over which the current comparison extends) and is not unexpected given that the focus during that time has been to deal with condition related red risk elements/assets.

Given the limited availability of capital funds for other than the larger projects including: the Helensburgh & Lomond Civic Centre; Queens Hall, Dunoon, and the new schools at Kirn Primary School, Campbeltown Grammar School and Oban High School , the Council's property related priorities over the last 5 to 10 years has been to address condition issues.

What are better performing Authorities doing?

Other better performing Councils in our Family Group and across Scotland have invested time and resources to review their suitability assessments. They have used Survey Monkey to assist but still require submissions to be sense checked and within Education there was a requirement for returns from Head Teachers to be "moderated" by Education management.

In general, the suitability assessments need buy-in from the Client End Users as they are best placed to comment on the suitability of buildings for delivering their Service on the understanding that there is appropriate moderation.

Actions

In the coming 3 years, the Council property related capital programme will continue to address condition related red risk assets/elements which will have limited impact on suitability. However the Council will complete the refurbishment of Dunoon Primary School and deliver further office rationalisation. In addition, buildings that have been upgraded will have their suitability reassessed to reflect the capital investment.

Impact

The number of operational properties will reduce but so will the number where the suitability is rated as C (poor) or D (bad). The overall position will be for the percentage of operational buildings that are suitable for their current use to improve.

SERVICE: FACILITY SERVICES			
INDICATOR REF: CORP ASSET2 - Percentage of internal floor area of operational buildings in satisfactory condition			
Performance Range: 99.66% to 52.64% (Highest is best)			
ARGYLL AND BUTE		SCOTLAND	
96.83% ↑		86.31% ↑	
CHANGE 2016/17 TO 2017/18	4.75 ↑	CHANGE 2016/17 TO 2017/18	1.82 ↑
CHANGE BASE YEAR TO 2017/18	16.85 ↑	CHANGE BASE YEAR TO 2017/18	5.00 ↑
RANK POSITION: 7 th ↑ RANK MOVEMENT: 4 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 nd RANK MOVEMENT: 1 ↑			
<p>TELLING OUR STORY: There is an increase of 4.75 percentage points of internal floor area that is in a satisfactory condition.</p> <p>The total internal floor area has increased by 3,362m².</p> <p>The total internal floor area that is deemed as suitable has increased by 14,850m².</p> <p>The Scotland average also saw an increase of 1.83 percentage points.</p>			

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The other Authorities considered to have similar geography/demographic challenges are the family group plus Moray so the list is: Aberdeenshire; Dumfries & Galloway; Eilean Siar; Highland; Moray; Orkney Islands; Scottish Borders; and Shetland Isles.

Summary

The performance of the Family Group listed above along with All Scotland and the Scottish average is as follows:

Maximum (Scotland)	99.66%
Maximum (Family Group)	98.89%
A&BC	96.83%
Scotland Average	86.31%
Family Group Average	81.83%
Minimum (Family Group)	52.64%
Minimum (Scotland)	52.64%

Argyll and Bute Council are towards the upper end of the range and above both the Scotland average and the Family Group average. The trend for this indicator has been continual improvement over the last 8 years (time over which the current comparison extends) and is not unexpected given that the focus during that time has been to deal with condition related red risk elements/assets. The indicator has also benefitted from major projects including: The Helensburgh & Lomond Civic Centre; Queens Hall, Dunoon, and the new schools at Kirn Primary School, Campbeltown Grammar School and Oban High School.

What are better performing Authorities doing?

Given the recently approved capital programme and that Argyll and Bute Council are one of the better performing Authorities (7th in Scotland and 2nd in the Family Group), no additional actions are envisaged.

Actions

In the coming 3 years, the Council will continue to address property condition related red risk assets/elements and will complete the refurbishment of Dunoon Primary School. In addition, further office rationalisation should be delivered. In addition, buildings that have been upgraded will have their condition reassessed to reflect the capital investment.

Impact

The floor area of operational properties will reduce but so will the area where the condition is rated as C (poor) or D (bad). The overall position will be for the percentage of internal floor area of operational buildings in satisfactory condition to improve subject to investment being sustained at appropriate levels.

PLANNING, HOUSING AND REGULATORY SERVICES

SERVICE: PLANNING, HOUSING AND REGULATORY SERVICES			
INDICATOR REF: ENV5 - Cost of trading standards and environmental health per 1,000 population !			
Performance Range: £8,511 to £52,989 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
£38,498 ↑		£21,385 ↓	
CHANGE 2016/17 TO 2017/18	21.11% ↑	CHANGE 2016/17 TO 2017/18	-1.83% ↓
CHANGE BASE YEAR TO 2017/18	-5.04% ↓	CHANGE BASE YEAR TO 2017/18	-21.48% ↓
RANK POSITION: 31 st ↓ RANK MOVEMENT: 1 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 8 th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
This indicator is looking at the combined cost of trading standards and environmental health (the next two indicators) but also includes other services delivered by the Council including public conveniences			
The figures indicate an increase in the overall budget, although this is not reflective of the 2% efficiency savings which were made in 2017/18. The increase in budget is as a result of new funding provided by the Scottish Government for the enforcement of Novel Vaping Products or e- cigarettes. In addition, the figures include money advice and citizens advice costs, which account for £152,379 which were excluded from previous returns. The resultant impact is an additional cost of £189,927 in the 2017/18 budget. Comparing the equivalent budgets on 16/17 and 17/18, there is an overall equivalent reduction of £37,548			
The level of population has an impact on this indicator.			
The Scotland average has decreased by £398, but some of the decrease can be attribute to the MYE rise in population (20,100).			

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Delivering these regulatory services across a large geographical area disadvantages Argyll and Bute Council in this performance measure as our ranking will always be in the lower quartile with other rural authorities. A more meaningful measure is to benchmark this with our rural benchmarking partners and to use a 1000 square kilometre measure.

The benchmark costs will reduce in 2018/19 and 2019/20, as a result of savings which have been made across environmental health and trading standards, and increased income levels.

We have benchmarked our fees and charges with other local authorities to ensure that they are comparable and self-financing. This will seek to reduce the net costs of service delivery.

SERVICE: PLANNING, HOUSING AND REGULATORY SERVICES

INDICATOR REF: ENV5a - Cost of trading standards, money advice & citizen advice per 1000 population !

Performance Range: £1,316 to £17,547 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£9,527 ↑		£5,890 ↑	
CHANGE 2016/17 TO 2017/18	44.17% ↑	CHANGE 2016/17 TO 2017/18	5.20% ↑
CHANGE BASE YEAR TO 2017/18	49.31% ↑	CHANGE BASE YEAR TO 2017/18	6.24% ↑
RANK POSITION: 26 th ↓ RANK MOVEMENT: 6 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 5 th RANK MOVEMENT: 1 ↓			

TELLING OUR STORY:

This indicator is again looking at the cost of trading standards but with money advice and citizen advice. The indicator previously showed the cost of trading standards only, as from 2017/18 it includes Money Advice and Citizen Advice per 1,000 population. Trend data is therefore not comparable this year. The costs for money advice and citizens advice costs account for £152379 which were excluded from previous returns.

The figures indicate an increase in the overall budget, although this is not reflective of the 2% efficiency savings which were made in 2017/18. The increase in budget is as a result of new funding provided by the Scottish Government for the enforcement of Novel Vaping Products or e- cigarettes.

Comparable budgets for 16/17 and 17/18 for trading standards would show a reduction in budget of £189,927

The level of population has an impact on this indicator.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Delivering these regulatory services across a large geographical area disadvantages Argyll and Bute Council in this performance measure as our ranking will always be in the lower quartile with other rural authorities. A more meaningful measure is to benchmark this with our rural benchmarking partners and to use a 1000 square kilometre measure.

The costs will reduce in 2018/19 and 2019/20, as a result of savings which have been made across trading standards and the redesign of advice services.

To improve collaborative working and provide efficiencies, we have joined a North of Scotland Trading Standards Collaborative with other local authorities (Aberdeen City, Aberdeenshire, Argyll and Bute, Highland, Moray, Orkney, Western Isles), this will provide efficiencies although they may not significantly reduce this measure, which is population based and impacted by depopulation.

SERVICE: PLANNING, HOUSING AND REGULATORY SERVICES

INDICATOR REF: ENV5b - Cost of environmental health per 1,000 population !

Performance Range: £6,848 to £35,441 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£28,971 ↑		£15,496 ↓	
CHANGE 2016/17 TO 2017/18	15.06% ↑	CHANGE 2016/17 TO 2017/18	-4.26% ↓
CHANGE BASE YEAR TO 2017/18	3.47% ↑	CHANGE BASE YEAR TO 2017/18	-11.88% ↓
RANK POSITION: 31 st → RANK MOVEMENT: 0 →			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 7 th RANK MOVEMENT: 1 ↑			

TELLING OUR STORY:

The cost has risen by £321,000 on the year. This is the second largest increase across Scotland. Some of this increase in cost can be attributed to the drop in the population MYE figure. The authority with a larger cost increase has seen a population increase.

The Scotland average has seen a decrease of £689 / 1,000 population. Again some of the decrease in cost can be attributed to the rise in population.

This indicator includes the costs of delivering environmental health but also other services including public conveniences.

In reviewing the budget, the actual budgeted costs for environmental health have reduced by 3% although it is recognised that this indicator includes other costs above solely environmental health

Benchmarking figures for environmental health published by APSE, indicate that the net cost of delivering environmental health per 100 population is £12.87 which is a reduction from the 2016/17 figure of. It is also noted that income levels with total income levels being 27.6% of total expenditure

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Delivering these regulatory services across a large geographical area disadvantages Argyll and Bute Council in this performance measure as our ranking will always be in the lower quartile with other rural authorities. A more meaningful measure is to benchmark this with our rural benchmarking partners and to use a 1000 square kilometre measure.

We have benchmarked our fees and charges with other local authorities to ensure that they are comparable and self-financing. This will seek to reduce the net costs of service delivery for 18/19 and 19/20 although the impact may be negligible in terms of the rating in this measure.

Legislative changes can adversely impact on Councils and there will be an increase in workload as a result of the new private water supply regulations and official controls for food safety. This may increase gross costs as new resources will be necessary to meet statutory duties. These should be offset, in part, with additional income levels.

SERVICE: PLANNING, HOUSING AND REGULATORY SERVICES

INDICATOR REF: ECON 2 - Cost per planning application

Performance Range: £2,536 to £10,801 (Lowest is best)

ARGYLL AND BUTE		SCOTLAND	
£3,133 ↑		£4,819 ↑	
CHANGE 2016/17 TO 2017/18	9.84% ↑	CHANGE 2016/17 TO 2017/18	3.61% ↑
CHANGE BASE YEAR TO 2017/18	-52.90% ↓	CHANGE BASE YEAR TO 2017/18	-11.90 ↓
RANK POSITION: 4 th ↓ RANK MOVEMENT: 3 ↓			
FAMILY GROUP RANKING 2017/18			
RANK POSITION: 3 rd RANK MOVEMENT: 2 ↓			

TELLING OUR STORY:

The number of planning applications has dropped by 20 to 1,034 or -1.9%.

Total Gross Expenditure has increased by £236,000, this in turn has impacted on the cost per application, which has risen by £280 from £2,853 to £3,133.

The Scotland average has seen a rise in cost of £167 and a drop in applications of 753.

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

Argyll and Bute Council continue to be very cost effective in its delivery of its Development Management function. This position has been achieved through delivery of a programme of efficiency savings and reducing staff numbers over a 10 year period which have seen the DM budget reduce by 68% from £805k in 07/08 to £272k for 2017/18.

The increase in Council expenditure during 17/18 has arisen from a significant shortfall from the forecast planning fee income for that period which amounted to an additional £236k from 2016/17. The downturn in planning fee income was related to a reduced number of high-value major and locally significant applications during 2017/18 which would normally be expected to generate a significant proportion of planning fee income; despite the shortfall in income it is noted that the overall volume of applications remained constant and was only 20 submissions less than the previous period - this is significantly better than the National position which indicates an average reduced in application volume of 753 submissions.

It is noted that during 2018/19 planning fee income has returned to forecast levels.

Whilst application levels have remained high it is however noted that Argyll and Bute's planning caseload consists of a high proportion of no-fee and low fee value submissions in comparison to more urban areas. The Scottish Government's Planning Bill which is currently progressing through parliamentary process seeks to deliver reform to the planning system and is expected to be accompanied by revisions to fee structures that more closely reflect the costs to local authorities of delivering the development management process.

SERVICE: PLANNING, HOUSING AND REGULATORY SERVICES			
INDICATOR REF: ECON 3 - Average time per business and industry planning application (weeks) !			
Performance Range: 5.71 to 16.61 (Lowest is best)			
ARGYLL AND BUTE		SCOTLAND	
12.09 ↓		9.34 ↑	
CHANGE 2016/17 TO 2017/18	30.86% ↓	CHANGE 2016/17 TO 2017/18	-2.61% ↑
CHANGE BASE YEAR TO 2017/18	12.36% ↓	CHANGE BASE YEAR TO 2017/18	-33.33% ↑
RANK POSITION: 27 th ↓ RANK MOVEMENT: 9 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 6 th RANK MOVEMENT: 1 ↓			
TELLING OUR STORY:			
There has been a large increase in the time taken to deliver a business or industry planning application, up from 9.24 weeks to 12.09 weeks. Factors such as staffing levels can have an impact on this indicator.			
The Scotland average has improved from 9.59 weeks to 9.34 weeks.			
There is no breakdown of cost for commercial applications.			
LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:			
As a result of a significant shortfall in planning fee income during 2017/18 the Development Management Service sought to minimise the financial effects upon the Council by not backfilling posts that became vacant during this period. This action, along with an overall reduction in the DM staff pool to deliver planned budget savings, resulted in the Service operating for a substantial part of 2017/18 with a 20% reduction in professional staff than the previous reporting period and a consequent adverse impact upon time periods for determination of planning applications. Looking forward, whilst vacant positions have been backfilled the planned budget savings for 2017/18 and 2018/19 have seen a reduction in DM staff by 5fte from 2016/17 which has reduced the overall resilience of the Service to cope with periods of higher than normal demand or extended periods of absence without there being adverse impacts on performance.			
It is highlighted however that simply measuring speed of decision making alone is not considered to be a good indicator of the overall quality of planning service provided. Whilst speed of decision making is acknowledged to be a significant factor in provision of a quality service it is contended that achieving			

the right outcome of delivering the right development in the right place is an even more important element which requires to be taken into account. These qualitative outcomes are more difficult to capture in performance reporting but can be evidenced to some degree by high levels of customer satisfaction and approval rates. It is noted that the Heads of Planning Scotland has sought to advocate for a shift from numeric to qualitative performance markers and has embedded this approach within the Planning Performance Framework.

LGBF 2017/18 Geography / Demography comments / observations:

Of these 74 indicators:

- 16.2% are in the upper quartile, 25.6% quartile two, 20.4% quartile three, and 37.8% in quartile four. (See table 1).
- In other words, for over three-fifths (60%) of our indicators, performance is below average.

Table 1:

	Quartile				
	1	2	3	4	
Adult Social Care	1	1	3	1	
Children's Services	6	9	6	5	
Corporate Asset	1			1	
Corporate Services	1	2	3	2	
Culture & Leisure Services	1	1	2	4	
Economic Development	1	2	1	5	
Environmental Services	1	4		10	
Grand Total	12	19	15	28	74
% indicators by quartile	16.2	25.6	20.4	37.8	100.0

Inevitably, whenever anything is ranked, someone has to be 'best' and someone has to be 'worst'.

The question is, to what extent is performance governed by factors out with the council's control?

To try to answer that question (at least in part), indicators have been divided into two categories:

- Indicators where geography / demography may constrain performance.
- Indicators where geography / demography is unlikely to be a constraining factor.

A list of all LGBF indicators (excluding housing), the category to which they have been allocated, and the reasoning behind this, is appended to this document.

Table 2 shows the how the performance of indicators differs between those affected by significant geography and or demography.

Table 2: Indicators where geography / demography constrains performance

	Quartile				
	1	2	3	4	
Adult Social Care			1		
Children's Services			1	2	
Culture & Leisure Services			2	1	
Economic Development				1	
Environmental Services	1	2		9	
Grand Total	1	2	4	13	20
% indicators by quartile	5.0	10.0	20.0	65.0	100.0

We suggest that for 20 out of 74 indicators (27%) performance is influenced strongly by geography and / or demography.

However, it does not explain lower rankings in all areas of activity. Also, even where geography / demography clearly does have influence, some areas with similar constraints perform better than us (e.g. indicators relating to road conditions. Other areas with peat bogs, such as Highland and Shetland, perform better).

Geography or demography on its own cannot therefore be used to explain lower levels of performance.

Demography is in relation to the population profile and not the sparsity of population.

Questions to consider:

- 1) To what extent are geography / demography factors in explaining our performance?
- 2) Are there any examples nationally / locally where performance in one area has been a trailblazer for improvements adopted more widely, so that rankings are high / improve, then worsen over time as others catch up?
- 3) Related to 2) Are there any areas where we have maintained performance, but our rankings have worsened because others have improved at a faster rate?

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Children's Services	CHN1	Cost Per Primary School Pupil	4	Y	Y	Small rural schools with low rolls will be expensive to operate because of fixed costs.
Children's Services	CHN2	Cost per Secondary School Pupil	4	Y	Y	Rural schools may be expensive to operate because of fixed costs. How are hostel costs accounted for? Are they part of the cost per secondary pupil, or are they excluded from this measure? Looking at Shetland and Eilean Siar, I suspect hostel costs are included. Secondary education is also high in Orkney, but Orkney has a different method of provision whereby teachers are flown to island schools rather than pupils travelling to the school and boarding.
Children's Services	CHN3	Cost per Pre-School Education Registration	3	Y	Y	On the basis that schools are affected by geography, an assumption has been made that pre-school education will be similarly affected.
Children's Services	CHN4	% of Pupils Gaining 5+ Awards at Level 5	1		N	
Children's Services	CHN5	% of Pupils Gaining 5+ Awards at Level 6	2		N	
Children's Services	CHN6	% of Pupils from Deprived Areas Gaining 5+ Awards at Level 5 (SIMD)	1		N	

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Children's Services	CHN7	% of Pupils from Deprived Areas Gaining 5+ Awards at Level 6 (SIMD)	1		N	
Children's Services	CHN8a	The gross cost of "Children Looked After" in residential based services per child per week	1		N	
Children's Services	CHN8b	The gross cost of "Children Looked After" in a community setting per child per week	2		N	
Children's Services	CHN9	Balance of Care for looked after children:% of children being looked after in the community	4		N	
Children's Services	CHN10	% of Adults Satisfied with Local Schools	2		N	
Children's Services	CHN11	Proportion of Pupils Entering Positive Destinations	2		N	
Children's Services	CHN12a	Overall Average Total Tariff	3		N	
Children's Services	CHN12b	Average Total Tariff SIMD quintile 1	1		N	

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Children's Services	CHN12c	Average total tariff SIMD quintile 2	3		N	
Children's Services	CHN12d	Average total tariff SIMD quintile 3	3		N	
Children's Services	CHN12e	Average total tariff SIMD quintile 4	3		N	
Children's Services	CHN12f	Average total tariff SIMD quintile 5	3		N	
Children's Services	CHN18	% of funded early years provision which is graded good/better	4		N	
Children's Services	CHN19a	School attendance rate	2		N	
Children's Services	CHN19b	School attendance rate (Looked After Children)	2		N	
Children's Services	CHN20a	School exclusion rates (per 1,000 pupils)	1		N	
Children's Services	CHN21	Participation rate for 16-19 year olds (per 100)	2		N	
Children's Services	CHN22	Percentage of child protection re-registrations within 18 months	4		N	

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Children's Services	CHN23	Percentage of Looked After Children with more than 1 placement in the last year	2		N	
Corporate Services	CORP 1	Support services as a % of total gross expenditure	2		N	
Corporate Services	CORP 3b	% of the highest paid 5% employees who are women	3		N	
Corporate Services	CORP 3c	The gender pay gap (%)	4		N	
Corporate Services	CORP 4	The cost per dwelling of collecting council tax	3		N	
Corporate Services	CORP 6a	Sickness absence days per teacher	2		N	
Corporate Services	CORP 6b	Sickness absence days per employee (non-teacher)	4		N	
Corporate Services	CORP 7	% of income due from council tax received by the end of the year	3		N	
Corporate Services	CORP 8	% of invoices sampled that were paid within 30 days	1		N	
Adult Social Care	SW1	Home care costs per hour for people aged 65 or over	3		Y	If travel costs and time are included in the calculations, then geography will have an impact on our performance in this area.

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Adult Social Care	SW2	Self-Directed Support (Direct Payments + Managed Personalised Budgets) spend on adults 18+ as a % of total social work spend on adults 18+	2		N	
Adult Social Care	SW3a	% of people aged 65 and over with long-term care needs receiving personal care at home	1		N	
Adult Social Care	SW4a	% of adults receiving any care or support who rate it as excellent or good.	3		N	
Adult Social Care	SW4b	% of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	4		N	
Adult Social Care	SW5	Residential costs per week per resident for people aged 65 or over	3		N	

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Culture & Leisure Services	C&L1	Cost per attendance at sports facilities	3		Y	Fewer facilities can lead to lower visitor numbers, low visitor numbers can mean a higher cost per unit.
Culture & Leisure Services	C&L2	Cost per library visit	3		Y	Fewer facilities can lead to lower visitor numbers, low visitor numbers can mean a higher cost per unit.
Culture & Leisure Services	C&L3	Cost of museums per visit	1		N	
Culture & Leisure Services	C&L4	Cost of parks & open spaces per 1,000 population	4	Y	N	The performance of this indicator is calculated against our population MYE (Mid-Year Estimate), if this was to increase so would our performance / ranking.
Culture & Leisure Services	C&L5a	% of adults satisfied with libraries	2		N	
Culture & Leisure Services	C&L5b	% of adults satisfied with parks and open spaces	4		N	
Culture & Leisure Services	C&L5c	% of adults satisfied with museums and galleries	4		N	
Culture & Leisure Services	C&L5d	% of adults satisfied with leisure facilities	4		N	
Environmental Services	ENV1a	Net cost of waste collection per premise	2	Y	Y	The calculation takes operating costs into account. Depending on how these are calculated, the demography of the area might have an impact on these. Lots of single person households / adult only households could reduce the amount of waste collected...but the fixed costs of collection remain.

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Environmental Services	ENV2a	Net cost of waste disposal per premise	4	Y	Y	Given that waste is disposed of from islands, I assume that geography does have an impact on disposal.
Environmental Services	ENV3a	Net cost of street cleaning per 1,000 population	2	Y	Y	Geography may have an impact because of sparsity and dispersion of population.
Environmental Services	ENV3c	Street Cleanliness Score	2		N	
Environmental Services	ENV4a	Cost of maintenance per kilometre of roads	1		Y	Given the problems of accessing some of the roads (especially on islands) geography is likely to have an impact on performance. Indicator is based on LFR returns divided by kms or road. LFR figure includes operating costs, which I would expect to be influenced by geography. However, we don't spend as much as other areas, which presumably is a budget decision.
Environmental Services	ENV4b	% of A Class roads that should be considered for maintenance treatment	4		Y	Have marked road condition as being influenced by geography. We have roads that pass over peat bog, which makes maintenance a challenge, where the peat expands and shrinks. However, some other areas with lots of peat do not have as many roads requiring maintenance, suggesting other factors are at work here (past and present investment choices?).
Environmental Services	ENV4c	% of B Class roads that should be considered for maintenance treatment	4		Y	Have marked road condition as being influenced by geography. We have roads that pass over peat bog, which makes maintenance a challenge, where the peat expands and shrinks. However, some other areas with lots of peat do not have as many roads requiring maintenance, suggesting other factors are at work here (past and present investment choices?).

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Environmental Services	ENV4d	% of C Class roads that should be considered for maintenance treatment	4		Y	Have marked road condition as being influenced by geography. We have roads that pass over peat bog, which makes maintenance a challenge, where the peat expands and shrinks. However, some other areas with lots of peat do not have as many roads requiring maintenance, suggesting other factors are at work here (past and present investment choices?).
Environmental Services	ENV4e	% of U Class roads that should be considered for maintenance treatment	4		Y	Have marked road condition as being influenced by geography. We have roads that pass over peat bog, which makes maintenance a challenge, where the peat expands and shrinks. However, some other areas with lots of peat do not have as many roads requiring maintenance, suggesting other factors are at work here (past and present investment choices?).
Environmental Services	ENV5	Cost of Trading Standards and environmental health per 1,000 population	4		Y	Given that trading standards and environmental health work involves site visits, geography will have an impact on costs.
Environmental Services	ENV5a	Cost of Trading Standards per 1000	4		Y	Given that trading standards and environmental health work involves site visits, geography will have an impact on costs.
Environmental Services	ENV5b	Cost of environmental health per 1,000 population	4		Y	Given that trading standards and environmental health work involves site visits, geography will have an impact on costs.
Environmental Services	ENV6	% of total household waste arising that is recycled	4	Y	N	Yes, if an urban area and food waste is collected, what happens to the waste after collection.

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Environmental Services	ENV7a	% of adults satisfied with refuse collection	4		N	
Environmental Services	ENV7b	% of adults satisfied with street cleaning	2		N	
Corporate Asset	CORP-ASSET1	% of operational buildings that are suitable for their current use	4		N	
Corporate Asset	CORP-ASSET2	% of internal floor area of operational buildings in satisfactory condition	1		N	
Economic Development	ECON1	% of unemployed people assisted into work from council operated / funded employability programmes	4		N	
Economic Development	ECON2	Cost Per Planning Application	1		N	
Economic Development	ECON3	Average time per business and industry planning application (weeks)	4		N	
Economic Development	ECON4	% of procurement spend spent on local enterprises	2		N	

Indicator Group	Indicator Ref	Indicator Name	Rank Quartile	Demography constrains performance	Geography constrains performance	HROD Geography / Demography General Comments Only
Economic Development	ECON5	No of business gateway start-ups per 10,000 population	4		N	
Economic Development	ECON6	Cost of Economic Development & Tourism per 1,000 Population	3		N	
Economic Development	ECON7	Proportion of people earning less than the living wage	4		N	
Economic Development	ECON8	Proportion of properties receiving superfast broadband	4		Y	Given the nature of the area and the rate at which infrastructure has been introduced in the area, it seems fair to say that geography is a constraint on performance.
Economic Development	ECON10	Immediately available employment land as a % of total land allocated for employment purposes in the local development plan	2		N	

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY
COMMITTEE****CHIEF EXECUTIVE****18 JUNE 2019**

COUNCIL PERFORMANCE REPORT – OCTOBER TO MARCH 2019

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 Performance Report and Scorecard for FQ3 and FQ4 – October to March 2019.
- 1.2 It is recommended that the Audit and Scrutiny Committee reviews the Council's Performance Report and Scorecard as presented for the purposes of scrutiny.
- 1.3 The Audit and Scrutiny Committee are asked for their views on the revised reporting template.
- 1.4 It is recommended that the Audit and Scrutiny Committee note the recent developments of the PIF and the planned activity for 2019/20.

Cleland Sneddon
Chief Executive

ARGYLL AND BUTE COUNCIL

**AUDIT AND SCRUTINY
COMMITTEE**

CHIEF EXECUTIVE

18 JUNE 2019

COUNCIL PERFORMANCE REPORT – OCTOBER TO MARCH 2019

2. SUMMARY

- 2.1 The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports. This paper presents the Council's Performance Report and Scorecard for FQ3 and FQ4 – October to March 2019.
- 2.2 The paper identifies the strategic activities that have occurred during the reporting period and identifies the key challenges and the actions to respond to them. They are presented in a revised template that mirrors the Quarterly Departmental Performance Report template.
- 2.3 Recent changes and planned developments to the PIF are also summarised herewith.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Audit and Scrutiny Committee reviews the Council report and scorecard as presented for the purposes of scrutinising the Council's performance.
- 3.2 The Audit and Scrutiny Committee are asked for their views on the revised reporting template including the presentation of the off-track indicators.
- 3.3 The Audit and Scrutiny Committee note the recent developments of the PIF and the planned activity for 2019/20.

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 The Corporate Plan is delivered through 32 Business Outcomes. The Business Outcomes create a corporate overview cutting across all Services and Departments. As of the 2017/18 financial year a suite of 32 business outcomes, owned and endorsed by SMT, were developed and used. These align to the Argyll and Bute Outcome Improvement Plan (ABOIP), Corporate Plan and the Priorities of Argyll and Bute Council 2017 – 2022.

- 4.3 Each Corporate Outcome is supported by a number of Business Outcomes, which in turn are supported by any number of success measures from across the Council.
- 4.4 This is the final Council 6-month performance report aligned to the 32 Business Outcomes. As from the 2019/20 financial year a revised suite of 17 Business Outcomes, again aligned to the Corporate Plan, are used.

The approved Service Plans 2019-22 are aligned to the 17 Business Outcomes. The consolidation of business outcomes produces a clearer picture of the work, achievements and challenges and encouraged the use of more appropriate success measures.

- 4.5 During 2018/19 the Quarterly Departmental and 6-monthly Council Performance Report template has been improved. All activities are aligned to the Business Outcomes. This further enhances and supports the performance information available in Pyramid.

The 6-month Council report is presented in the new report template - Appendix 1. The Audit and Scrutiny Committee are asked for their views on the revised Performance Report template. The structure of the template is as follows.

- 4.6 The Performance Report consists of 4 sections –
➤ **Section 1 - Success Measure Summary**

This is a summary of the total number of Success Measures and performance status for the whole Council.

➤ **Section 2 - Delivering Our Outcomes**

Everything we do delivers our vision and aligns from our individual PRDs, Team Plans, Service Plans, and Business Outcomes to Corporate Outcomes. The report follows this alignment. The report will be populated with high-level strategic achievements. Some of these will be those delivered by Departments, others will be more cross-cutting and of a higher, strategic level. There may be achievements that are already monitored in Pyramid, but the focus for this section is on other achievements that are delivering our outcomes.

➤ **Section 3 - Our Challenges**

This section details our challenges, both short-term and key challenges plus any key challenges resolved in the previous quarter / reporting period.

A short-term challenge is generally a challenge that is expected to be resolved within a financial quarter.

A key challenge is generally a challenge that is expected to last longer than a financial quarter or is more strategic in nature.

The key challenge should be clearly but simply explained and detail the action identified to address the challenge. The detailed action is supported by –

- Identifying if the key challenge is on-going - Y/N
- Action Detail Milestones – Date(s) of the actions detailed
- Responsible Person – Name and Delegation

Key Challenges Resolved in previous quarter.

These are listed for completeness and audit purposes. They are no longer reported on.

➤ **Section 4 - Our Off-Track Performance Indicators**

This section contains a summary of success measures within Pyramid that are off-track for the reporting period. The information will include the Pyramid id code, success measure name, target, actual performance, trend, responsible person and commentary.

Two examples for illustrating this data are presented.

Four off-track indicators have graphs that illustrate the performance and trend over a 5 quarter period. The remaining have narrative only.

The ASC are requested to advise their preference.

4.7 The scrutiny activity is performed by Managers, Senior Officers and Elected Members at both Area and Strategic Committees. To ensure scrutiny occurs at every level the Service Plans and all success measures are built in Pyramid. Every success measure has commentary for every reporting period. This is helping us 'tell our story' and feedback received from Senior Management and Elected Members has been positive.

4.8 The Performance Report illustrates our achievements aligned to the Corporate Outcomes. Fourteen Business Outcomes have supporting detail highlighting how we are Delivering Our Outcomes in this reporting period.

There are 5 short-term challenges, 9 key challenges and 26 success measures that are off-track.

4.9 Appendix 2 illustrates the Council's Scorecard and Management Information. Our progress towards delivering our outcomes is illustrated through the 32 Business Outcomes. Of the 32 Business Outcomes there are 4 Outcomes with no success measures against them and of the remaining 28 Business Outcomes, 13 are Green and 15 are Amber; none are Red.

4.10 The Management Information shows areas where performance is off track. These are detailed below.

4.11 Sickness Absence is above the target of 4.72 days with an actual performance of 6.42 days, an increase from 5.87 days for March to September 2018.

High levels of sickness absence affects productivity and the Council's ability to deliver best value. Sickness absence remains significantly high for LGE staff.

Stress and mental health related absence accounts for the biggest proportion of days lost due to sickness absence (30%) and the council has already implemented actions to promote the use of the Employee Assistance Programme and other available resources including Mental Health First Aiders,

and training for managers and employees.

The Council's HR and OD Manager has been asked to bring together proposals to support wellbeing and reduce absence which are currently being drafted. Services which see highest numbers of days lost due to sickness absence are Education, Adult Care and Facilities Services.

These services have larger numbers of employees overall and are home to the majority of posts which are classified in our workforce planning framework as "Personal Service" (e.g. ASN, Home carers etc.) and "elementary occupations" (e.g. cleaning and catering staff).

These categories of post account for just under 60% of the Council's days lost due to sickness absence and as essential front line services often require to be covered by casual staff or other team members working overtime. Targeting these staff to make them aware of resources available will be considered as part of HR and OD's work plan over the coming year.

- 4.12 Performance Review and Development Plans (PRDs) have a target of 90% with an actual performance of 79%, an improvement from 70% reported for the last period. It should be noted that there has been a large improvement for both Community Services and Development and Infrastructure Services.

A breakdown of PRD performance by Department is as follows –

Chief Executive's Unit	96%
Community Services	80%
Customer Services	97%
Development and Infrastructure	93%
HSCP	51%

The completion of PRDs is an important part of the annual employee lifecycle and presents an opportunity for employees to reflect on their performance over the year with their line manager, receive recognition for good work and effort, identify any training needs or aspirations and discuss any challenges or problems.

It also presents an opportunity to set goals and objectives for the year ahead which can be reviewed during the year and help to clarify expectations.

Most services have managed to reach their target for completion at or above 90% with the exception of four (Adult Care, Roads and Amenity Services, Education and Economic Development). While the majority of these narrowly missed their target, Adult care both in the east and west have returned significantly low numbers (less than half of target) which have resulted in the Council overall failing to meet its target for the year.

- 4.13 Stage 1 and Stage 2 Complaints are both below target at 78% against a target of 80% and 86% against a target of 90% respectively. There was a reduction of 133 complaints the Council dealt with.

There were 128 stage 1 complaints; 59 of those were for Roads & Amenity; with 52 for Customer & Support Services.

For stage 2 complaints there were 21 in total, 16 of those were for Roads & Amenity.

There were 34 stage 1 Customer & Support Services complaints in relation to a Data protection breach. For Roads & Amenity the complaints received relate to the common themes of refuse collection and parking services although there were also complaints about the lack of communication and staff conduct.

- 4.14 Of the Audit Recommendations 5 are off track, while 2 are overdue. Both overdue audit recommendations are for Development and Infrastructure. Audit recommendations are reported monthly to the Strategic Management Team and actions to complete them are recorded and allocated to the responsible officers.
- 4.15 Operational Risks
Development and Infrastructure have 1 red risk assets. This is in regard to bridges where priority has had to be given to other critical asset projects. Customer Services and Community Services have no red risks for. Detail on all of the red risk assets is contained in the Service and Group Asset Management Plans, which inform the prioritisation of budget allocation. These are overseen by the Asset Management Board, chaired by the Executive Director – Customer Services
- 4.16 Finance
The forecast underspend on Council Services was £1.4m, this doesn't include Social Work that are managed by the Integrated Joint Board. The final position due to be reported to the Council at the end of June is an underspend on Council Services of £1.3m. The net underspend is made up of a number of variances, both over and under spends and are noted as follows:
- Planned underspend on fleet budget due to a decision to delay replacing vehicles that would give rise to this in-year underspend as well as further savings in 2019-20 – circa £670k
 - Underspend on superannuation auto enrolment budget that is no longer required - £280k
 - Additional vacancies savings as well as underspend on apprenticeship levy payment – circa £500k
 - Underspend in relation to NPDO insurance and Hub Schools project as a result of one-off insurance savings and contract management bringing the contracted spend in below budget – circa £400k
 - Underspend in utilities across the Council – circa £120k
 - Increased income across the Council in within various services – circa £250k
 - Overspend in relation to the additional costs required over and above budget for the pay award – circa £370k
 - Overspend in relation to Special Education Needs assistant as a result of increased demand – circa £280k
 - Overspend on winter maintenance due to increased activity required as a result of the weather – circa £300k.

- 4.17 The Strategic Risk Register (SRR) details significant challenges and the agreed approaches to manage them. Again these specific interventions are subject to scrutiny at Strategic Committee Level.

The current Strategic Risk Register (SRR) has 15 risks in total. There is 1 Red risks and 14 Amber risks. The 1 Red risks is for population decline.

The SRR is in the process of being revised. The revised risks will be presented to the Audit and Scrutiny Committee in due course. Once approved a simplified summary of the new SRR will be built in Pyramid.

- 4.18 Operating climate effecting the Councils Performance

a) With regards to the withdrawal from the EU, towards the end of 2018 the Council CEO established a tactical team to ensure that the Council is sufficiently prepared for all risks and opportunities that may arise from the withdrawal from the EU. In liaison with the resilience community, the tactical team conducted a full review of risk and opportunities and developed an action plan in response. The tactical team will continue to monitor risks, maintain an action plan, and liaise regularly with the resilience community and provide update reports to national and regional partners when required.

b) A specific area of concern is the loss of economically active (non UK) EU residents from Argyll and Bute at a time that our overarching objective is to grow our economy based on a growing population and parallel to this are three related developments:

- The first is a recognition that there is now 7 local authority areas in Scotland with a declining population covering the whole of the west of Scotland. A joined up approach led by Argyll and Bute with the other local authorities to engage the Scottish Government as a group has commenced with a meeting with a Scottish Government representative in February 2019 in an effort to secure a national approach to address the growing east/ west split in population projections
- The second is that the Rural Growth Deal proposal was unanimously approved by the Council on 18th October and was formally been submitted to the Scottish and UK Governments.
- Finally, on exiting the European Union (EU), UK regions will no longer be able to access EU funding across a variety of programmes which will be replaced by the UK Government's Shared Prosperity Fund (UKSPF) on which the details are at present unknown.

c) There is now an opportunity to promote the unique characteristics of Argyll and Bute as a region in its own right and the Environment, Development and Infrastructure Committee agreed 07 March that officers prepare an evidence based position for the UK Government to support an Argyll and Bute regional policy to ensure the area benefits from future external funding allocations.

d) In addition is the positive news of a second Business Gateway Local (Business) Growth Accelerator Programme with £483k sourced at no additional cost to the Council to provide additional business support for small to medium enterprises in Argyll and Bute.

d) The Council continues to manage and/or support a significant and number of capital regeneration projects with new projects having received external funding including the Lochgilphead Conservation Area Regeneration Scheme; more details are available on request.

e) With regards to council property, the 'One Council' property approach for a more strategic, commercial and value for money approach whilst allowing operational departments to focus on the delivery of their core services secured significant additional rental income and capital receipts over this period.

f) With regards to supporting communities and supporting the principles of the Community Empowerment (Scotland) Act 2015, the council continues to receive a high number of expressions of interest to participate with 3 received over this period and one request for an asset transfer was validated.

g) Education Services are progressing their delivery plan to meet the requirements of the 1140 hours of Early Learning Childcare (ELC) by 2020 with 27 ELC Services now providing access 1140 hours of funded ELC and is a positive position.

h) An important area of risk that has received considerable attention over the period is the ban on biodegradable municipal waste (BMW). In January 2021 the Scottish Government will commence a ban on BMW waste going to landfill. This means that all biodegradable waste (such as food waste, garden waste, paper and cardboard) cannot be disposed of in landfill. In effect this ends landfill as a method of disposing of waste and in some parts of the Council area (islands), we send biodegradable items to landfill. This change will have significant cost implications for the Council as we seek to find alternative way to dispose of waste and it remains to be seen whether support from the Scottish Government to help us do this will be forthcoming. In particular, the cost implications for the waste service on islands are potentially huge because of the need to transport waste off islands. On 07 March 2019 the Environment, Development and Infrastructure Committee approved a draft waste strategy which will be issued for consultation in the next quarter.

i) Councils have a statutory duty under the Local Government (Scotland) Act 2003 to make arrangements to secure Best Value Assessment at least once every 5 years and we learned in December that Argyll and Bute will be the subject of a best value audit from Audit Scotland this financial year. The CEO appointed the Head of Improvement and HR as a Senior Responsible Officer on 17 January 2019 to assemble a project team and make as necessary preparations for the audit. This includes undertaking a full self-assessment against the guidance notes for all the themes as issued by Audit Scotland and this is in progress.

A key output will be a complete library of evidence packaged to support our submissions. It should be noted from the guidance that is issued to auditors that ***'[the auditors] overriding aim is holding councils to account for their pace, depth and continuity of improvement facilitated by effective governance. It is for councils to make choices in where they focus their improvement work but they need to show how they arrived at such choices'***. This is an important distinction which the best value team is cognisant of the need to demonstrate this where appropriate.

- 4.19 There is a large amount of activity planned with regards to the PIF. The new Business Outcomes will be built in Pyramid, which will contribute to the Scorecards. As a result the Scorecards for FQ1 2019/20 onwards will have a new look and feel about them.

It is important to identify if what we are doing is making a difference to our communities. Work is on-going with senior managers and other local authorities to identify and develop Impact Measures which will align to our Outcomes and be illustrated in Pyramid.

5.0 CONCLUSION

- 5.1 This report updates the ASC on both implemented and planned changes to the PIF and how we are Delivering Our Outcomes, the Key Challenges and how we plan to manage them.

The performance information is presented in a revised Performance Report template which the ASC are asked for their views on.

6.0 IMPLICATIONS

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

For further information contact:

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- Stuart Green, Corporate Support Manager, stuart.green@argyll-bute.gov.uk

APPENDICES

Appendix 1 – Performance Report

Appendix 2 – Council Scorecard: October to March 2019

Cleland Sneddon, Chief Executive – Argyll and Bute Council
22 May 2019

Council Performance Report	Period: October to March 2019
<p>SUMMARY OF PERFORMANCE - No. of Success Measures: 215</p> <p>Green 188</p> <p>Red 25</p> <p>No Data 2 (Annual Measures – Late Data)</p>	
Delivering Our Outcomes	
Corporate Outcome 1 - People live active, healthier and independent lives	
BO01 The health of our people is protected through effective partnership working	
<p>1. The Joint Health Protection Plan 2019-20 has been developed with NHS Highland and Highland Council. The plan details the joint governance and working arrangements between Argyll and Bute Council, Highland Council and NHS Highland in respect of health protection and responding to emerging issues or public health incidents. It also details the local, regional and national priorities for 2019-2020.</p>	
BO05 Information and support are available for everyone	
<p>1. The Money Skills Argyll KPI targets and unit costs were renegotiated with the Big Lottery Fund and Scottish Government as part of a review of the wider program of which Money Skills Argyll is a part. The new arrangement is now in place and this will enable the Council and our delivery partners to continue the project on a sure financial footing with realistic targets for client engagement and outcomes. We also paid out circa £150k to the project partners for repriced work on the new model.</p>	
<p>2. Continued to develop corporate social media sites as a way in which to make information available and engage with people: follower numbers continue to increase across Facebook, Twitter, LinkedIn and Instagram; we increased by 50% the number of enquiries about becoming a foster carer.</p>	
<p>3. In response to the outcome of the EU Referendum, in 2017 the Council established the Industry and Regional Development Sounding Board which has been active in developing an initial understanding of risks and opportunities. The Chief Executive subsequently established a tactical level working group to support preparedness for the UK Withdrawal from EU from a Council and Health and Social Care Partnership perspective. Through the work of the Tactical Group, and using Scottish Government planning assumptions for a “no deal”, the risks were fully evaluated, assessed, and an Action Plan was agreed. The Council/HSCP fully engaged in national groups which considered a range of issues including the areas of highest risk for export of food to EU countries, food insecurity, economy, medicines, civil contingencies and rurality. Work continues to deliver the Action Plan although this has slowed due to the extension agreed by the EU. Notwithstanding this, the work undertaken has ensured that there are adequate arrangements in place for business continuity and contingency planning with the Council /HSCP and that they meet COSLA’s assessment criteria of “ready”, (the highest level) within a very short timescale.</p>	
Corporate Outcome 2 - People will live in safer and stronger communities	
BO09 Our assets are safe, efficient and fit for purpose	
<p>1. The Aqualibrium Heat from Sewage Project met the Scottish Government Low Carbon Infrastructure Transition Programme (LCITP) funding requirement on 20 March 2019 when 1kWh of heat was generated. The main outstanding items are electrical connection and some internal heating</p>	

modifications with formal project completion expected during April/May 2019.

BO13 Our built environment is safe and improved

1. Building Standards have extended our commercialisation to East Lothian, Inverclyde and East Dunbartonshire Councils. This has enabled us to return an end of year budget surplus of £215k. We will continue to monitor the income and expenditure tightly and retain our verifier contract(s) with Babcocks and other Local Authorities which provide additional income generation streams.

BO14 Our transport infrastructure is safe and fit for purpose

1. Kirk Road, Oban is now in use. The new alignment is providing better access for vehicles and pedestrians into the new development. There are some minor remedial works yet to be carried out but these are in hand.

Corporate Outcome 3 - Children and young people have the best possible start

BO17 The support needs of children and their families are met

1. As part of the phasing in of 1140 hours early learning and childcare, 22 establishments across Argyll and Bute are now delivering 1140 hours. We are on track for full roll out by 2020 with a comprehensive programme of improvement work in place to meet the implementation date.

BO19 All children and young people are supported to realise their potential.

1. All secondary schools have been involved in discussion, designing and planning virtual learning experiences through the use of online technology and learning packages. This work is currently being piloted in Tiree and Oban to further inform further roll out.

Corporate Outcome 4 - Education, skills and training maximise opportunities for all

BO21 Our young people participate in post-16 learning, training or work

1. Argyll and Bute continues to perform well in terms of young people being supported into positive destinations, increasing from 93% in 2017 to 94.2% in 2018. This is above the national average of 91.8% and higher than any of our comparator authorities.

Corporate Outcome 5 - Our economy is diverse and thriving

BO23 Economic growth is supported

1. We have received notification from Historic Environment Scotland (HES) that the Lochgilphead Conservation Area Regeneration Scheme (CARS) bid has been successful. The Lochgilphead CARS has been awarded £969,700 of HES funding with an additional £386,000 in Council funding. There are also estimated contributions from building owners of £250,000, this brings a projected total budget of £1.6m. The project commences in April 2019 and will run for 5 years.

Corporate Outcome 6 - We have an infrastructure that supports sustainable growth

BO24 Waste is disposed of sustainably

1. A long term compliant solution for residual and bulky waste is being pursued for the Helensburgh and Lomond area. This is being done through a joint procurement exercise for a shared service with West Dunbartonshire and Inverclyde Councils. The ultimate focus is compliance with the looming ban on Biodegradable Municipal Waste (BMW) being sent to landfill. Tender responses are due within May 2019 with evaluation by officers from all 3 authorities.

Getting it right

BO27 Infrastructure and assets are fit for purpose

1. The Council's Rural Growth Deal proposal was unanimously approved by the Council on 18th October and has now formally been submitted to the Scottish and UK Governments.

BO28 Our processes and business procedures are efficient, cost effective and compliant

Workforce planning meetings have taken place with all managers. The plans are now being collated into an action plan which will see Growing Our Own opportunities created to address the needs and opportunities highlighted in our workforce plans

BO31 We have a culture of continuous improvement

1. The Education INEA inspection follow up report was published on 26th November 2018. As a result of the improvements made by Argyll and Bute Council Education Service, HM Inspectors reported that the council has now demonstrated that it has made positive and continued progress since the original inspection in September 2016. The authority now has greater capacity to continue to drive improvement in the quality of its provision. HM Inspectors will make no further visits to Argyll and Bute Council in connection with the original inspection.

BO32 Our workforce is supported to realise its potential

1. The Council's apprentice scheme has been shortlisted for a Learning and Performance Institute award.

Our Challenges

Current Short-term Operational Challenges *[Include Service id]*

1. The Head of Strategic Finance took on the additional responsibility of the Section 95 Officer for the IJB at the start of December. This creates challenges in terms of time available to work on both Council and IJB budget preparation. *(SF)*
2. The uncertainty of the potential impact from the withdrawal of the UK from the EU on for example procurement and commissioning of goods and services. A Working Group has now been established. *(CSS)*
3. There continues to be challenges in securing teachers to teach science, technology, engineering and mathematics (STEM) subjects in our secondary schools. These are being creatively tackled through the virtual school project. Secondary schools have been utilising the Esgoil to support curriculum delivery. (e-Sgoil is an integral part of the education service in the Western Isles where they are also experiencing challenges delivering the STEM subjects). *(ED)*
4. Lack of long term commitment from Transport Scotland regarding the transfer of ferry services from the Council to Scottish Government. This creates a

challenge and cost pressure to the Council in terms of subsidy which is being applied to the lifeline services. (R&A)
 5. Additional Best Value 3 work. Audit Scotland’s inspection of Equalities and Performance as part of the Best Value 3 Audit is taking place in April/May which is much earlier than originally planned. Officers from across the council have additional workloads during what are traditionally busy times of the year. (Cross-Cutting)

Current Key Challenges and Actions to address the Challenges

Key Challenges and Actions to address the Challenges

Business Outcome 03 – Prevention and Support Reduces Homelessness

1. **Challenge** - Challenges presented by the roll out of Universal Credit Full Service in September 2018. These stem from the increased complexity of the application process itself, the length of time to receive payments, and the fact that the housing allowance will be paid to claimants not landlords so arears will increase. It is anticipated considerable extra resource will be needed to assist claimants applying for Universal Credit, and that likely increases in rent arrears will inflate homelessness rates and the costs of accommodating households.
1. **Action Detail** – Universal Credit Full Service was rolled out from the 19th September 2018 in Argyll and Bute. To continue the mitigation work started in previous years the Council agreed to again allocate the Additional Temporary Accommodation Funding for 2019/20. It was agreed that part of the funding be used to continue to employ 2 welfare rights assistants who will focus on Universal Credit and the impact that it will have on individuals in the local authority area. The Welfare Rights Assistant in Helensburgh is co-located in the local job centre to assist vulnerable households through the Universal Credit claim process.

Carried Forward From Previous Quarter:

Y

Action Milestone Dates:

Ongoing

Responsible Person:

Housing Team Leader

Key Challenges and Actions to address the Challenges

Business Outcome 05 Information and support are available to all

2. **Challenge** - The development of Council EU Withdrawal Plan and Risk Register
2. **Action Detail** - Convene a tactical group in response to best practice guidance from the Scottish Government. The group will consider the Council’s preparedness for Brexit. Tactical Group has been established and met its remit. Risks have been fully evaluated, an Action Plan developed, there is strong engagement with the civil contingency framework in Scotland and work is ongoing to ensure that the Council and HSCP are prepared for EU withdrawal.

This work continues whilst the final details are agreed nationally by Westminster and the EU.		
Carried Forward From Previous Quarter: Y	Action Milestone Dates: Ongoing until 31 October 2019	Responsible Person: Regulatory Services Manager
Key Challenges and Actions to address the Challenges		
Business Outcome 21 - Our young people participate in post-16 learning, training or work		
<p>3. Challenge - To increase the availability and uptake of foundation apprenticeships to support the workforce aspirations in Argyll and Bute's proposed Rural Deal.</p> <p>3. Action Detail - Improving the model of foundation apprenticeships by widening availability and by developing local models for delivery to meet the needs of our more remote and rural communities.</p>		
Carried Forward From Previous Quarter: Y	Action Milestone Dates: Ongoing	Responsible Person: Anne Paterson
Key Challenges and Actions to address the Challenges		
Business Outcome 23 – Economic Growth is Supported		
<p>4. Challenge - Secure a Rural Growth Deal Heads of Terms Agreement with the Scottish and UK Governments committing both governments to a fair level of funding which takes account of the regions potential to contribute towards national economic growth whilst recognising our rurality and critical barriers to growth.</p> <p>4. Action Detail - Following submission of the Rural Growth Deal Proposition Document in November 2018, staff from the Strategic Transportation and Infrastructure Team continue to liaise with key civil servants in the Scottish and UK Governments and are committed to achieving a Heads of Terms Agreement in 2019. Site visits with the civil servants have been arranged for May 2019 with ministerial visits proposed for June 2019. We also continue to investigate opportunities to accelerate the delivery of Rural Deal projects using alternative sources of funding. An example of this is the work with Scottish Canals regarding a funding application to the Natural and Cultural Heritage Fund to deliver improvements to infrastructure on the Crinan Canal with a view to enhancing the local tourism offering in Mid Argyll.</p>		

Carried Forward From Previous Quarter: Y	Action Milestone Dates: 2019	Responsible Person: Head of Service/Strategic Transportation and Infrastructure Manager
Key Challenges and Actions to address the Challenges		
Business Outcome 23 – Economic Growth is Supported		
<p>5. Challenge - Lobby Transport Scotland for increased investment in the critical local transport infrastructure required to improve access to key markets and support economic growth as part of the National Transport Strategy (NTS2)/ Strategic Transport Project Review (STPR) 2 process.</p> <p>5. Action Detail - The Strategic Transportation Team are currently liaising with key stakeholders and local businesses to compile a portfolio of evidence in support of priority transport interventions that the Council will lobby the Scottish Government to include as part of the revised STPR. Transport Scotland and their associated consultants will be presenting to local elected members at a seminar on the 17th June 2019. This process also supports some of the key transport projects included as part of the Rural Growth Deal proposition.</p>		
Carried Forward From Previous Quarter: N	Action Milestone Dates: TBC	Responsible Person: Strategic Transportation and Infrastructure Manager
Key Challenges and Actions to address the Challenges		
Business Outcome 24 - Waste is Disposed of Sustainably		
<p>6. Challenge – Implications of Biodegradable Municipal Waste (BMW) landfill ban in January 2021.</p> <p>6. Action Detail – A draft Waste Strategy was approved at EDI in March 2019. The completed strategy will address issues relating to the safe and economical disposal of BMW, and also take cognisance of legislation ensuring compliance with the terms of the Waste (Scotland) Regulations 2012.</p>		
Carried Forward From Previous Quarter: Y	Action Milestone Dates: July 2019	Responsible Person: Fleet, Waste and Infrastructure Manager
Key Challenges and Actions to address the Challenges		

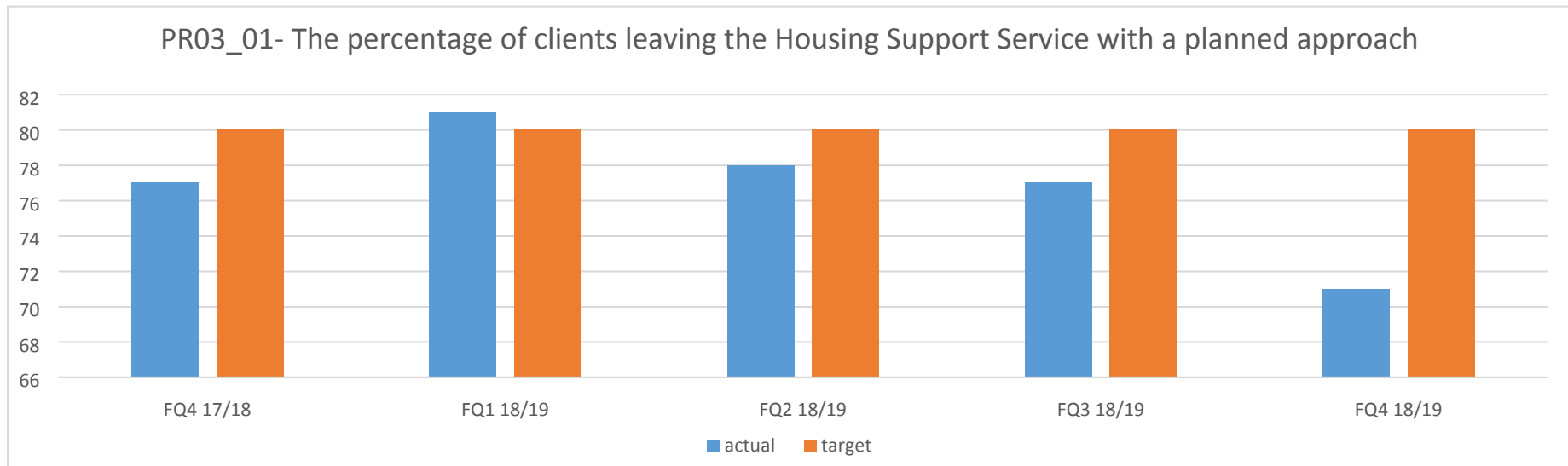
Business Outcome 26 - People have a choice of suitable housing options		
<p>7. Challenge – To deliver the Strategic Housing Investment Plan (SHIP) and achieve full spend on available Scottish Government funding. This is challenging because: there is a lack of infrastructure available to deliver sites; the costs and time requirements of implementing new infrastructure are considerable, there are limits in the capacity of the local construction sector, and there is a need to identify a continual supply of deliverable sites within the control of Registered Social Landlords (RSL).</p> <p>7. Action Detail – Work closely with partners (Scottish Government, RSLs and local developers) to address issues of slippage in the affordable new build programme; facilitate progress where feasible; and to identify and bring forward additional proposals. This includes the establishment of a SHIP Officers' Group and regular tri-partite programme meetings. The SHIP Officers Group has been established and we are now looking to build on this partnership working by inviting Scottish Water to the meetings. We are also aiming to hold regular meetings with relevant Council departments e.g. Planning and Roads alongside RSL representatives to ensure that any potential infrastructure issues are addressed at an early stage.</p>		
Carried Forward From Previous Quarter: Y	Action Milestone Dates: Ongoing over the period of the Strategic Housing Investment Plan (2017-2022)	Responsible Person: Housing Team Leader
Key Challenges and Actions to address the Challenges		
Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.		
<p>8. Challenge – Close monitoring of the forecast outturn position to bring the forecast overspend position within budget or as close to within budget as is possible.</p> <p>8. Action Detail – Council Services actively pursuing options to reduce any forecast overspend. Liaison with the Chief Financial Officer of the IJB on the recovery plan and provide support and assistance to reduce the forecast overspend position.</p>		
Carried Forward From Previous Quarter: Y	Action Milestone Dates: Ongoing throughout the year. Now into April and the year-end work has commenced to finalise the outturn position.	Responsible Person: Kirsty Flanagan, Head of Strategic Finance
Key Challenges and Actions to address the Challenges		
Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.		
<p>9. Challenge – Best Value 3 audit work and preparation.</p> <p>9. Action Detail – Ensure that staff are supported and are able to prioritise the work required on Best Value 3. Project team established. Regular meeting and reporting schedule established. All work currently on track.</p>		

<p>Carried Forward From Previous Quarter: N</p>	<p>Action Milestone Dates: 31 December 2019</p>	<p>Responsible Person: Jane Fowler / All Heads of Service</p>
<p>Key Challenges Resolved In Previous Quarter</p>		
<p>Business Outcome 15 – Argyll and Bute is open for business</p> <p>1. Challenge – Responding to Weather conditions which would affect the roads network whilst preparing for winter standby and winter weather treatments.</p> <p>1. Action - Despite a delay in getting gritting vehicles and issues with Gulliver's going into liquidation staff in operations and Fleet have worked tirelessly to ensure the 17 hired gritters remained within Argyll and Bute throughout the winter period. This displayed a real team effort and has mitigated against a public backlash had we lost the vehicles as was requested by the liquidators. We have continued to ensure gritting was carried out as per our standard operating procedures with no real time road closures and limited disruption to local communities.</p>		

Our Off-Track Performance Indicators

PR03_01-The percentage of clients leaving the Housing Support Service with a planned approach (Housing Services)

TREND	TARGET FQ4 18/19	ACTUAL FQ4 18/19	OWNER	COMMENTARY
↓	80 %	71 %	Douglas Whyte	There were 62 cases who left Housing Support in Quarter 4. 44 of these cases were Planned Departures (71%) and 18 cases were Unplanned Departures (29%) due to non-engagement and lost contact. In addition to the 62 cases who left support, there were a further 5 cases who were excluded from the calculation - 2 incarcerated; 2 admitted to hospital and 1 deceased.

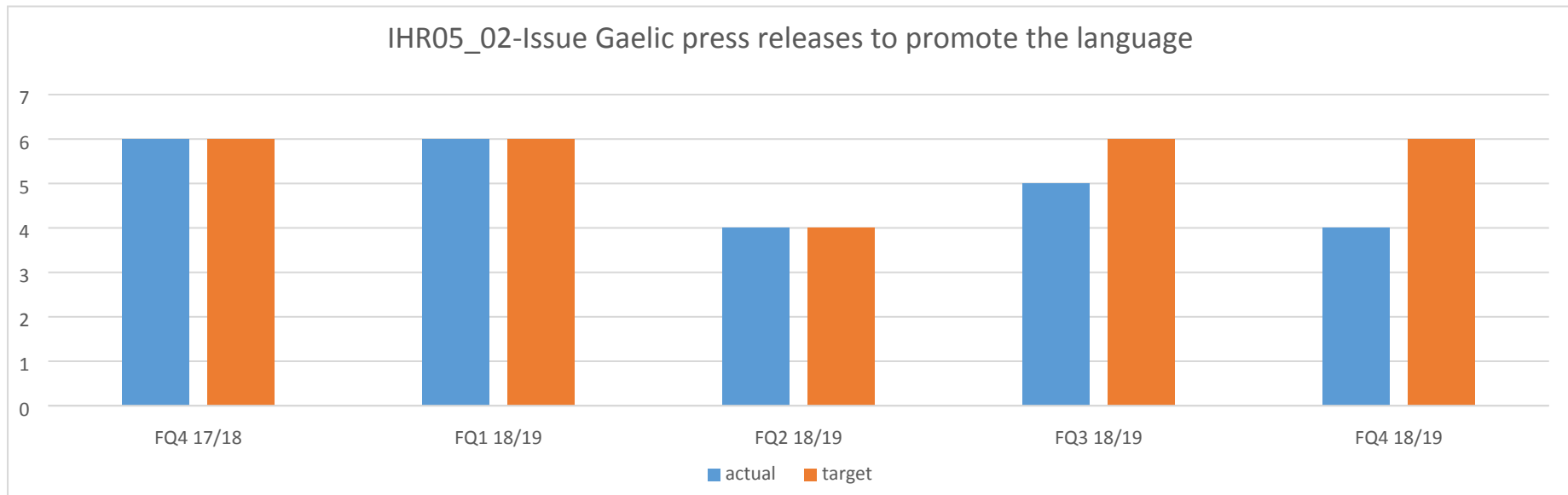


CS05_04-Maintain the average length of answered calls (Customer Service Centre)				
TREND	TARGET FQ4 18/19	ACTUAL FQ4 18/19	OWNER	COMMENTARY
↓	3.50 minutes	3.74 minutes	Robert Miller	The target was not met for the quarter as it was 3.74 minutes. As noted for FQ3 the duration of calls has grown as the simpler, shorter calls are increasingly being processed through our effective self-service channels. There was a specific issue in March (Average call duration 3.90 mins) due to issues with our new PCI compliant payment system which meant that the secure taking of payment card details took longer for a number of calls. Hence average payment call duration increased to 5.03 mins compared to 4.13 at the same time last year. Work is ongoing to resolve this.

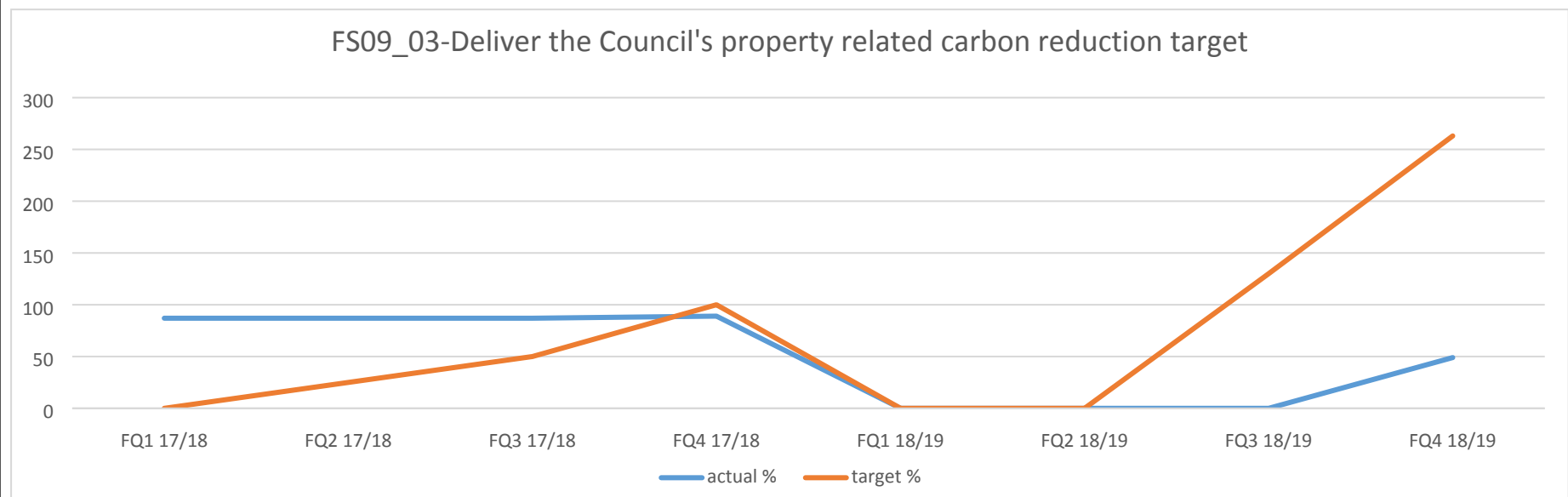
CS05_04-Maintain the average length of answered calls

Quarter	Actual (minutes)	Target (minutes)
FQ4 17/18	3.57	3.50
FQ1 18/19	3.38	3.50
FQ2 18/19	3.55	3.50
FQ3 18/19	3.72	3.50
FQ4 18/19	3.74	3.50

IHR05_02-Issue Gaelic press releases to promote the language (Communications)				
TREND	TARGET FQ4 18/19	ACTUAL FQ4 18/19	OWNER	COMMENTARY
↓	6	4	Jane Jarvie	Incorporating translation time required to issue releases in Gaelic at the same time as in English isn't always possible. For example - releases being needed at short notice or time required to write/sign off while juggling other demands. We have done Gaelic translation work additional to press releases - for the Gaelic Gathering. We will increase the number of releases translated over first two quarters of 2019/20.



FS09_03-Deliver the Council's property related carbon reduction target (Property Services)				
TREND	TARGET	ACTUAL	OWNER	COMMENTARY
	FQ4 18/19	FQ4 18/19		
↑	263 Tonnes	49 Tonnes	Paul Gillies	With the exception of the Heat from Sewer at Aqualibrium, the projects to generate the carbon saving were delivered last financial year. For this year the target is the balance carrying forward from Aqualibrium of 130Tonnes plus a further 133Tonnes through a variety of projects covering fuel conversions and energy efficiency. The total target is therefore 263Tonnes. Site works have commenced at Aqualibrium and works were originally to be completed by the end of FQ3. However there is a delay to that contract of circa 3 months, so the anticipated completion is now the end of FQ4. The 133Tonnes from the variety of projects has been delivered.



INDICATOR	TREND	TARGET FQ4 18/19	ACTUAL FQ4 18/19	OWNER	COMMENTARY
RA14_03-Road Condition Index (RCI) - the percentage of roads in a satisfactory condition. (Quarterly Conversions)	↓	54.40 Days	45.5 %	Hugh O'Neill	RCI 45.58%. The most recent RCI results show marginal improvement compared with previous years. Deterioration of the roads network is compounded by increased levels of heavy traffic and a relatively high level of utility excavations. The RCI survey results indicate that 54.42% of the carriageway network should be considered for maintenance treatment. Results reflect the survey conducted in late summer therefore the figure reflects only a portion of the current year capital programme.
RA14_05-Percentage of street lighting repairs completed within 10 days (Street Lighting - Maintenance)	↑	75 %	70 %	Kevin McIntosh	We have experienced some delays and reductions to our targets in the OLI and MAKI areas specifically, this has been a result of the RAS transformation process and sickness absence. We are in the process of filling outstanding vacancies which have been advertised on numerous occasions. Once we are back to a full complement of staff the emphasis will be a focus on reducing the overdue jobs. Works continue to catch up with the backlog in lighting repairs which experienced delays with staff assisting Christmas lights.
ET15_01-Increase the number of air passengers carried at Oban Airport (Airports)	↑	765	677	Moya Ingram	677 passengers were carried on Argyll Air Services in FQ4 compared to 729 in the same period last financial year which is a reduction in 7%. This is due to cancellations as a result of weather conditions and some technical faults with the aircraft that have now been resolved.
ED16_02-Increase the number of looked after young people participating on the Summer Internship Programme (Authority Data)	⇒	10	6	Martin Turnbull	All eligible young people in Argyll and Bute were offered the opportunity to take part in the 2018 summer internship programme. 6 young people took up the offer. This was one more than in 2017
ED19_12-Improve outcomes in performance within national qualifications at SCQF 7 (Authority Data)	⇒	82.00 %	81.90 %	Louise Connor	There has been an improvement in attainment at A to C by 4.92% from last session at SCQF Level 7 – from 76.98% to 81.90%. This is also greater than the National Average which is 80.50%
ED19_16-All educational	⇒	100.00 %	90.00 %	Louise	Central staff are due to be trained in new SEEMiS tool Progress &

establishments routinely use click and go to monitor and track young people's progress (Authority Data)				Connor	Achievement for roll out to all schools in session 19-20. This will supersede current system Dunoon Grammar. Hermitage Primary will be piloting this from May 2019.
ED21_02-Increase the number of 16-19 year olds participating in education, employment and training (Authority Data)	⇒	95	94	Martin Turnbull	This measure is based on the Annual Participation Measure which is reported on in Quarter 3.
ED22_01-Number of participants in activities that improve literacy and numeracy levels (Adult Learning)	↓	110	101	Martin Turnbull	Although figures are down for this quarter overall performance for the year was good, and it is hoped, that this will continue in the new financial year.
GL23_01-The percentage of taxi license & civic government licenses with objections or representation...processed within 50 working days (Insurance & Licensing)	↓	95 %	60 %	Susan Mair	Of the 5 applications received with objections, 3 have been processed within timescale, the remaining 2 are going to April PPSL
PR23_01-Determine 'All Local Planning Applications' quicker than the National Average (Planning Applications)	↑	10.0 Wks	10.2 Wks	Peter Bain	The average determination period increased slightly during FQ4 from 10 weeks to 10.2 weeks. Performance has been impacted by reduced resources in MAKI for an extended time period and has also been below expected levels in OLI as a result of a requirement to commit officer resources to a Judicial Review during FQ4. Performance has also been impacted by efforts during FQ4 to reduce the number of legacy files. Performance is expected to return to target levels during FQ1. Performance will continue to be monitored on a weekly basis. Additional performance reporting tools will be provided to ATLs and Planning Officers to better gauge performance against targets.
CS27_04-Our IT applications and databases are within	↓	85.00 %	63.20 %	James Moore	Reduction of 16.66% due to the literal translation of the performance criteria. This needs to be revised to ensure a more meaningful

one version of current.... (Applications Support)					representation and relevance of the performance indicator. There was an increase in performance of 2.1% for this metric due to the upgrade of the social work database to the latest available version. There was no change in this performance metric during the month of February due to no application or database upgrades taking place. There was an increase in performance for this metric of 2.08% on the previous month due to the upgrade of the version of the Oracle Database that hosts the data for the E-Business Suite application.
CS28_01-Maintain the high level of Non-Domestic Rates [NDR] (Non Domestic Rates Collection)	↑	97.50 %	97.24 %	Fergus Walker	Collections stand up well this year above target and better than this time last year.
CS28_04-Total debt older than 3 months will remain below target. (Sundry Debtors)	↓	£ 900,000	£ 1,346,807	Fergus Walker	Actual debt greater than 3 months old is £1,346 million which is well above the £900,000 target. There are a number of large outstanding debts increasing monthly with no immediate sign of being settled. Write-off for Sundry Debt was disappointing, expected more to have been presented to Director. To be followed up with Senior Solicitor. February 2019 Debt greater than 3 months old continues to rise. Now £340,000 greater than the target. There are some high level debts that we have been unable to recover. Once such debt is now being discussed between the Chief Executives. Old debt continues to increase. We need to look at the role of the debt champions and look at properly reducing the social services arrears. There is a need for a large year-end write-off in some areas.
GL28_01-Percentage of responses made within the timescales for subject access requests under the Data Protection Act (Freedom of Information/Data Protection)	↓	100 %	58 %	Iain Jackson	Most subject access requests (SAR's) are for Social Work records and they can take some time to gather in the information and prepare the files for redaction. The timescale for responding to SAR's has recently reduced from 40 working days to one calendar month which has also impacted on the timescales for responding.

GL28_04-% of Members satisfied with new casebook facility for managing constituency workload (Members)	⇒	70 %	30 %	Tricia O'Neill	<p>The 2018 Elected Member Satisfaction Survey included a question on casebook as follows: How satisfied are you with Casebook as a tool to assist you in managing your caseload? The response was</p> <p>Very Satisfied 17.39% Satisfied 13.04 Neither Satisfied or Dissatisfied 34.78 Somewhat Dissatisfied 21.74 Dissatisfied 13.04</p> <p>This represents a downward trend and a report has been prepared for the SMT highlighting concerns in this regard. Key concerns relate to responses and response times from Roads and Amenity Services and an action plan is being taken forward by the service on this issue.</p>
GL28_06-Percentage of Community Councils who feel supported by the service (Quarterly Conversions)	⇒	75.0 %	71.4 %	Shirley MacLeod	<p>While figures are lower than the benchmark set they are favorable when compared with the same period in 2013/14, the year in which the last review of the Scheme for the Establishment of Community Councils was conducted. At this stage of the Scheme the satisfaction rate was 65%.</p>
GL28_07-Percentage of responses made within the timescales for Freedom of Information requests (Freedom of Information/Data Protection)	↓	100 %	88 %	Iain Jackson	<p>This is the first time for many quarters that the response within timescale has dropped below 90%, the average over previous quarters being 93%. The main issue is responses from Planning & Regulatory Services and Roads & Amenity Services who have issues in getting the information providers to let them have the information within the timescale. This may be due to staff having to focus on their normal duties at the expense of spending time on responding to information requests. The Governance Unit continue to provide support to all services and can report that the response rate for April/May is on track to be 96%.</p>
IHR28_02-All HR contracts are issued within 5 working days of receipt of the Successful Candidate Form (HR)	↑	100 %	82 %	Tom Kerr	<p>Electronic successful candidate forms were fully implemented during this quarter (February). The process maps have also been improved and streamlined associated with these changes and the time taken to process contracts has significantly reduced. Resource within the team has been used to process backdated pay awards and year end activities during March which is why this indicator remains below</p>

					target. It is anticipated there will be an improvement in this indicator going forward.
IHR29_03-Corporate Health and Safety Plan (Health & Safety)	↓	Complete	Not on track	Andrew MacKrell	<p>Seven target areas within the Corporate Health and Safety Plan have fallen behind schedule as a direct result of the long term sickness. Outstanding targets are:</p> <p>The programme of high hazard workplace inspections The creation of new management standards for risk assessments and facilities management Completion of the corporate audit programme for COSHH Lifting equipment and arrangements for facility responsible persons.</p> <p>The completion of the training programme on risk assessment and safe systems of work for moving and handling has not been completed. This was due to the difficulty social services have had with releasing people to attend the training and who have time to carry out the risk assessments in their workplaces. Also the impact of adverse weather has resulted in ferry crossing being cancelled on two occasions. Training for a small number of staff remains to be carried out on Islay.</p>
ED31_02-Undertake a programme of Quality Improvement visits to each establishment (Authority Data)	↓	240 Ac. Year	110 Ac. Year	Louise Connor	Planned reviews will continue in FQ1 as this measure reflects activity within the academic year and term3. However staff shortages in OLI have led to less visits in that area than planned. Visits have been prioritised based on risk factors. There have been 47 pastoral visits to schools and 63 Quality Improvement Visits.
IHR31_01-A Council-wide Self-evaluation programme is implemented according to agreed timescale. (Performance Management)	↓	On track	Not on track	Carolyn McAlpine	The programme of planned ABIF meetings has started and the first draft action plan is on the agenda for the Audit and Scrutiny Committee to consider at their June meeting. The programme was delayed slightly due to resource from the team being reassigned to support the BV3 audit team. An updated programme will be completed during FQ1 to reschedule planned activities with minimal overall disruption to the overall programme timeframe for delivery.

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People live active, healthier and independent lives.

BO01 The health of our people is protected through effective partnership working Success Measure **C** →
 Aligns to ABOIP Outcome No. 5

BO02 Lifelong participation in sport and physical activity are increased Currently no Success Measures aligned
 Aligns to ABOIP Outcome No. 6

BO03 Prevention and support reduces homelessness Success Measure **A** →
 Aligns to ABOIP Outcome No. 5

BO04 Benefits are paid promptly and accurately Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 5

BO05 Information and support are available for everyone Success Measure **A** →
 Aligns to ABOIP Outcome No. 5

Young people have the best possible start.

BO16 We wholly embrace our Corporate Parenting responsibilities Success Measure **A** →
 Aligns to ABOIP Outcome No. 4

BO17 The support needs of children and their families are met Success Measure **C** →
 Aligns to ABOIP Outcome No. 4

BO18 Improved lifestyle choices are enabled Success Measure **C** →
 Aligns to ABOIP Outcome No. 4

People live in safer and stronger communities

BO06 Quality culture, archives, libraries and museums are provided to promote wellbeing Currently no Success Measures aligned
 Aligns to ABOIP Outcome No. 6

BO07 Our communities benefit from the development of renewables Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO08 The third sector has increased capacity to support sustainable communities Currently no Success Measures aligned
 Aligns to ABOIP Outcome No. 6

BO09 Our assets are safe, efficient and fit for purpose Success Measure **A** →
 Aligns to ABOIP Outcome No. 6

BO10 Quality of life is improved by managing risk Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO11 There is no place for discrimination and inequality Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO12 High standards of public health and health protection are promoted Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO13 Our built environment is safe and improved Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO14 Our transport infrastructure is safe and fit for purpose Success Measure **A** →
 Aligns to ABOIP Outcome No. 6

BO33 Information and support are available for our communities Currently no Success Measures aligned
 Aligns to ABOIP Outcome No. 6

Education, skills and training maximise opportunities for all

BO19 All children and young people are supported to realise their potential Success Measure **A** →
 Aligns to ABOIP Outcome No. 3

BO21 Our young people participate in post-16 learning, training or work Success Measure **A** ↓
 Aligns to ABOIP Outcome No. 3

BO22 Adults are supported to realise their potential Success Measure **A** →
 Aligns to ABOIP Outcome No. 3

Our Infrastructure supports sustainable growth

BO15 Argyll and Bute is open for business Success Measure **A** →
 Aligns to ABOIP Outcome No. 2

BO24 Waste is disposed of sustainably Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

BO25 Access to and enjoyment of the natural and built environments is improved Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

BO26 People have a choice of suitable housing options Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

Our Economy is diverse and thriving

BO23 Economic growth is supported Success Measure **A** →
 Aligns to ABOIP Outcome No. 1

Making it happen - Enablers

BO27 Infrastructure and assets are fit for purpose Success Measure **A** →
 Aligns to Council Outcome MIH

BO28 Our processes and business procedures are efficient, cost effective and compliant Success Measure **A** →
 Aligns to Council Outcome MIH

BO29 Health and safety is managed effectively Success Measure **A** →
 Aligns to Council Outcome MIH

BO30 We engage with our customers, staff and partners Success Measure **C** →
 Aligns to Council Outcome MIH

BO31 We have a culture of continuous improvement Success Measure **A** ↓
 Aligns to Council Outcome MIH

BO32 Our workforce is supported to realise its potential Success Measure **C** →
 Aligns to Council Outcome MIH



Council Scorecard 2017-20

Scorecard owned by: **Cleland Sneddon** Oct-Mar19

[Back to Full Council Scorecard](#)

Management Information

RESOURCES

<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence ABC		4.72 Days	6.42 Days	R	↓
PRDs % complete ABC		90 %	80 %	R	↑
<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals ABC	£K 182,137	£K 180,726	R	↓	
Capital forecasts - current year ABC					
Capital forecasts - total project ABC					
<i>Customer Relations</i>					
Customer Service ABC		Customer satisfaction	96 %		↑
Customer Charter	G →	Stage 1 Complaints	78 %	R	↑
Number of consultations	6	Stage 2 Complaints	86 %	R	↑

IMPROVEMENT

Strategic Risks

Strategic Risk Register 2017-19 **H** = 1 **M** = 14 **L** = 0

A&B Council Audit Recommendations **R** Overdue 2 ↓ Due in future 36 ↑ Future - off target 5 ↓

Operational Risks

Community Services red risk assets 0

Customer Services red risk assets 4 3 **G** →

Dev't & Infrastructure red risk assets 6 5 **R** ↓

ARGYLL AND BUTE COUNCIL**Audit and Scrutiny Committee****Customer Services****18 June 2019**

Communications Team self-evaluation findings

1.0 EXECUTIVE SUMMARY

1.1 As part of the its improvement programme, the council is carrying out a series of service self-evaluation exercises. This report sets out the findings for the Communciations Team, the first service to have undertaken this self-evaluation exercise.

2.0 RECOMMENDATIONS

2.1 Review and endorse the findings set out in Appendix 1.

3.0 DETAIL

3.1 The [Argyll and Bute Improvement Framework](#) (ABIF) sets out a structure that ensures all parts of the council carry out self-evaluation activities, identify areas for improvement, and make arrangements to ensure that these improvements can be delivered and evidenced.

3.1 As part of the Argyll and Bute Improvement Framework (ABIF), HR & OD is facilitating a programme of self-evaluation across council services.

3.2 The ABIF process is based on themes in the European Framework for Quality Management (EFQM) Excellence Model. These are: leadership; strategy; people; partnerships and resources; processes, products and services.

3.3 The Communications Team was the first team to undergo this exercise. Its findings are set out in Appendix 1.

4.0 CONCLUSION

4.1 The self evaluation actions are set out for comment.

5.0 IMPLICATIONS

Policy/Financial/Legal/HR/Equalities/Risk/Customer Service – None

Executive Director of Customer Services: Douglas Hendry

For further information contact:

Jane Fowler, Head of Improvement and HR; Jane Jarvie, Communications Manager – 01546 604323

APPENDIX 1: Communications Team self-evaluation exercise – findings

Appendix 1: Communications Team self-evaluation exercise – outcomes

The Team

The council's Communications Team consists of:

- Communications Manager
- Senior Communications Officer
- Two Communications Officers
- Research and Engagement Officer
- Modern Apprentice in Digital Communication

Our Role

Our role in brief is to contribute to Argyll and Bute Council in achieving its business objectives by:

- promoting the challenges and work of the council
- informing and involving employees and citizens in local government change, and increasingly,
- promoting the area as a great place to live, work and visit.

Our Challenges

- Managing volume of demand (planned and unplanned) for support
- Developing the service in line with customers' preferences (eg developing digital/visual communication skills and channels)
- Identifying the actions that will have most impact amidst the numerous options available for communication.
- Competing for the attention of potential new residents with other areas/organisations.

Examples of recent successes

- Digital communication progress: we are the most followed Scottish council on Instagram.
- Establishing an approach to recruitment promotion which is already evidencing success in attracting applicants: our successful fostering recruitment campaign has been shortlisted for two national communication awards.
- Developing www.abplace2b.scot, to help persuade people to move here, and to provide opportunities for promotion for local businesses.

Our outcomes

We contribute primarily to these performance outcomes for the council:

- B005 – Information and support is available for everyone
- B030 – We engage with our customers, staff and partners

COMMUNICATIONS TEAM				
<i>Making our team good for the council and for its team members</i>				
Making our team good for the council				
Aim	Required	Support	Improvement action needed?	Comment / examples
The Team's work supports successful achievement of council priorities	We know what the council's goals are	Vision	No. We are clear on our role.	Our role in brief is to support the council in changing to meet challenge, and to attract people and investment to the area
	We know how we link to the council's goals	Comms strategy	No. We are clear on our role.	
	We have a team plan linking our actions to council goals	Team Plan	No. We are clear on our role.	
	We monitor effectiveness of our actions	Pyramid targets + digital analytics	Revise Pyramid targets to better reflect the breadth of the work of the team.	For 2020/21
The Team is customer-focused	We know who our customers are	Comms strategy / Team plan	No. We know who our customers are.	Our key customers are: <ul style="list-style-type: none"> - Council staff - Elected members - General public - Partner organisations - Media outlets
	We listen to and act on what our customers tell us	Digital analytics / public comments / comms and engagement group	We need to undertake an internal customer satisfaction survey now that we are again a full team.	Quarter 2 2019
The Team can adapt to change if/when required	We keep up-to-date with best practice in communication	PRCA membership / national comms/research groups / shared Facebook page	Renew PRCA membership. Continue to collaborate with external organisations and colleagues on best practice.	Renew PRCA membership in March 2019.
	We undertake training in new skills as required	We draw on different sources eg PRCA, on-line training	Achieve PRCA Management Standard for Communication Teams	April 2019
	We communicate openly about issues/ideas	Regular team chats / meetings	No. We need to continue as we are.	Full team meetings in diary for 2019/20.
	We 'horizon scan' to prepare for opportunities/challenges	Engage with peers in other organisations, with experts in different fields of comms.	No. We have a good network of contacts, and increasing on-line information resources.	For example – the national local authority comms group, podcasts, Facebook UK-wide site for ideas.
The council monitors and supports the effectiveness of the Comms Team	Progress against expectations is reported openly	Pyramid – this sets out our targets and progress	As above – targets to be revised to better reflect our work.	As above – from TBC
	Delivery of our work is monitored by senior management	IHR Management Team Customer Services DMT Customer Services Board Senior Management Team	Yes. There can be a challenge in making our contribution visible (eg as a support service, our work is often seen to be delivered by the services we support.)	Identify useful ways in which to highlight the contribution of our communication service to the success of the council.
Making our team good for its members				
Aim	Required	Support	Improvement action needed?	Comment / example
Individuals support the goals of the Team	We know what we are working to achieve together and why	Communication, Marketing and Website Strategy Team Plan	No. We know why we are needed.	Our role is to support the council in changing to meet challenge, and to attract people and investment to the area
	Members can ask questions and contribute to developing Team goals	Team meetings. Team ethos – collaborative, my success is your success Team aware of who they can report any concerns about team-working to eg the Comms Manager, Head of Service, Director, employee assistance programme	No. We need to continue our open ways of working with each other.	We are enjoying working together.

Aim	Required	Support	Improvement action needed?	Comment/example
Individuals know that their contribution is important and valued	Members know what is expected of them individually	Job description PRD	No.	None
	Individual success is recognised as well as team success	Customer Services' Employee of the Month Council Recognition awards Team meetings PRDs	Yes. Unplanned demand from services always has impact on planned/proactive work. Priorities identified in annual PRDs can change therefore in the course of the year; to more fairly reflect the work of an individual therefore.	'Unplanned action' to be included as a category in Comms Team members' PRDs. The successful – and vital - fostering campaign is one example of an unplanned initiative this year.
Team members are able to change/develop skills if needed	Training is available and encouraged, for example through the action below.	PRCA Training and other on-line sources	No. We need to continue what we are doing.	Example: Comms Manager and Senior/Comms Officers all completed a certificate in digital promotion for business in 2018
	Members work with external organisations and peers to share and develop best practice	National comms/research groups		

Improvement Actions

Action	Aim	Responsible	Timescale
Revise approach to PRD actions	More fairly reflect the work of individuals in the team	Comms Manager	Complete
Revise Pyramid targets	Better reflect Comms Team work	Comms Manager	On track for 2020/21
Renew PRCA membership	Support horizon scanning and delivery of best practice	Comms Manager	Complete
Achieve PRCA Management Standard	Highlight professionalism of the team; support team to respond to opportunities and challenges	Comms Team	Complete
Internal customer satisfaction survey	Get feedback from staff to support on-going improvement	Comms Team	July-Sept 2019
Identify more ways in which to raise awareness of the work of the Comms Team	Raise awareness of how we can help services and staff to achieve the objectives of the council.	Comms Team	On-going

This plan has been agreed by:

- all members of the Communications Team
- IHR Management Team

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****STRATEGIC FINANCE****18 JUNE 2019**

2019 EMPLOYEE SURVEY AND ORGANISATIONAL CULTURE AUDIT

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the findings from the Council's 2019 Employee Survey and the Organisational Culture audit and the combined action plan developed in response.

2. RECOMMENDATIONS

- 2.1 To review and endorse the 2019 Employee Survey Report.
- 2.2 To review and endorse the Organisational Culture Audit Report.
- 2.3 To review and endorse the combined action plan.

3. DETAIL**Introduction**

- 3.1 In 2018/19 internal audit carried out a review of the council's organisational culture and in March 2019 the council conducted its 2019 employee survey. There a number of consistent messages emerging from both pieces of work. It is proposed therefore to have one combined action plan rather than two separate action plans which would, to an extent, replicate each other.

2019 Employee Survey

- 3.2 Our employees are key to the council achieving success for Argyll and Bute; we want to be sure that we are doing all we can as an employer to support them in their work.
- 3.3 The council therefore carries out an employee survey approximately every two years, to hear from employees' views on what support is effective, and what additional actions would help them deal with what are challenging times for local authorities.
- 3.4 Nine hundred employees from across all council services responded to the survey, and provided more than 2,000 comments. In brief:
- Positive progress shown in terms of the 'balance of the deal' ie how much employees feel their contribution to the council matches what they get back from the council.

- Increased awareness via senior leaders of the vision for the council.
- Employees know why their work matters to Argyll and Bute, know how to put our values into practice and would take action to support themselves and their colleagues at work.
- The number of respondents fell compared to the previous employee survey: employees want to know that responding to surveys makes a difference.
- Concern about job insecurity is highlighted as a significant issue
- More credit/recognition for work done is highlighted as a key source of support.
- The role of managers is confirmed as vital: from acting on ideas for improvement to involving employees in the council by sharing information.

3.5 Findings from the survey are set out more fully in Appendix 1.

Organisational Culture Audit

3.6 The Council's 2017/18 internal audit plan included an audit of 'Organisational Culture' with a high level scope of 'Providing assurance over organisational culture and behaviours.' This audit was not delivered in 2017/18 and was carried forward into the 2018/19 audit plan.

3.7 This was not a traditional audit in that there is no clear framework or best practice guidance against which the council's culture can be assessed or benchmarked nor is it a review of compliance against existing controls and processes. Consequently the report has been used to highlight a series of key messages and, unlike, other audit reports, does not provide an overall audit opinion.

3.8 The fieldwork phase of the audit gathered relevant information via a staff survey, elected member survey and discussions with relevant officers. Section 2 of the report set out in Appendix 2 summarises the key findings against the seven areas of focus with section 3 providing greater detail.

3.9 As per paragraph 3.1 of this paper the action plan in appendix 3 is a combined action plan which the SMT have agreed to deliver to address the feedback from the culture report and the 2019 employee survey. Internal Audit will monitor the delivery of the combined action plan using their standard monthly follow up process.

4. CONCLUSION

4.1 The actions set out in the combined plan are intended to develop the council's culture and working practices in line with employees' views.

5. IMPLICATIONS

5.1 Policy - None

- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service – None

Jane Jarvie (Communications Manager) and Laurence Slavin (Chief Internal Auditor)
18 June 2019

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APPENDICES

- Appendix 1 – 2019 Employee Survey Report
- Appendix 2 – Organisational Culture Audit Report
- Appendix 3 - Combined Action Plan

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Appendix 1: Findings from the Employee Survey 2019

The Employee Survey 2019 repeated some questions from previous employee surveys to allow comparison, and included new questions to help develop employee engagement in achieving success. Findings have been analysed and compiled by an independent research organisation.

Balance of the deal: how closely do employees feel their contribution to the council is matched by what they receive back from the council?

Respondents feel increasingly positive about the employment deal, and increasingly engaged with the council.

Key: **Sustain:** Good score/outcome to be celebrated (75 +) **Monitor:** Moderate score/outcome – capable of improvement (51 – 74) **Improve:** Relatively poor score/outcome – a clear signal to take steps to improve (50 or less)

Psychological Contract	Perceived Organisational Support	Employer Contribution	Job engagement	Capability	Organisational Engagement	Employee Contribution
58	47	52	83	80	73	78
November 2016						
71	62	67	85	88	77	83
March 2019						

Psychological Contract : employees’ impression of whether employer ‘promises’ are kept.

Employer Contributions: this includes for example pay/benefits.

Perceived Organisational Support: feeling supported, valued, and empowered to voice views.

Employee Contributions: what employees feel they are bringing to the employment deal.

Job Engagement: the individual’s physical, cognitive and emotional investment in the job.

Capability: an individual’s confidence and competence to undertake their role.

Organisational Engagement: citizenship behaviours eg advocacy, constructive challenge.

Caveat to the findings above

- Response rate fell from 23% in 2016 to 20% approx in 2019
- Feedback explaining this drop focuses on the need to give employees more information on the difference their responses to the survey make.

Key: **Sustain:** Good score/outcome to be celebrated (75 +) **Monitor:** Moderate score/outcome – capable of improvement (51 – 74) **Improve:** Relatively poor score/outcome – a clear signal to take steps to improve (50 or less)

1. I know how to put the council's values into action in my work	79
2. I know what work the council expects me to do	81
3. I get recognition for my work.	62
4. I know why my work matters to Argyll and Bute.	81
5. Council employees put the values into action	70
6. The council's senior leaders communicate the council's vision	58

Note

- Questions 1-5 above are new questions in comparison to the survey of 2016.
- Progress has been made in relation to question 6: the score for senior leaders communicating a vision has increased from 45 to 58 between 2016 and 2019.

What is the best thing about working for Argyll and Bute Council?

- **Location:** beautiful part of the country
- **Job satisfaction:** diverse role, making a difference in people's lives, being trusted to work independently, training opportunities that help me develop
- **Flexible working:** family friendly policies; flexibility in working arrangements
- **My team:** hard working colleagues; friendly staff
- **Working conditions:** terms and conditions
- **Support:** supportive managers who make the difference between looking forward to work and being stressed at work

Questions	Yes %	No %
Conversational Practice	67.7	8.1
It's important that we get support to do our job. If I need help in my job, I would...		
Speak to my manager	88.2	6.7
Speak to my colleagues	88.6	3.6
Ask for training	71.4	11.2
Other Key comments: make the employee suggestion form simpler; provide a calendar of planned training courses	22.7	11.1
Taking action	86.2	8.7
The council provides help for example through the Employee Assistance Programme, which you can call confidentially on 0800 030 5182 to discuss anything from health, money, family or other issues...		
I can spot signs of stress in myself	90.8	5.5
I can spot signs of stress in others	88.1	6.0
I would take action if I was feeling stressed	78.6	16.3
I would take action to help others feeling stressed	87.1	6.7
Comments: give us an easy guide to spotting stress; encourage employees to take their lunch break away from their desk		
Taking action	87.5	9.6
The council wants our employees to be treated well and fairly at work. The Dignity at Work Policy for example sets out steps to avoid conflict such as bullying and harassment.		
I would take action if I was bullied/harassed	85.9	12.2
I would take action to help others being bullied/harassed at work	89.0	6.9
Comments from those who said 'no': make the grievance process easier; do on-going communication about bullying/harassment not being tolerated		
Social Engagement	67.6	7.8
If I had questions about my job, I would:		
Ask my manager	90.0	6.3
Ask my colleagues	83.5	4.9
Ask someone else who could help	73.3	7.5
Other Comments: provide fuller training / buddy system	23.4	12.3
Suggestions for Improvement	52.0	17.2
If I have a suggestion to help the council succeed I would...		
Tell my manager	78.2	11.0
Tell my team	70.3	9.5
Use the employee suggestion scheme	49.5	28.8
Tell someone else who could help put my suggestion into action	55.2	18.1
Other Comments: show that suggestions are acted on; hold workshops with staff	6.9	18.7
Involvement	20.8	6.5
I would like to be more involved in improving the council	45.8	46.5
I would like to be contacted about this, by:		
Email	41.7	2.0
Text	6.2	9.6
My Manager	12.4	7.8
The Council Intranet (The Hub)	16.9	6.0
Other Comments: I am too busy already; ask via social media	2.1	7.1

Involvement	74.8	23.9
Our employees are key in helping the council make changes where it needs to.		
Would you be interested in answering quick questions throughout the year about developing the council as a great place to work?	74.8	23.9
Comments: workload pressures rule this out; need to know it would make a difference		

Free text responses. We received nearly 2,000 comments from employees. The most recurring themes are highlighted below.

	Biggest challenge at work?	How to make my job easier?	How I could enjoy my job more?
Job security	Stressful being a non-statutory service	More staff (but probably not realistic) Central pools of staff to match resources to where need is	
Resources	Time vs volume of work and expectations Staying positive while dealing with customers unhappy with council decisions		
Management	Listen more to staff	Managers act on suggestions/feedback	More info from senior management about things that affect me
Communication	Not being kept in the loop	Better communication through managers	Better internal comms so that everyone knows what is going on
Technology	Unreliable software Numerous systems to in-put to	Training in systems we have to use	
Bureaucracy	Volume of admin tasks	Reduce paperwork; make procedures easier	
Collaboration		Improve links between departments	
Working environment	Flexi – too big an impact on productivity	Quieter open plan offices	More flexible working hours
Reward/ Recognition	Feeling undervalued	Managers respect skills of their team	Culture of praise; feeling valued

Overall summary of findings

- Positive progress shown in terms of the 'balance of the deal' ie how much employees feel their contribution to the council matches what they get back from the council
- Positive progress shown in senior leaders communicating the vision for the council.
- Employees know why their work matters to Argyll and Bute, know how to put our values into practice and would take action to support themselves and their colleagues at work.
- The number of respondents fell again: employees do not see that responding to surveys makes a difference.
- Uncertainty about job security is an on-going concern
- Employees would like more credit/recognition for their work.
- Managers are highlighted again as key: from acting on ideas for improvement to involving employees in the council by sharing information.

Argyll and Bute Council

Internal Audit Report

June 2019

FINAL

Organisational Culture

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken a review of Argyll and Bute Council's (the Council) Organisational Culture.
2. The review was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on a staff and elected member (members) survey, discussions with staff and the information available at the time the fieldwork was performed.
3. This is not a traditional audit in that there is no clear framework or best practice guidance against which the Council's culture can be assessed or benchmarked nor is it a review of compliance against existing controls and processes. Consequently this report, unlike usual audit reports, does not include an overall audit opinion, rather it provides a series of key messages for the Council's Strategic Management Team (SMT) to consider. The SMT have provided a response to those key messages (Appendix 1) and agreed a combined action plan bringing together the actions to address key messages highlighted in this report with those highlighted by the Council's 2019 employee survey.

Background

4. The Council's Corporate Plan 2017-2022 sets out the Council's vision, mission and agreed priorities and how they are to be delivered. The plan summarises how the Council will deliver these priorities including:
 - developing our positive organisational culture and remaining an employer of choice
 - ensuring our workforce have the skills knowledge and behaviours to support our vision now and in the future.
5. The Council's senior management have the prime responsibility for defining and analysing organisational culture by promoting and modelling the values and the behaviours they wish to see across the organisation. This includes developing a culture of learning from experience, developing the right behaviour, challenging inappropriate behaviours and ensuring systems and processes that produce desired behaviours are being embedded across the Council.
6. Organisations demonstrating a 'best practice' culture are not just articulating a set of values and behaviours; they are ensuring that those values and behaviours are integrated and applied consistently at all levels of the organisation.
7. There is no absolute agreement on the definition of organisational culture but it is commonly interpreted as "the way we do things around here". Issues attributable to sub-optimal organisational culture may include:
 - undesirable outcomes arising from inconsistent priorities
 - lack of, and inconsistent communication, reducing efficiency and effectiveness
 - adverse organisational reputation and staff morale
 - unwillingness or inability to deal with operational issues as they arise
 - the values/behaviours in use are not consistent with the espoused values/behaviours.

8. Due to their pervasive nature such issues may not be detected by systems of internal control. Neither will they necessarily be addressed as a result of organisational perceptions of what is considered to be the norm. As such it is important that staff and members operate in accordance with a set of values. The tone at the top of the Council should be consistent with these values with the same tone cascaded down to all staff.

Scope

9. As part of our review we considered a wide range of issues including whether:
- The Council has a set of meaningful values which are clearly communicated, underpin the overall ethical framework within which the Council operates, and are evidenced through current practice.
 - The Council and senior management set an appropriate 'tone at the top' providing strong and clear direction with processes in place to allow staff to confidently raise concerns and ideas or suggestions.
 - There is an established and effective staff performance development review process which is aligned to the delivery of the Council's business outcomes and confirms how the Council's values are reflected in job roles and staff development.
 - The Council demonstrates a commitment to staff and their development with training and development programmes in place that are aligned to job roles.
 - Staff feel they are valued, trusted, treated fairly and empowered and supported in their roles.
 - Staff surveys are regularly carried out with meaningful analysis undertaken to allow sufficient and appropriate management response.
 - There is constructive engagement between members and staff.

Staff and Member Surveys

10. As part of our review we conducted a staff survey and a member survey to gather a range of views on key questions based on the themes set out in exhibit 1. Both surveys were carried out in August 2018.

Exhibit 1 – Survey Themes

Staff Survey	Member Survey
Tone From The Top	Tone From The Top
My Manager	The Council
My Team	Engagement with Staff
Myself	
Working For the Council	
Engagement with Members	

11. Questions, phrased as statements, within each theme were designed to provide audit evidence to enable an assessment against each of the areas highlighted in paragraph 9. For each statement respondents were asked to confirm if they 'Strongly Agreed (SA), Agreed (A), Neither Agreed or Disagreed (NA or D), Disagreed (D) or Strongly Disagreed (SD).
12. In addition each theme included a free text question which allowed respondents to offer additional feedback. Responses to free text questions ranged from single comments/suggestions for improvement to more extensive responses with multiple comments. These were analysed to identify recurring themes. Throughout the report, where recurring themes are referenced, the

number allocated to them relates to the number of times the theme was suggested rather than the number of respondents.

13. For the purposes of the survey 'Senior Management' was defined as the Chief Executive, Executive Directors and Heads of Service and 'My Manager' was defined as the respondents direct line manager including headteachers in schools.
14. There were 453 responses to the staff survey. Exhibit 2 illustrates the extent to which responses were received from staff across all the Council directorates. Council staff who work for the Health & Social Care Partnership (HSCP) were excluded from the survey as the HSCP are developing their own values. Note that all questions in the survey were optional so whilst there were a total of 453 staff responses the number of responses to individual questions will vary.

Exhibit 2 – Staff Survey Responses

Directorate	Responses	% of Total
Chief Executive's Unit	30	7%
Development & Infrastructure	103	23%
Customer Services (Not Education)	135	30%
Education	68	15%
Rather Not Say	104	22%
Question Not Completed	13	3%
Total	453	

15. Of the Council's 36 elected members, 17 responded to the member survey with those responses covering all four of the Council's administrative areas.

2. Key Findings

16. Exhibit 3 sets out the key issues identified during the planning phase of the audit and a summary of the areas for focus identified by the fieldwork phase. There is some overlap/repetition in the areas for focus due to some key themes identified being pertinent to more than one issue.

Exhibit 3 – Areas for Focus

	Issue	Areas for Focus
1	The Council has a set of meaningful values which are clearly communicated, underpin the overall ethical framework within which the Council operates and are evidenced though current practice.	<ul style="list-style-type: none"> • Embed the new Council values into operational working practices. • Continue to raise awareness of the new values. • Communications team to be represented on the Culture Steering Group (CSG).
2	The Council and senior management set an appropriate 'tone at the top' providing strong and clear direction with processes in place to allow staff to confidently raise concerns and ideas or suggestions.	<ul style="list-style-type: none"> • Communication from senior management. • Clearer information on direction of travel. • Visibility and location of senior management. • Support and encouragement for staff. • Commitment to service improvement. • Promote the staff suggestion scheme (see paragraph 26).

	Issue	Areas for Focus
3	There is an established and effective staff performance development review process which is aligned to the delivery of the Council's business outcomes and confirms how the Council's values are reflected in job roles and staff development.	<ul style="list-style-type: none"> • Greater clarity over senior management's expectations of the revised performance review and development (PRD) process. • Engagement with services to determine how PRDs can be delivered where managers have a large number of staff to line manage.
4	The Council demonstrates a commitment to staff and their development with training and development programmes in place that are aligned to job roles.	<ul style="list-style-type: none"> • Identifying and addressing staff concerns. • Encouraging and supporting innovation. • Communication with staff and wider stakeholders. • Staff development, recruitment and retention.
5	Staff feel they are valued, trusted, treated fairly and empowered and supported in their roles.	<ul style="list-style-type: none"> • Communication and staff engagement. • Visibility of line management. • Consistent application of policies. • Support and encouragement for staff. • Empowerment. • Teamworking. • Recognition of good performance.
6	Staff surveys are regularly carried out with meaningful analysis undertaken to allow sufficient and appropriate management response.	<ul style="list-style-type: none"> • Improve staff survey feedback and evidence action being taken to address issues. • Consider the cost/benefit of conducting exit interviews.
7	There is constructive engagement between members and staff.	<ul style="list-style-type: none"> • Understanding the different roles of members and staff. • Engagement between staff and members. • Consistent use of existing member query process.

3. Detailed Findings

The Council has a set of meaningful values which are clearly communicated, underpin the overall ethical framework within which the Council operates and are evidenced through current practice.

17. The Council's CSG was established in 2016, meets on a quarterly basis (approximately) and is chaired by the Executive Director of Development and Infrastructure. It comprises a cross section of staff. The overall purpose of the CSG is to support the development of a positive organisational culture across the organisation. CSG minutes are reported to the SMT which provides senior management with oversight over progress.
18. The CSG is in the process of refreshing its membership. Communicating key messages and the output of CSG activity to staff is a key part of developing the Council's culture and we would recommend that the CSG works with the Communications Team to achieve this. This is reinforced by the fact that the CSG issued their first newsletter in February 2018 with no further newsletters being published since. We would also recommend that the CSG work programme aligns with relevant corporate work plans e.g. HR work plan, staff survey timetable. This will allow the CSG to give cognisance to the issues highlighted in this report and the findings of the

Council's recently completed staff survey. This would help provide greater focus for the CSG's work and help ensure their activity is developed in conjunction with colleagues in Human Resources and Organisational Development and Communications.

19. The CSG terms of reference set out their key areas of focus with one being '*To agree proposed corporate values.*' To facilitate this, additional questions were added to the 2016 employee survey to consult staff on their views on the Council's values and the aspirations of staff for the reputation and vision of the Council of the future. The CSG used the feedback from this survey to inform the development of new Council values (the four Cs) which were launched in 2018. These are set out in exhibit 4.

Exhibit 4 – The Four Cs

CORPORATE VALUES			
CARING	COMMITTED	CREATIVE	COLLABORATIVE
We care about our citizens, partners and each other. We treat everyone with dignity and respect and are accountable for what we do. We listen to our communities. When things go wrong we take action to put it right	Ours is a Council that is committed to putting values at the heart of our efforts to make a positive difference every day to people's lives. We take pride in our responsibility to provide a safe working environment and to make available appropriate opportunities for professional development and growth for all employees.	We are responsive to our citizens and our environment and we embrace change to ensure we continually deliver the best results for our area.	We know that when we work together we can achieve the best for our area. We are open, honest and transparent in our communication. We involve and work with communities, each other and our partners where possible to share knowledge, resources and assets.

20. The values have been communicated to staff over a period of time using the Council HUB, newsletters, articles in Cascade and blogs. Communications have included descriptions of each value and practical examples from staff on what they mean to them in their Council roles. However awareness of the values amongst staff could be improved if a more structured implementation plan, including a communication plan, was established. Some strategies employed by other organisations when rolling out new values have included:
- embedding values into performance review and recruitment processes (see paragraph 36)
 - embedding the values into the staff induction process
 - advertising the values on pens, lanyards and posters and via standardised desktop images and screensavers
 - aligning staff awards to values.
21. The CSG will need to continue to raise awareness of the values if they are to become embedded in routine operational practice. This will be helped by the values becoming embedded in the Council's PRD process which it is intended will be implemented by March 2020. This is discussed further at paragraphs 33-39.
22. As the new values have only been implemented in the last 12 months it is too early to assess the extent to which they are evidenced through current practice. However there is evidence that the Council are committed to developing and improving the Council's culture and making progress to embed the values in the overarching strategic vision for the Council by incorporating them in

the Council's Corporate Plan, with further work required to embed them in the everyday practice of managers and staff.

The Council and senior management set an appropriate 'tone at the top' providing strong and clear direction with processes in place to allow staff to confidently raise concerns and ideas or suggestions.

23. Exhibit 5 provides a summary of staff responses to the four 'Tone from the Top' statements about senior management.

Exhibit 5 – Staff Survey - Tone from the Top

Question	Responses	SA or A	NA or D	D or SD
Senior management provide and communicate a clear direction of travel for the Council	446	40%	30%	30%
Senior management communicate sufficiently about employee successes and challenges	449	38%	33%	29%
Senior management are visible and approachable	446	34%	22%	44%
Senior management encourage ideas and suggestions from staff	443	38%	35%	27%

24. Overall it can be seen that there is a mixed response. For three of the four questions a higher proportion were broadly positive in their response however it is evident staff feel senior management visibility and communication are areas for improvement. In particular 44% disagree or strongly disagree that senior management are visible and approachable. To some extent this is to be expected due to the geographical spread of the Council's offices.
25. 188 staff members, in addition to completing the four questions in exhibit 5 also completed a free-text question 'Is there anything you feel senior management could do differently to make a positive contribution to the Council's culture?' An analysis of the comments identified three overarching themes as set out in exhibit 6.

Exhibit 6 – Key Themes for Improvement – Senior Management

Theme 1 – Communication / Interaction (128 Comments)	
Overall Message	Specific Suggestions
Respondents expressed a wish for senior management to interact more with staff, both in a casual, approachable, face to face manner and more formally, through team meetings and/or briefings. There were a number of comments which, without making specific suggestions, highlighted a wish for more information about decision-making processes and outcomes and more frequent and clear communication about the Council's direction of travel and changes at a Council wide and service level.	<ul style="list-style-type: none"> • Periodic opportunity for staff to meet senior management to discuss the Council's direction and challenges. • Expand the use of the predominantly well received Chief Executive blog to other members of the SMT. • Senior management should make time for slots on team meetings to engage directly with staff and seek their input. • Periodic service newsletters in a standard format which report on issues such as performance, new starters, leavers, changes to service delivery etc.

Theme 2 – Visibility / Physical Location (66 Comments)	
Overall Message	Specific Suggestions
Respondents made a large number of references to never seeing senior management, a need for them to be more visible to staff, and to the barriers establishing an open culture and effective relationships.	<ul style="list-style-type: none"> Building periodic visits to other Council offices and schools into work schedules. Senior management to engage more closely with teams.
Theme 3 – Supportive (38 Comments)	
Overall Message	Specific Suggestions
A number of respondents felt they would benefit from senior management doing more to recognise success, publicise positive messages and promote staff feedback.	<ul style="list-style-type: none"> Create and promote a staff suggestion scheme and publicise action being taken as a consequence (see paragraph 26).

26. A number of responses made suggestions relating to the need for an incentivised suggestion scheme despite the Council having one which is detailed on the HUB. This suggests a need for the scheme to be better promoted and for its visibility on the HUB to be improved. It was further noted that the submission process requires a word document to be downloaded, populated and then e-mailed to a specific address. Staff may be more inclined to use the scheme if submission was a quicker process using a web based form.
27. Exhibit 7 provides a summary of member responses to three statements about senior management.

Exhibit 7 – Member Survey - Tone from the Top

Question	Responses	SA or A	NA or D	D or SD
Senior management encourage and support innovative thinking	17	41%	47%	12%
Senior management communicate sufficiently about employee successes and challenges	17	71%	17%	12%
Senior management are visible and approachable	17	82%	6%	12%

28. Overall members have responded positively although two indicated that senior management could be more visible, supportive and better encourage innovative thinking.
29. A total of eight responses were received from members to the free-text question '*Is there anything you feel senior management could do differently to make a positive contribution to the Council's culture?*' The majority of comments were broadly consistent with the staff free-text responses highlighting the need for better communication and engagement (with greater focus on member engagement), and seeking and accepting constructive feedback.
30. Members were also asked for their views on the Council as an organisation in relation to service delivery, support of members and engagement with external partners. Exhibit 8 provides a summary of their responses.

Exhibit 8 – Member Survey – The Council

Question	Responses	SA or A	NA or D	D or SD
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			D	SD
The Council demonstrates a commitment to improving the quality of service delivery	17	59%	24%	17%
The Council provides appropriate support to members to allow them to perform their role	17	65%	12%	23%
The Council engages constructively with external partners to deliver services	17	59%	18%	23%

31. Overall members have responded positively although four would welcome more support to perform their role and more constructive engagement with external partners.
32. A total of seven responses were received from members to the free-text question '*Do you have any suggestions about how the Council can enhance its reputation with stakeholders?*' The only recurring theme within the comments centred on a need for the Council to ensure it works in partnership with members and external partners to deliver shared objectives.

There is an established and effective staff performance development review process which is aligned to the delivery of the Council's business outcomes and confirms how the Council's values are reflected in job roles and staff development.

33. The Council's PRD process is based on a competency framework which is aligned to the Council's previous values. The seven categories in the framework are:

- Customer Focussed
- Working with Others
- Delivering Results
- Creativity and Innovation
- Embracing and Delivering Change
- Delivering Quality Through Decision Making
- Leadership

34. Within each category are a range of competencies classified as either level 1 (All Staff), Level 2 (Line Managers), Level 3 (Senior Managers) or Level 4 (Leaders).
35. Currently PRDs are only carried out for administrative, professional, technical and clerical (APT&C) staff thus excluding a number of roles such as cleaners, caterers and many roles within the roads & amenities service. Approximately 55% of council roles are covered by the current PRD process and the SMT are committed to ensuring the PRD process can be applied to all staff. Of those services currently completing PRDs the overall 2018/19 completion rate was 79% (an improvement on the 2017/18 rate of 57%) with this further broken down as per exhibit 9.

Exhibit 9 – 2018/19 PRD Completion Rates

	Employees	PRDs Completed	% PRDs Completed
Total	3,001	2,385	79%
Chief Executive's Unit	51	49	96%
Community Services	1,680	1,350	80%
Customer Services	357	347	97%
Development & infrastructure	410	381	93%
HSCP	503	258	51%

Source: Pyramid Performance System

36. Human Resources and Organisational Development (HR&OD) are currently working on a project to revise the PRD process. Work to redesign the competencies to align them with the new values has been completed however this won't be implemented until the March 2020 PRD process. Further work is underway to consider how to embed the values in the Council's recruitment process.
37. However the element of the project to ensure the PRD process can be applied to all staff is currently on hold as further clarity is required over the purpose of PRDs and how they can be delivered operationally. For example there needs to be greater clarity over the extent to which the process finds a balance between being a performance review and a development tool and how much it should focus on behavioural issues as well as performance.
38. There also needs to be further consideration of how PRDs can be delivered in services where a manager has line manager responsibility for a large number of staff. For example, in areas such as road workers, refuse collectors and cleaning, managers can be line managing as many as 300 staff meaning it isn't practical to conduct PRD meetings on an annual basis. Further engagement with these services is required to establish how they can deliver PRDs in a manner which is not excessively resource intensive.
39. These key questions need to be addressed before the new PRD process is finalised to ensure a process is implemented which is both practical and meets the expectations of the SMT.

The Council demonstrates a commitment to staff and their development with training and development programmes in place that are aligned to job roles.

40. Exhibit 10 provides a summary of staff responses to the five 'Working for the Council' survey questions.

Exhibit 10 – Staff Survey – Working for the Council

Question	Responses	SA or A	NA or D	D or SD
The Council demonstrates a commitment to improving the quality of service delivery	447	51%	31%	18%
Feedback from staff surveys is communicated effectively and in a timely manner	446	37%	40%	23%
The Council acts upon the feedback received via staff surveys	440	18%	55%	27%
The Council's culture supports the idea of being a learning organisation so I am not scared to try and fail	440	35%	35%	30%
Flexible working policies are applied appropriately taking into account the requirements of the service	444	60%	23%	17%

41. This indicates that there is scope for improvement in terms of communicating the output of staff surveys and evidencing action taken to address them. Whilst just over a half of respondents agree the Council is committed to improving service delivery it is notable that only a third feel they are supported to try innovative ideas without fear of failure.
42. 147 of respondents, in addition to completing the five questions in exhibit 10 also completed a free-text question 'Do you have any suggestions about how the Council can improve its reputation as an employer?' An analysis of the comments identified three overarching themes as set out in exhibit 11.

Exhibit 11 – Key Themes for Improvement – Working for the Council

Theme 1 – Leadership & Delivery (69 Comments)	
Overall Message	Specific Suggestions
<p>There was a strong sense amongst respondents that the Council would be a better employer if there was better staff and wider stakeholder communication, greater appreciation of work and home pressures, and if expectations were more realistic in light of reducing resources.</p> <p>There was also a recurring theme of staff wanting greater focus on service delivery, less bureaucracy and for innovative thinking to be encouraged and supported.</p>	<ul style="list-style-type: none"> • Area workshops with staff, members, community councillors and other stakeholders to communicate key issues budget/resource pressures. • More flexible working, hot-desking and homeworking with relevant HR policies applied consistently. • Managers to engage personally and collectively with staff and provide constructive feedback. • Develop an incentive scheme to encourage innovative thinking (see paragraph 26).
Theme 2 – Staff Development & Reward (43 Comments)	
Overall Message	Specific Suggestions
<p>More focus on staff development through provision of suitable training, service specific qualifications and a more supportive culture of internal development was a common theme in responses.</p> <p>Staff rewards and a need to improve recruitment, especially of younger people, and retention also featured heavily although there was recognition that the financial pressures faced by the Council mean the scope for pay increase is limited.</p>	<ul style="list-style-type: none"> • Create and publicise ‘case studies’ of people whose careers have developed in the Council for potential recruits to see (see paragraph 43). • Showcase young people who work for the Council to demonstrate to school leavers that the Council is a viable career path (see paragraph 43). • Review staff retention to identify pressure points and root causes for staff leaving and consider strategies to address these causes (see paragraph 45). • Create more career routes and development opportunities for junior staff including opportunities for staff to shadow more experienced colleagues. • Consider providing a tangible form for rewarding excellent performance (see paragraph 44).
Theme 3 – Consistency (23 Comments)	
Overall Message	Specific Suggestions
<p>An overriding message in response to this question, and other free type questions in the survey, was that staff want Council HR policies to be applied equally and consistently. In particular this related to perceived inconsistencies in the way the Council’s flexi time, home working, compressed hours and holiday policies are being applied. There was, however, some feedback that excessive home working has a detrimental impact</p>	<ul style="list-style-type: none"> • Advertise the flexible working policy so staff are more aware of what they are entitled to. • Remove core hour requirement for posts with no practical need for those periods to be resourced. • Approval of regular home working must consider impact on output and other staff. • Inform managers of the benefits of flexible working.

on staff who work core hours.	
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43. The creation of case studies and showcasing of young people who work for the Council are initiatives that the Council has already implemented. That staff have suggested them provides evidence they need to be better promoted, in particular via the Council's social media channels.
44. The Council have an employee excellence and recognition awards ceremony on an annual basis where nominees and award winners are recognised for their efforts and performance over the year.
45. The Council's exit process is currently being reviewed. The current process is that an exit questionnaire is sent to leavers after they have left the Council and there is a low return rate. Consideration is being given to converting this to an online survey which would be made available to a staff member before they leave. Consideration could also be given to conducting exit interviews which may provide richer feedback however this benefit would need to be assessed against the additional resource requirement.

Staff feel they are valued, trusted, treated fairly and empowered and supported in their roles.

46. Exhibit 12 provides a summary of staff responses to the five 'My Manager' survey questions. These questions specifically referred to the respondent's line of management including headteachers in schools.

Exhibit 12 – Staff Survey – My Manager

Question	Responses	SA or A	NA or D	D or SD
I have confidence in the leadership skills of my manager	448	69%	14%	17%
My manager treats me and my colleagues fairly and consistently	447	74%	11%	16%
My manager creates a culture where staff feel empowered and innovative ideas to improve service delivery are welcomed	442	66%	15%	19%
I am confident raising an issue with my manager and know it will be dealt with confidentially and sensitively	450	71%	13%	16%
My manager expresses their appreciation when I do a good job	446	74%	11%	14%

47. Overall this is a very positive response and demonstrates that staff feel their line manager provides leadership, treats them fairly, provides appropriate support and creates a positive working environment.
48. 128 of respondents, in addition to completing the five questions in exhibit 12 also completed a free-text question '*Is there anything you feel your manager could do differently to make a positive contribute to the Council's culture?*' An analysis of the comments identified three overarching themes as set out in exhibit 13. It is noticeable that there is clear overlap with some of the themes identified for senior management at exhibit 6.

Exhibit 13 – Key Themes for Improvement – Line Management

Theme 1 – Communication / Leadership (70 Comments)	
Overall Message	Specific Suggestions
<p>Respondents expressed a wish for line managers to provide more leadership and, in particular, greater consistency in the way staff are treated and the application of council policy and procedures.</p> <p>Respondents also highlighted a desire for more visibility and better communication / staff engagement to ensure relevant information is disseminated and the team feel engaged in the vision and delivery of services.</p>	<ul style="list-style-type: none"> • Arrange one to one meetings away from the usual workspace. • More regular team meetings. • Periodic visits to the 'shop floor' to speak to staff.
Theme 2 – Supportive (35 Comments)	
Overall Message	Specific Suggestions
<p>A number of respondents felt they would benefit from line managers being more supportive including not practising a 'blame culture', trusting and empowering staff, recognising success, publicising positive messages and promoting staff feedback.</p>	<ul style="list-style-type: none"> • Create and promote a staff suggestion scheme and publicise action being taken as a consequence (see paragraph 26).
Theme 3 – Positive Feedback (32 Comments)	
Overall Message	Specific Suggestions
<p>An encouraging number of respondents took the time to praise the work and commitment of their line managers commenting that they could operate at a higher level, and with greater effectiveness, if more resources were made available.</p>	<ul style="list-style-type: none"> • No specific suggestions.

49. Exhibit 14 provides a summary of staff responses to three 'My Team' survey questions. These questions were designed to explore the extent to which staff feel they operate in a team

Exhibit 14 – Staff Survey – My Team

Question	Responses	SA or A	NA or D	D or SD
My team have regular and constructive team meetings	445	62%	19%	19%
My team work collaboratively to deliver team and council objectives	443	76%	15%	9%
I am encouraged to contribute to and/or make suggestions at team meetings	445	73%	16%	11%

50. This is a very positive response and demonstrates that, predominantly, staff feel their respective teams work well together and team meetings are sufficiently regular and provide a good opportunity for constructive engagement.
51. 113 of respondents, in addition to completing the three questions in exhibit 14 also completed a free-text question *'Is there anything you feel your team could do differently to make a positive contribution to the Council's culture?'* An analysis of the comments identified two overarching themes as set out in exhibit 15.

Exhibit 15 - Key Themes for Improvement – My Team

Theme 1 – Teamworking (55 Comments)	
Overall Message	Specific Suggestions
Whilst the survey highlighted a positive view of teamworking within the Council there was a significant number of comments highlighting concerns about team meetings not taking place and teams who don't work well together or identify and work toward common goals.	<ul style="list-style-type: none"> There were no specific suggestions, just a number of comments from people who feel a lack of 'face to face' meeting with team members is detrimental to the overall team culture and ensuring the teams are working efficiently with clear and shared objectives.
Theme 2 – Supported and Valued (28 Comments)	
Overall Message	Specific Suggestions
Whilst the survey confirmed staff are encouraged to contribute to and make suggestions at team meetings a number of staff feel those suggestions are not valued by people higher up the Council hierarchy. There was also a sense of insufficient recognition for good performance. A number of respondents reflected that resource reductions mean teams can no longer deliver services at previous levels and the Council need to reinstate support or reduce expectations on service delivery and improvements.	<ul style="list-style-type: none"> Teams should be better sighted on Council objectives with a clearer understanding of how their team's work reflects and helps deliver these objectives. Identify 'quick and inexpensive wins' to help with team morale (i.e. lunch time walks, tea breaks etc.). Opportunities for teams to promote themselves and 'tell their story' to share successes, challenges and lessons learned with other teams.

52. Exhibit 16 provides a summary of staff responses to two 'Myself' survey questions.

Exhibit 16 – Staff Survey – Myself

Question	Responses	SA or A	NA or D	D or SD
I am committed to helping my team deliver team and council objectives	447	97%	3%	0%
I am committed to helping ensure the Council is the best it can be	449	94%	5%	1%

53. This provided a very clear message that staff, on a personal level, feel they have a strong commitment to delivering both for their team and the Council.
54. 124 of respondents, in addition to completing the two questions in exhibit 16 also completed a free-text question *'Is there anything you feel you could do differently to make a positive*

contribution to the Council's culture? An analysis of the comments identified two overarching themes as set out in exhibit 17.

Exhibit 17 – Key Themes for Improvement – Myself

Theme 1 – Improvement and Supporting Colleagues (41 Comments)	
Overall Message	Specific Suggestions
<p>There was a degree of self-reflection amongst respondents with a number feeling they could be more positive and confident at work, and focus more on driving improvement and supporting colleagues.</p>	<p>Rather than specific suggestions which could deliver improvements, comments tended to focus more on the behavioural change which would have a positive impact. These included:</p> <ul style="list-style-type: none"> • acknowledge there will be times when we try, fail and learn • focus on what has gone well instead of negatives • encourage staff to suggest improvements • participate in working/development groups • be proactive in sharing good news messages about the Council with the public • mentor colleagues to help their development • work more cooperatively across services • engage more with colleagues and teams to foster a greater sense of being one Council.
Theme 2 – Empowered (35 Comments)	
Overall Message	Specific Suggestions
<p>In keeping with the results shown at exhibit 16 there was a sense that staff feel they are fully committed to delivering team and Council objectives. 27 responded that there was nothing more they could do to improve the Council's culture. However there was a recurring message that staff feel there is more they could do if they had more time and were empowered, trusted and supported to make decisions and be an impetus for change.</p>	<p>Rather than specific suggestions about what individuals could do, the responses focused more on what people feel they needed to support them to contribute more. These included:</p> <ul style="list-style-type: none"> • freedom to make decisions • ideas recognised and acted upon • assurance over contribution and value • acknowledgement and encouragement • job specific training and professional development • clearer expectations and personal objectives.

Staff surveys are regularly carried out with meaningful analysis undertaken to allow sufficient and appropriate management response.

55. A staff survey, seeking views on the Council, is undertaken approximately every two years. The last survey was carried out in 2016 and one was launched in March 2019. The 2016 survey was completed by 1,200 employees (approximately 25% of the Council workforce). The surveys are conducted and hosted by an independent contractor who also analyse the results on behalf of the Council. This ensures appropriate independence is built into the process.
56. The contractor provided a report to the Council on the 2016 survey results. This was a 28 page report which highlighted areas of good performance, areas requiring monitoring and areas for improvement. A presentation on the survey findings was given to the Council's Chief Officer Group in April 2017 which summarised the feedback and a *'You said it and We'll Do it'* summary

was made available to staff which highlighted actions the Council had committed to take to reflect the feedback.

57. However exhibit 10 illustrates that only 37% of respondents to the culture survey either agree or strongly agree that feedback on surveys is communicated effectively and in a timely manner and only 18% agree the Council acts on feedback received. This level of confidence in the Council's commitment to communicating and acting on feedback needs to be improved if staff are to feel their voice is important.
58. Analysis of the 2016 survey was used to inform the development of various things including the new Council values (see paragraphs 17-22), the Argyll and Bute Manager training course and the Council Communication, Marketing and Website Strategies 2018-2020.
59. A Health & Wellbeing survey was carried out in 2018 which collected the views of 1,233 employees. A summary of the output was communicated to staff and is readily available on the HUB.
60. The Council is currently developing a 'Health of the Organisation' report which will consider a range of aspects including sickness absence, staff turnover, reasons for staff leaving and performance to determine if there are any links between these aspects.
61. There is a recognition that more work is required to communicate with non APT&C staff and the Council's Communication & Engagement Group have developed a draft Employee Engagement Strategy which has a particular focus on staff who cannot readily access the Council IT systems.

There is constructive engagement between members and staff

62. Members and staff were asked a range of questions which focused on roles and responsibilities, levels of engagement and the quality of working relationships. Each group was asked four identical questions to allow a comparison of views with members asked a further question regarding the governance put in place by the Council to support staff/member relations.
63. Exhibit 18 provides a summary of the responses to the five questions. The number of responses column has been removed to make the table less cluttered. 17 members responded to all five questions and between 253 and 263 staff responded to the four they were asked.

Exhibit 18 – Staff (S) / Member (EM) Engagement

Question	SA or A		NA or D		D or SD	
	S	EM	S	EM	S	EM
I understand the different roles and responsibilities of staff and members	67%	94%	18%	0%	15%	6%
Staff respond to member queries within a satisfactory timescale	60%	18%	36%	18%	4%	64%
Relationships between members and staff are professional and constructive	41%	82%	50%	12%	9%	6%
Staff / member relationships in Argyll and Bute have improved in the past five years	30%	44%	61%	50%	9%	6%
There is effective governance and processes in place to support positive staff / member relationships	N/A	71%	N/A	12%	N/A	17%

64. In exhibit 18 the three most significant differences between member and staff opinions are highlighted in red. In particular this highlights contrasting views on whether staff respond to member queries within what is perceived to be a satisfactory timescale and the extent to which

relationships between the two groups are considered to be constructive and professional. It also highlights that 90% either agree that relationships have improved, or express no opinion (it should be noted that not all members/employees responding will be in a position to compare with five years ago).

65. Significant work has been undertaken to improve the member Casebook experience in relation to Roads and Amenity (R&A) queries, which make up the overwhelming percentage of all queries. The new R&A control Hub is now managing all customer service functions, in particular through two dedicated customer liaison posts. The focus for Casebook is on improved, model responses in a format suitable for onward transmission and proactive briefings on topical issues such as winter maintenance. This has had a positive impact with very few member queries now breaching the first stage response timeframes and, on a monthly basis, more queries are being closed than opened, meaning any backlog is being cleared.
66. 49 staff, in addition to completing the questions in exhibit 18 also completed a free-text question *'Do you have any suggestions about how engagement and working relationships between members and staff could be improved?'* An analysis of the comments identified two overarching themes as set out in exhibit 19.

Exhibit 19 – Key Themes for Improvement – Staff / Member Engagement

Theme 1 – Member Engagement (27 Comments)	
Overall Message	Specific Suggestions
Staff felt it would be beneficial to improve the understanding of the different roles and the engagement between staff and members, in particular keep members up-to-date with the impact that budget cuts are having on staff.	<ul style="list-style-type: none"> • Provide opportunities for staff to engage with members to discuss service delivery and challenges. • Provide clear guidance and/or training on the roles and responsibilities of staff and members.
Theme 2 – Member Query Process (11 Comments)	
Overall Message	Specific Suggestions
Comments broadly recognised that there is a process in place to enable members to log and manage queries (Casebook); however, a number of respondents felt this process was not always adopted by members and that, too often, staff are being approached directly rather than the Casebook process being adopted. Full adoption of Casebook would also help reduce conflict between staff and members regarding response times as these are stipulated by the Casebook process and can be monitored.	<ul style="list-style-type: none"> • Encourage members to use Casebook for all queries rather than direct approaches to members to staff.

67. Seven members, in addition to completing the questions in exhibit 18 also completed the free-text question *'Do you have any suggestions about how engagement and working relationships between members and staff could be improved?'* The responses were largely consistent with the survey results at exhibit 18 and some of the staff comments in exhibit 19. In particular three members would welcome the opportunity for more engagement between members and staff to

create a sense of working as a team and three raised issues about the time taken to get responses to member queries.

Other Comments

68. Both surveys provided a free text question which asked *'Is there anything else you would like to say about the Council's culture which hasn't been covered in the survey questions?'* This question attracted responses from 70 staff and six members; however, predominantly the key themes within the responses had already been highlighted in the other survey questions. In particular there was further reinforcement of a desire to see:

- greater empowerment and support for staff (21 comments)
- more of a teamworking ethos (13 comments)
- recognition of increasing workloads and job pressures with more realistic expectations (10 comments)
- better communication between management and staff and also members and staff (9 comments).

Appendix 1 – SMT Response

These are extremely challenging times for everyone who works in local government. Councillors have to make difficult decisions and employees are delivering services with fewer and fewer resources.

In these circumstances, how we work together can make all the difference in helping us succeed where we need to, for our employees, for our residents and for our communities.

We wanted therefore to carry out this review to help us find ways in which we can continue to develop and maintain constructive working relationships, through the unprecedented change happening in local government.

The SMT welcomes this report and would like to thank everyone who took the time to complete the survey, offer their views and provide a number of constructive ideas for improvement. We have reviewed the identified areas of focus and agreed a series of actions which have been categorised as either:

- Quick Fix (implementation before 31 August 2019)
- Medium Term (implementation before 31 December 2019)
- Longer Term (implementation before 31 March 2020)

Each action has been allocated to a member of the SMT who has overall responsibility for its implementation. The SMT agreed to create a combined action plan which addresses the areas of focus from this review with the areas of focus identified by the Council's 2019 employee survey.

The SMT has asked internal audit to feedback on progress against this action plan using their standard follow up process through which they report to SMT on a monthly basis. They also report on follow up of action points to the Audit and Scrutiny Committee as a standard agenda item at each committee meeting.



Cleland Sneddon

Chief Executive, Argyll and Bute Council

Appendix 3 – Organisational Culture and 2019 Employee Survey Action Plan

Quick Fix – Implementation before 31 August 2019				
No	Issue to support	Agreed action	Responsibility / Due Date	Status as at 18 June 2019
1	Involvement in change	Make clear the difference employees' views have made, via these surveys.	Head of Customer Support Services 30 April 2019	On-going. Initial feedback was given to staff in April and May.
2	Corporate values in action	Appoint a member of the Communications team to the Culture Steering Group.	Communications Manager 30 April 2019	Complete. Senior Communications Officer appointed to group.
3	Valuing employees	Increase visible appreciation of staff – employees recognised monthly by the Strategic Management Team (SMT)	SMT From May 2019	First published in Cascade May 2019.
4	Involvement in change	Publicise Organisational Culture report to all staff.	Communications Manager 11 June 2019	Complete. Issued to employees on 11 June 2019.
5	Management / employee links	Provide updates on the work of the SMT	SMT From June 2019	On track
6	Values in action	Create a communication plan to continue the roll out of the new corporate values and raise staff awareness of them	Comms rep on CSG / Director of Development and Infrastructure 31 July 2019	Initial communication of values undertaken.
7	Working conditions	Promote key HR policies (i.e. flexible, homeworking and agile working).	Head of Customer Support Services 31 July 2019	Planned as part of the employment deal survey – June 2019.
8	Involvement in change	Consider work/life preferences of modern-day workforce		Employees' views to be sought via the employment deal survey – June 2019
9	Management employee links	Introduce a rolling programme of SMT blogs.	SMT 30 August 2019	Chief Executive blog is on-going. On track for additional bloggers.
10	Communication	Increase promotion of career development opportunities in the council. .	Communications Manager 30 August 2019	Complete: Modern Apprentices' Communication Group delivered a positive awareness-raising Facebook campaign. A-Z of council services promotion planned

				for summer 2019.
11	Valuing employees	Promote tips for identifying stress and action to take	Communications Manager 30 August 2019	
Medium Term – Implementation before 31 December 2019				
No	Issue to support	Agreed action	Responsibility / Due Date	Status as at 18 June 2019
12	Involvement in change / Valuing employees	Align the work of the Culture Steering Group with appropriate corporate work programmes and in support of developing a culture of praise as well as of improvement.	Executive Director Development & Infrastructure 30 October 2019	
13	Communication	Introduce a category for communication-based excellence award, with easy-to-nominate application form.	Communications Manager 30 October 2019	
14	Communication	Introduce standards to develop employee communication as a priority and practice: these to include requirement to give 'You said/we did' feedback to surveys	Communications Manager 30 October 2019	
15	Communication	Create a standard service newsletter template for services to use to highlight their successes and challenges.	Communications Manager 29 November 2019	
16	Communication	Review current guidance and training on roles and responsibility of members and officers to determine if still fit for purpose.	Executive Director Customer Services 29 November 2019	
17	Management / employee links	Heads of Service to review adequacy of scheduling of third tier manager team meetings within their service and attend on a cyclical basis.	Chief Officer Group 29 November 2019	
18	Involvement in change	Review and revamp the employee suggestion scheme	Executive Director of Development and Infrastructure 31 December 2019	
19	Working conditions	Consider removal of core hour requirement for posts with no practical need for them to be resourced during core hours.	Executive Director Development & Infrastructure	

			31 December 2019	
Longer Term – Implementation before 31 March 2020				
No	Issue to support	Agreed Action	Responsibility / Due Date	Status as at June 2019
20	Valuing employees	Consider more innovative ways to reward staff for excellent performance	Head of Customer Support Services 31 January 2020	
21	Valuing employees	Finalise new PRD format	Head of Customer Support Services 31 January 2020	
22	Involvement in change	Use new approach of online exit questionnaires to help identify root causes for departures and assess the potential additional benefit of exit interviews.	Head of Customer Support Services 31 March 2020	
23	Working conditions	Revisit proposal for mentoring support for employees.	Head of Customer Support Services 31 March 2020	
24	Communication	Encourage use of Casebook for all elected member queries rather than just constituent queries meaning all queries are tracked against established response times.	Executive Director Customer Services 31 March 2020	
25	Management	COSO session on management in challenging times	Head of Customer Support Services 31 March 2020	

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****STRATEGIC FINANCE****18 JUNE 2019****2019/20 SCRUTINY PLAN****1.0 SUMMARY**

1.1 This report presents the proposed 2019/20 Scrutiny Plan.

2.0 RECOMMENDATIONS

2.1 Members are requested to:

- Agree and approve the 2019/20 Scrutiny Plan.
- Agree membership of the first two 2019/20 scrutiny panels
- Agree that membership of the third 2019/20 scrutiny panel will be agreed at the September 2019 sitting of the Audit and Scrutiny Committee
- Note that a lessons learned report will be presented to committee in March 2020.

3.0 DETAIL

3.1 At the Audit and Scrutiny Committee in March 2018 the Committee approved the Scrutiny Framework which incorporates a section on 'Developing the Scrutiny Work Programme'. This confirmed that the Committee, on an annual basis, will seek ideas for scrutiny by inviting all members and senior officers to suggest potential topics. Topics are then assessed by the CIA using the prioritisation process set out in the framework with those assessments informing the draft scrutiny plan for the year. The framework confirms that the draft plan, with copies of the assessments, will be provided to members of the Committee for comment and feedback as part of the plan approval process.

3.2 Invitations were sent to all elected members and senior officers by the Council's Chief Executive on 10 March 2019 with a deadline for response set of 26 April 2019. A total of seven proposals were received in that period and each of those have been assessed using the prioritisation process. Full copies of these assessments are included as appendices to this report however a summary is included in Exhibit 1.

Exhibit 1 – Summarised Assessment of Proposed Scrutiny Topics

Topic	Stage 1	Stage 2 Priority	Stage 3 Score	Summary
Free School Meals and Clothing Grants	Fail	N/A	N/A	It is not likely that a scrutiny review in 2019/20 would add value. The service have already identified through preliminary research that there are approximately 109 pupils that should be in receipt of free school meals who are not currently receiving them. This

				means a process is already in place to facilitate improvements in service delivery. Scrutiny is only likely to add value by reviewing this once it has been in place for a period of two years and there can be a meaningful assessment of benefit realisation.
PVG for Volunteers (Education)	Fail	N/A	N/A	There is no evidence of any performance issues in relation to obtaining PVGs for volunteers and senior officers in Education have not raised any concerns. This topic does not relate to an area of material expenditure. The total education budget is approximately £79.3 million however only £6,361 was spent on Education PVGs in 2018/19. This figure includes PVGs for both staff and volunteers.
Economic Strategy	Pass	Medium	40	As the Economic Strategy has only recently been approved it would seem like an appropriate time to consider the process for creating the strategy and the quality of the content. A scrutiny review would examine the foundation of the strategy to assess whether the approach was appropriate and whether practice / the strategy could be improved.
Strategic Housing Fund	Pass	High	81	A review of SHF was carried out and approved by Community Services Committee in December 2018. It was agreed to continue existing funding for RSLs but extend it to community organisations in certain areas, thus reducing risk of not providing affordable homes in areas that RSLs do not wish to develop. There has also been questions raised around the appropriateness of the current blanket allocation of the SHF, and whether there is a more effective way to distribute funds. Currently a standard amount of £12k is provided for every unit built, regardless of location or needs assessment.
Out of	Pass	High	75	There is no statutory requirement

Authority Placements (Social Work)				<p>for a local authority to place clients within the area however the Care Act 2014 requires local authorities to promote integration with the NHS and work with other key partners to improve services locally. There are also national outcomes listed as part of the provisions of the 2014 Public Bodies (joint working) (Scotland) Act 2014, one of these is 'Independent Living'. Independent Living aims for people, including those with disabilities, long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.</p>
Council Savings Options	Fail	N/A	N/A	<p>In February 2018, the Council agreed 28 Service Package Policy Options. These savings are recurring in nature. As per the report to P&R on the 14 February 2019 of the 28 savings options, 13 (46%) have already been delivered, 6 (21%) are on track to be delivered as per their timescale, 4 (14%) have still to be implemented, 2 (9%) have a potential shortfall and 3 (10%) are delayed until 2019/20. Updates on the service options are reported as a standing agenda item to P&R. As at 14 February, 3 of the 4 still to be implemented were not due to be delivered until later years. Of the 3 options delayed justification for the delay has been provided to P&R.</p> <p>The level of reporting and the relatively minor level of slippage against the total identified savings options does not suggest poor performance that would merit scrutiny.</p>
Council Digitalisation Projects	Fail	N/A	N/A	<p>As per the digital transformation report presented to SMT on 28 January 2019 the Scottish Local Government Digital Office (SLGDO) undertook a Digital</p>

				<p>Maturity Exercise in 2018, using an established benchmarking framework for digital leadership that has been used in other councils. In summary the analysis found that Argyll and Bute are similar to a number of other councils in rating. Following this exercise, the SLDGO set out 9 recommendations which the Council have revised into six recommendations.</p> <p>As work has already been undertaken to identify how the Council can improve on their digital transformation it is unlikely that a scrutiny review would add any further value at this point.</p>
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3.5 The table above shows that three reviews passed through stage of the process. In order of overall score these were:

1. Strategic Housing Fund (81)
2. Out of Authority Placements (Social Work) (75)
3. Economic Strategy (40)

3.6 On the basis of exhibit 1 and paragraphs 3.5 the CIA is recommending the 2019/20 scrutiny plan incorporates scrutiny of:

- Economic Strategy (provisionally to be performed in Q2)
- Strategic Housing Fund (provisionally to be performed in Q3)
- Out of Authority Placements (Social Work) (provisionally to be performed in Q4)

3.7 In order for the 2019/20 Scrutiny Plan to be progressed in a timely manner it would be beneficial to agree which three members of the Audit and Scrutiny Committee will make up the panels for the first two reviews to be conducted (Economic Strategy and Strategic Housing Fund). Panel membership for the third review (Out of Authority Placements) can be agreed at the September 2019 meeting of the Audit and Scrutiny Committee.

3.8 It was agreed that following the completion of the first two scrutiny reviews it would be beneficial to reflect upon the process adopted and seek feedback from officers and elected members to identify lessons learned which would lead to improvements in future scrutiny work. A lessons learned report will be presented to the Audit and Scrutiny Committee in March 2020.

4.0 CONCLUSION

4.1 This report further formalises the Council's approach to scrutiny and provides guidance to council officers and elected members on the Council's approach to scrutiny.

5.0 IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Legal:	None
5.4	HR:	None
5.5	Equalities:	None
5.6	Risk	Scrutiny should contribute to overall risk assurances levels within the Council
5.7	Customer Service	None

LAURENCE SLAVIN
Chief Internal Auditor
18 June 2019

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APPENDICES

1. Free School Meals and Clothing Grants prioritisation process
2. PVG for volunteers (Education) prioritisation process
3. Economic Strategy prioritisation process
4. Strategic Housing Fund prioritisation process
5. Out of Authority Placements (Social Work) prioritisation process
6. Council Savings Options prioritisation process
7. Council Digitalisation prioritisation process

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APPENDIX 1

Proposal Title	Free School Meals & Clothing Grants
Proposal Text	This topic was raised following discussion at an Education Management Team meeting. Review the automatic enrolment of school clothing grants and free school meals.

TOPIC TITLE:	Automatic enrolment of school clothing grants and free school meals
SUBMITTED BY:	Education Management Team
DATE OF SUBMISSION:	02 April 2019

PRELIMINARY ASSESSMENT			
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	Free school meals and clothing grants are available to eligible children across the local authority area.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	Yes	Glasgow City Council has automated the process and this has been championed by the Improvement Service as good practice. Therefore it is an emerging issue rather than an area of poor performance.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	No	It is not likely that a scrutiny review in 2019/20 would add value. The service have already identified through preliminary research that there are approximately 109 pupils that should be in receipt of free school meals who are not currently receiving them. This means a process is already in place to facilitate improvements in service delivery. Scrutiny is only likely to add value by reviewing this once it has been in place for a period of two years and there can be a meaningful assessment of benefit realisation.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	The total education budget is approximately £79.3 million. This proposal is anticipated to cost the Council £52,100 but generate additional Pupil Equity Funding of £130,800.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	Yes	Internal Audit are performing a review of the Pupil Equity Fund (PEF) as part of the 2019/20 audit plan. As part of this audit Internal Audit will consider how the Council's PEF is calculated and allocated. This will include the impact of autoenrolment on the Council's overall PEF allocation.
Does the issue pass to stage 2 assessment?		Fail	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?		
7	Is there adequate resources in place to scrutinise the issue effectively?		
8	Is it an issue which has attracted public attention and/or highlighted by residents?		
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?		
Stage 2 Assessment Outcome		Fail	

APPENDIX 2

Proposal Title	PVG for Volunteers
Proposal Text	This topic was raised following discussion at an Education Management Team meeting. Schools do not notify school support when volunteers leave so they keep their data on the volunteer register. (This is a housekeeping issue rather than risk area as there won't be any financial loss from this).

TOPIC TITLE:	PVG for Volunteers
SUBMITTED BY:	Education Management Team
DATE OF SUBMISSION:	02 April 2019

PRELIMINARY ASSESSMENT			
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	Volunteers may work in schools across Argyll and Bute. Therefore this topic is relevant across the local authority area.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	No	We have no evidence of any performance issues in relation to obtaining PVGs for volunteers and senior officers in Education have not raised any concerns.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	No	See response to question two.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	No	The total education budget is approximately £79.3 million. £6,361 was spent on Education PVGs in 2018/19. This figure includes PVGs for both staff and volunteers.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	No	We are not aware of this topic being addressed by any other committees. Due to this topic failing on questions 2, 3 and 4 there was no benefit in looking at this in any further detail.
Does the issue pass to stage 2 assessment?		Fail	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?		
7	Is there adequate resources in place to scrutinise the issue effectively?		
8	Is it an issue which has attracted public attention and/or highlighted by residents?		
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?		
Stage 2 Assessment Outcome		Fail	

APPENDIX 3

Proposal Title	Economic Strategy
Proposal Text	The Council has recently agreed an Economic Strategy. A scrutiny review focused on the approach to create the strategy and the quality of the content may add value.

TOPIC TITLE:	Economic Strategy	
DATE OF SUBMISSION:	03/04/2019	

PRELIMINARY ASSESSMENT

QUESTION		RESPONSE	RESPONSE JUSTIFICATION
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	The Economic Strategy aims to create better places and attract people to live, work, visit and invest in Argyll and Bute to support the growth of the local economy. The strategy outlines the need to attract external funding to help make our towns investor-ready and attractive as places to live in and do business. The strategy relates to economic growth across the local authority area, therefore has a council wide impact.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	Yes	The Council's Economic Strategy was approved by Council on 18 April 2019. Therefore this topic is an emerging issue rather than an area of poor performance.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	Yes	As the Economic Strategy has only recently been approved it would seem like an appropriate time to consider the process for creating the strategy and the quality of the content. A scrutiny review would examine the foundation of the strategy to assess whether the approach was appropriate and whether practice / the strategy could be improved.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	The Economic Development service has a budget of approximately £3.6 million. The Economic Strategy guides the work of the Economic Development section.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	No	The Economic Strategy was approved by Council on 18 April 2019. As this is only a new strategy it has not been subject to a review by any other committee in the last 18 months.

Does the issue pass to stage 2 assessment?

Pass

QUESTION		RESPONSE	RESPONSE JUSTIFICATION
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?	Yes	As per question two, the Economic Strategy has only recently been approved it would seem like an appropriate time to consider the process for creating the strategy and the quality of the content. A scrutiny review would examine the foundation of the strategy to assess whether the approach was appropriate and whether practice / the strategy could be improved.

7	Is there adequate resources in place to scrutinise the issue effectively?	Yes	The scrutiny work programme for 2019/20 is to be submitted to the June 2019 Audit and Scrutiny Committee. There are currently no reviews planned until such time as this programme is approved.
8	Is it an issue which has attracted public attention and/or highlighted by residents?	No	As the strategy is only a new document, it is unlikely that the strategy itself has generated considerable public interest.
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?	Yes	This topic is aligned to red risk SRR1 on the Strategic Risk Register - the impact on the Council of population and economic decline.
Stage 2 Assessment Outcome		Medium Priority	

TOPIC TITLE: Economic Strategy
DATE OF SUBMISSION: 03 April 2019
STAGE 2 ASSESSMENT OUTCOME: Medium Priority

QUESTION	OPTIONS	SELECTION	SCORE	WEIGHTING	TOTAL SCORE	JUSTIFICATION FOR SELECTION
1 What is the current performance based on the council's performance scorecard?	> 10% under target < 10% under target < 10% over target > 10% over target Not applicable	Not applicable	0	3	0	There is no specific scorecard relating to the Economic Strategy.
2 To what extent does the issue contribute to a business outcome aligned to the Council's corporate plan?	Major contribution Significant contribution Medium contribution Slight contribution No contribution	Major contribution	4	3	12	This is a major contributor to a number of business outcomes. The Economic Strategy aims to create better places and attract people to live, work, visit and invest in Argyll and Bute to support the growth of the local economy. This aim reflects the Council mission of Making Argyll and Bute a place people choose to Live, Learn, Work and Do Business.
3 To what extent is this issue being highlighted as a public concern?	Widespread Significant Medium Slight Not applicable	Not applicable	0	2	0	As the strategy is only a new document, it is unlikely that it has generated considerable public interest.
4 What is the revenue and/or capital budget commitment to this area of service?	>1m 500k-1m 250k-500k 100k-250k	>1m	4	3	12	The Economic Development service has a budget of approximately £3.6 million.
5 In the past three years what is the pattern of budget performance for this area?	Major under/over spend Significant over/under spend Medium over/under spend Slight over/under spend Largely on budget	Largely on budget	0	2	0	As per the financial monitoring packs presented to P&R there has been no variance in budget for Economic Development over the last the last 3 years. (2015/16 - 2017/18 as 2018/19 full year figures are not available yet).
6 What is the status of national legislation on the issue?	Failure to implement = penalties Current legislation Definite future legislation Possible future legislation Not applicable	Not applicable	0	2	0	It is not a legislative requirement for a local authority to have an economic strategy or carry out economic development.
7 How widespread is the impact of the issue?	Council wide Multiple wards Single ward Small no of residents No impact	Council wide	4	1	4	The Economic Strategy aims to create better places and attract people to live, work, visit and invest in Argyll and Bute to support the growth of the local economy. The strategy outlines the need to attract external funding to help make our towns investor-ready and attractive as places to live in and do business. The strategy relates to economic growth across the local authority area, therefore has a council wide impact.
8 Does the issue feature in the Council's risk management registers?	Yes - red risk Yes - amber risk Yes - green risk No	Yes - red risk	4	3	12	This topic is aligned to red risk SRR1 on the Strategic Risk Register - the impact on the Council of population and economic decline.
WEIGHTED TOTAL					40	
HIGH / MEDIUM FACTOR					1	
TOTAL SCORE					40	

APPENDIX 4

Proposal Title	Strategic Housing Fund
Proposal Text	Council gives consistent financial support to Registered Social Landlords across Argyll irrespective of where they are. There is limited challenge in terms of funding being linked to need. Scrutiny would be useful to look to open up that discussion – i.e. is our investment giving best VFM, is it tied to need – how does it link into economic development?

TOPIC TITLE:	Strategic Housing Fund
DATE OF SUBMISSION:	03/04/2019

PRELIMINARY ASSESSMENT		
QUESTION	RESPONSE	RESPONSE JUSTIFICATION
1 Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	Social Housing is available throughout Argyll and Bute therefore the Strategic Housing Fund impacts across the entire Council.
2 Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	Yes	A review of SHF was carried out and approved by Community Services Committee in December 2018. It was agreed to continue existing funding for RSL's but extend it to community organisations in certain areas, thus reducing risk of not providing affordable homes in areas that RSL's do not wish to develop. There has also been questions raised around the appropriateness of the current blanket allocation of the SHF, and whether there is a more effective way to distribute funds. Currently a set amount of £12k is provided for every unit built, regardless of location or needs assessment.
3 Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	Yes	Provision of funding to community organisations is a new process therefore the Committee may wish to consider the criteria being applied to allocate funding and determine where the SHF is being allocated the differential levels of funding are aligned to need and cost.
4 Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	The Scottish Government have allocated £51,608,000 in Resource Planning Assumption (RPA) to Argyll and Bute to deliver affordable housing until 2021. This will enable delivery of over 800 affordable housing units. The SHF will be required to contribute £9,800,000 over the period to 2021 across Argyll and Bute.
5 Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	No	There was a review of SHF presented to Committee in December 2018. As a result of this, it was agreed to extend the allocation of SHF to Community groups in certain areas. The new process has not been reviewed to date.
Does the issue pass to stage 2 assessment?	Pass	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION

6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?	Yes	There has been a new process agreed in December to also extend SHF funding to community organisation. This presents an opportunity to scrutinise whether the new process will assist in achieving value for money and maximise the benefits from the SHF.
7	Is there adequate resources in place to scrutinise the issue effectively?	Yes	The scrutiny work programme for 2019/20 is to be submitted to the June 2019 Audit and Scrutiny Committee. There are currently no reviews planned until such time as this programme is approved.
8	Is it an issue which has attracted public attention and/or highlighted by residents?	Yes	Service management have advised that the SHF is not generally a topic that attracts public attention, as it is a process that the public is generally unaware of. There has been some public interest from the Council's more rural communities, which is demonstrated by Community Organisations from these areas approaching the Council to receive funding in addition to RSLs.
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?	Yes	Risk 12 in the EDI operational risk register relates to the failure to meet expectations in new housing targets. This also aligns to red risk SRR01 - The impact on the Council of population and economic decline.
Stage 2 Assessment Outcome		High Priority	

TOPIC TITLE: Strategic Housing Fund
DATE OF SUBMISSION: 03 April 2019
STAGE 2 ASSESSMENT OUTCOME: High Priority

QUESTION	OPTIONS	SELECTION	SCORE	WEIGHTING	TOTAL SCORE	JUSTIFICATION FOR SELECTION	
1	What is the current performance based on the council's performance scorecard?	> 10% under target < 10% under target < 10% over target > 10% over target Not applicable	< 10% over target	2	3	6	There is an action included in the housing service team scorecard relating to the 'number of new affordable homes completed per annum'. As per this scorecard, the target for 2018/19 was for 100 new units to be built. Actual performance was slightly over target with 107 units being built during 2018/19.
2	To what extent does the issue contribute to a business outcome aligned to the Council's corporate plan?	Major contribution Significant contribution Medium contribution Slight contribution No contribution	Major contribution	4	3	12	This aligns to business outcome "We Enable A Choice Of Suitable Housing Options". This is a major contribution towards the Council's mission statements of "Making Argyll and Bute a place people choose to Live, Learn, Work and do Business" and the Council priority "to ensure we have homes for all".
3	To what extent is this issue being highlighted as a public concern?	Widespread Significant Medium Slight Not applicable	Slight	1	2	2	Service management have advised that the SHF is not generally a topic that attracts public attention, as it is a process that the public is generally unaware of. There has been some public interest from the Council's more rural communities, which is demonstrated by Community Organisations from these areas approaching the Council to receive funding in addition to RSLs.
4	What is the revenue and/or capital budget commitment to this area of service?	>1m 500k-1m 250k-500k 100k-250k	>1m	4	3	12	The Scottish Government have allocated £51,608,000 in Resource Planning Assumption (RPA) to Argyll and Bute to deliver affordable housing until 2021. This will enable delivery of over 800 affordable housing units. The SHF will be required to contribute £9,800,000 over the period to 2021 across Argyll and Bute.
5	In the past three years what is the pattern of budget performance for this area?	Major under/over spend Significant over/under spend Medium over/under spend Slight over/under spend Largely on budget	Largely on budget	0	2	0	Service management have advised that the SHF is generally largely on budget.
6	What is the status of national legislation on the issue?	Failure to implement = penalties Current legislation Definite future legislation Possible future legislation Not applicable	Current legislation	3	2	6	The Council no longer has its own housing since transferring stock to ACHA in 2006. However, as the Strategic Housing Authority, the council has a number of statutory duties and responsibilities in terms of delivery and investment of affordable housing, and improving house condition across all housing sectors. All Scottish local authorities are required to prepare a Local Housing Strategy (LHS) every five years, setting out how the Council and its partners will address local need and demand, and contribute to national housing priorities. The strategy covers all types and tenures of housing including social rented, private rented and owner occupied accommodation.
7	How widespread is the impact of the issue?	Council wide Multiple wards Single ward Small no of residents No impact	Council wide	4	1	4	Social Housing is available throughout Argyll and Bute therefore the Strategic Housing Fund impacts across the entire Council.
8	Does the issue feature in the Council's risk management registers?	Yes - red risk Yes - amber risk Yes - green risk No	Yes - red risk	4	3	12	Risk 12 in the EDI operational risk register relates to the failure to meet expectations in new housing targets. This also aligns to red risk SRR01 - The impact on the Council of population and economic decline.

WEIGHTED TOTAL	54
HIGH / MEDIUM FACTOR	1.5
TOTAL SCORE	81

APPENDIX 5

Proposal Title	Out of Authority Placements (Social Work)
Proposal Text	We are spending over 6 million pounds in specialist placements and I am keen that value for money is being delivered. My belief and I would like to be proved wrong by the review is that we as a council could provide more local services and specialist services with such funding.

TOPIC TITLE:	Out of Authority Placements (Social Work)
DATE OF SUBMISSION:	03 April 2019

PRELIMINARY ASSESSMENT			
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	There are currently approximately 57 disability clients within Argyll and Bute receiving out of authority placements. There is no geographic restriction to a potential resident's right to access this service should they have a qualifying need.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	Yes	Residential care budgets have been overspent historically. For example, the Children & Families residential placement budget was overspent by £228,000 in 2017/18 and £588,000 in 2018/19. This is a 23% and 73% overspend respectively.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	Yes	Given that there is historic overspend which has increased significantly between 2017/18 and 2018/19 and given that out of area placements are common place across Scotland there would be an opportunity to learn from practice at other local authority areas.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	This topic will relate to a number of different budgets, the Children & Families residential budget alone in 2018/19 was approximately £800k.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	No	No, however there are currently significant savings targets with the HSCP and management are looking to try to bring a number of external packages back to Argyll and Bute. Staff have been asked to review all packages to determine whether it could be resourced locally.
Does the issue pass to stage 2 assessment?		Pass	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?	Yes	There are no clear restrictions on implementing change for improvement and in the current climate the HSCP are currently overspent so there will be an appetite for improvements to reduce overspend.

7	Is there adequate resources in place to scrutinise the issue effectively?	Yes	The scrutiny work programme for 2019/20 is to be submitted to the June 2019 Audit and Scrutiny Committee. There are currently no reviews planned until such time as this programme is approved.
8	Is it an issue which has attracted public attention and/or highlighted by residents?	Yes	There have been six freedom of information requests received between 2013 - 2019 relating to out of authority placements.
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?	Yes	The Strategic risk register has risks relating to financial sustainability, understanding the needs of the community and the Health & Social Care Partnership.
Stage 2 Assessment Outcome		High Priority	

TOPIC TITLE: Out of Authority Placements (Social Work)
DATE OF SUBMISSION: 03 April 2019
STAGE 2 ASSESSMENT OUTCOME: High Priority

QUESTION	OPTIONS	SELECTION	SCORE	WEIGHTING	TOTAL SCORE	JUSTIFICATION FOR SELECTION
1 What is the current performance based on the council's performance scorecard?	> 10% under target < 10% under target < 10% over target > 10% over target Not applicable	Not applicable	0	3	0	Not applicable as there is no performance relating to this topic on any Council scorecard as this is a service delivered under the Health and Social Care Partnership (HSCP).
2 To what extent does the issue contribute to a business outcome aligned to the Council's corporate plan?	Major contribution Significant contribution Medium contribution Slight contribution No contribution	Significant contribution	3	3	9	Included within the Argyll and Bute HSCP Strategic Plan are a number of national outcomes listed as part of the provisions of the 2014 Public Bodies (joint working) (Scotland) Act 2014. One of these priorities focus on 'Independent Living' which aims for people, including those with disabilities, long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community. Although this is a service delivered by the Health and Social Care Partnership it is aligned to Council corporate outcomes, specifically 'people will live in safer and stronger communities' and 'Children and Young People have the best possible start'.
3 To what extent is this issue being highlighted as a public concern?	Widespread Significant Medium Slight Not applicable	Slight	1	2	2	There have been six freedom of information requests received between 2013 - 2019 relating to out of authority placements.
4 What is the revenue and/or capital budget commitment to this area of service?	>1m 500k-1m 250k-500k 100k-250k	500k-1m	3	3	9	This topic will relate to a number of different budgets, the Children & Families residential budget alone in 2018/19 was approximately £800k.
5 In the past three years what is the pattern of budget performance for this area?	Major under/over spend Significant over/under spend Medium over/under spend Slight over/under spend Largely on budget	Major under/over spend	4	2	8	Residential care budgets have been overspent historically. For example, the Children & Families residential placement budget was overspent by approximately £46,000 in 2016/17, £228,000 in 2017/18 and £588,000 in 2018/19. This is a 5%, 23% and 73% overspend respectively.
6 What is the status of national legislation on the issue?	Failure to implement = penalties Current legislation Definite future legislation Possible future legislation Not applicable	Current legislation	3	2	6	There is no statutory requirement for a local authority to place clients within the area however the Care Act 2014 requires local authorities to promote integration with the NHS and work with other key partners to improve services locally. There are also national outcomes listed as part of the provisions of the 2014 Public Bodies (joint working) (Scotland) Act 2014, one of these is 'Independent Living'. Independent Living aims for people, including those with disabilities, long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
7 How widespread is the impact of the issue?	Council wide Multiple wards Single ward Small no of residents No impact	Council wide	4	1	4	There are currently approximately 57 disability clients within Argyll and Bute receiving out of authority placements. There is no geographic restriction to a potential resident's right to access this service should they have a qualifying need.

8	Does the issue feature in the Council's risk management registers?	Yes - red risk	Yes - red risk	4	3	12	This topic relates to SRR red risk 7 relating to the success of the HSCP and also SRR risk 3 relating to financial sustainability and SRR risk 5 about understanding the needs of the community.
		Yes - amber risk					
		Yes - green risk					
		No					
WEIGHTED TOTAL						50	
HIGH / MEDIUM FACTOR						1.5	
TOTAL SCORE						75	

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APPENDIX 6

Proposal Title	Council Saving Options
Proposal Text	Assurance over how we deliver and report agreed savings.

TOPIC TITLE:	Council Savings options
DATE OF SUBMISSION:	18 April 2019

PRELIMINARY ASSESSMENT			
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	The Council cannot continue to delivery the level of service due to reducing resources so require to make a number of savings, which may include staff and service reduction. These savings may affect residents across Argyll and Bute.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	No	In February 2018, the Council agreed 28 Service Package Policy Options. These savings are recurring in nature. As per the report to P&R on the 14 February 2019 of the 28 savings options, 13 (46%) have already been delivered, 6 (21%) are on track to be delivered as per their timescale, 4 (14%) have still to be implemented, 2 (9%) have a potential shortfall and 3 (10%) are delayed until 2019/20. Updates on the service options are reported as a standing agenda item to P&R. As at 14 February, 3 of the 4 still to be implemented were not due to be delivered until later years. Of the 3 options delayed justification for the delay has been provided to P&R. The level of reporting and the relatively minor level of slippage against the total identified savings options does not suggest poor performance that would merit scrutiny.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	No	See response to question 2.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	As per the budget pack presented to Council in February 2019 the proposed savings are £3.96 million, £4.14 million and £3.97 million for 2019/20, 2020/21 and 2021/22 respectively.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	Yes	Policy and Resources Committee monitor the delivery of savings options as a standing agenda item.
Does the issue pass to stage 2 assessment?		Fail	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?		
7	Is there adequate resources in place to scrutinise the issue effectively?		
8	Is it an issue which has attracted public attention and/or highlighted by residents?		
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?		
Stage 2 Assessment Outcome		Fail	

APPENDIX 7

Proposal Title	Council Digitalisation Projects
Proposal Text	Look at the Council's digitalisation projects, in particular customer contact and automation as a topic. i.e. are they delivering, should we be doing more of it – how do we compare with other councils.

TOPIC TITLE:	Council Digitalisation Projects
DATE OF SUBMISSION:	18 April 2019

PRELIMINARY ASSESSMENT			
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
1	Does the issue affect a number of people living in Argyll and Bute across multiple wards or, if restricted to a single or small number of wards, would its scrutiny have a wider impact across the council?	Yes	Digital transformation is across the Council services therefore will have a wide impact across the Council.
2	Does the issue concern an area of poor performance or an emerging issue (meaning there is no comprehensive performance data available)?	Yes	The feedback from the Digital maturity Assessment and managers at COSO shows that a digital culture and skills are not as well embedded as was supposed and that this is an essential prerequisite for digital success.
3	Can scrutiny add value - i.e. is performance likely to improve as a result of scrutiny?	No	As per the digital transformation report presented to SMT on 28 January 2019 the Scottish Local Government Digital Office (SLGDO) undertook a Digital Maturity Exercise in 2018, using an established benchmarking framework for digital leadership that has been used in other councils. In summary the analysis found that Argyll and Bute are similar to a number of other councils in our rating. Following this exercise, the SLDGO set out 9 recommendations which the Council have revised into six recommendations. As work has already been undertaken to identify how the Council can improve on their digital transformation it is unlikely that a scrutiny review would add any further value at this point.
4	Does the issue relate to a service area with a revenue and/or capital budget in excess of £100k or, in the case of an emerging issue, is there a realistic expectation that the revenue and/or capital budget will exceed £100k?	Yes	There is an earmarked reserve specifically for Digital Transformation. The opening balance of this reserve was £119,870. There is a remaining balance of £59,901.
5	Is the issue being addressed by another committee (area or strategic) or been subject to review in past 18 months?	Yes	A report was presented to SMT on 28 January 2019 where they agreed six recommendations to improve the Council's digital transformation.
Does the issue pass to stage 2 assessment?		Fail	
QUESTION	RESPONSE	RESPONSE JUSTIFICATION	
6	Is the scrutiny activity timely - i.e. will it be possible to implement changes at the current time?		
7	Is there adequate resources in place to scrutinise the issue effectively?		
8	Is it an issue which has attracted public attention and/or highlighted by residents?		
9	Does it address an area highlighted by the Council's risk management process or other audit/scrutiny reports?		
Stage 2 Assessment Outcome		Fail	

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

STRATEGIC FINANCE

18 JUNE 2019

ACCOUNTS COMMISSION - SAFEGUARDING PUBLIC MONEY

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the Accounts Commission report 'How councils work; Safeguarding public money: are you getting it right?'

2. RECOMMENDATIONS

- 2.1 To note the CIAs summary position against each of the Councillor checklists in the 'How councils work; Safeguarding public money: are you getting it right?' report.

3. DETAIL

- 3.1 The Accounts Commission, since 2010, have published a series of 'How councils work' reports which are aimed at providing support to councils to facilitate continuous improvement. The topics are chosen based on recurring themes identified through their Best Value and performance audit work, the work of local audit teams and their annual overview report.
- 3.2 The 'Safeguarding public money: are you getting it right?' report is designed to help elected members ensure that the council has sound risk management and financial controls in place to protect public money.
- 3.3 The report provides eight checklists for elected members to consider. The Chief Internal Auditor (CIA) has reviewed the checklists and provided a summary position against each as set out below. Note that that this isn't a detailed response to every question in each checklist nor is it based on an evidenced audit. It is a general response based on cumulative knowledge and is designed to provide a degree of assurance to members of the Audit and Scrutiny Committee (A&SC).

3.4 Checklist 1 – Internal controls and risk management

Internal Audit provide a comprehensive risk based audit approach which ensures annual coverage across all heads of service. The effectiveness of both financial and non-financial controls are tested with recommendations for improvement reported to the Head of Service, relevant Executive Director, Strategic Management Team (SMT) and the A&SC. Internal have a robust follow up process which ensures agreed management actions are implemented. Follow up activity is reported to the A&SC and the SMT.

The Council have risk management arrangements in place which have been reviewed and assessed positively by the Council's external audit team. Compliance with these arrangements is assessed on an annual basis by the Council's internal audit team. Operational Risk Registers (ORR) are updated quarterly and the Strategic Risk Register (SRR) twice a year. Actions to address risks are detailed in the registers. In addition to having, and monitoring,

operational and strategic risk registers the Council specifically identifies and monitors financial risks with updates on these reported as a standing agenda item to the Policy & Resources Committee as part of the Financial Reporting Pack.

3.5 **Checklist 2 – Fraud and corruption**

The Council is an active participant in the National Fraud Initiative and has an Anti-Fraud Strategy included as an appendix to the Council Constitution. Internal Audit monitor the Council's approach to NFI.

Administration of the Council's NFI process is well organised and resourced, with staff in appropriate departments involved in investigation of matches. The Council is pro-active in investigating matches, employs a significant level of staff resource in the process and provides regular updates to the A&SC.

In the most recent NFI cycle there were four instances of fraud reported. The recovery / remedial action taken has been noted in the comments section of the NFI system for reference. The recovery action taken in each instance has been deemed appropriate for the nature and value of fraud.

3.6 **Checklist 3 – Consequences of weak controls**

Internal Audit's annual risk based plan is created with consideration given to a number of factors two of which include time elapsed since an area was last subject to review and the overall audit assessment when it was last reviewed. This means areas where weak controls are identified are more likely to be revisited within a shorter time period. Internal Audit's follow up process (referenced at paragraph 3.4) also ensures actions are taken to improve areas assessed as having weak controls. As part of the internal audit planning process there is a degree of horizon scanning to identify longer term risk trends which may merit audit attention, furthermore the planning process gives cognisance to the SRR which has a longer term strategic focus.

3.7 **Checklist 4 – Audit Committee**

The A&SC's remit is established in the Council's constitution and is updated on an annual basis. It has an independent chair who demonstrates clear commitment and liaises with the CIA on a very regular basis. Levels of challenge at the committee have improved in the past 18 months and the introduction of the new approach to scrutiny has assisted in that. Internal Audit reports are well received and the CIA has full freedom to report to the A&SC without interference. The Chief Executive presents the SRR to the A&SC on an annual basis.

3.8 **Checklist 5 – Partnership Working**

The Council has scrutiny arrangements in place which provide oversight of key partners such as the HSCP, Live Argyll, Police Scotland, Scottish Fire and Rescue. The Council's internal audit team are also the internal auditors for Live Argyll and deliver elements of HSCP internal audit through the Council's annual internal audit plan. All these audit reports are submitted in full to the A&SC and are also presented to the Live Argyll Audit & Finance Sub Committee and IJB Audit Committee.

Internal Audit are currently performing an audit to assess the Council's

compliance with the core principles of Following the Public Pound. This will be reported to the September 2019 A&SC.

The Council is represented on the LiveArgyll Board and IJB Board. All members, new and returning, were offered the opportunity to participate in a comprehensive induction programme which addressed roles and responsibilities including roles on external boards and partnerships.

3.9 **Checklist 6 – Councillors’ CPD**

Elected members are provided with a range of development opportunities including access to the CPD for elected members in Scottish Local Government. Members have expressed their satisfaction with the sufficiency of the development opportunities made available to them.

There is a comprehensive Elected Member Seminar Programme and Committee Development Sessions to support member development.

There is a need for us to evidence numbers participating in CPD, the Council’s efforts to increase this and how it compares to previous council. This is being taken forward as part of the BV3 evidence gathering process.

3.10 **Checklist 7 – Statutory Officers**

The Council Constitution clearly sets out the roles of key officers (including statutory officers) including the Chief Executive, executive directors, monitoring officer and the Chief Financial Officer (S95 Officer). The SMT is well established and statutory officers, through their roles on the SMT, engage regularly to discuss key issues and make strategic decisions. There is effective and regular engagement between elected members and statutory officers which ensures both have an appropriate level of input and engagement in relation to the council’s direction of travel. Members of the SMT also engage regularly with Heads of Service which ensures consistent communication of key messages.

3.11 **Checklist 8 – Internal audit**

The IA function is well established, complies with PSIAS and is free from undue influence. The CIA has appropriate autonomy to deliver an effective and independent function and, whilst reporting to the S95 officer from an administrative perspective, also has direct access to the Chief Executive and wider SMT. Members of the A&SC are satisfied with the information provided to them and are also entitled to ask for additional information when required. The work of IA is clearly aligned to the Councils risk registers and service delivery.

4. CONCLUSION

4.1 The CIA is of the opinion that the Council is well placed in relation to the eight checklists in the How councils work; Safeguarding public money: are you getting it right?’ report.

5. IMPLICATIONS

5.1 Policy - None

- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service – None

Laurence Slavin
Chief Internal Auditor
18 June 2019

For further information contact:

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APPENDICES

Appendix 1 – Accounts Commission HCW – Safeguarding Public Money

How councils work:
an improvement series for councillors and officers

Safeguarding public money: are you getting it right?

ACCOUNTS COMMISSION 

Prepared by Audit Scotland
April 2019


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 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Audit team

The core audit team consisted of Carol Calder and Douglas Black, with support from other colleagues, under the general direction of Antony Clark.

Links

-  PDF download
 -  Web link
-

Key messages



Councils provide valuable public services but face a complex, uncertain environment that places evolving demands and expectations on them. Increasingly, councils deliver services through multi-faceted partnership working across organisational, functional and geographical boundaries – such as for the provision of health and social care services.

It is challenging for councils to prioritise how they use their finite resources. Councils' decreasing budgets contrast with rising demands on many of their services, including care of vulnerable elderly people. This means that effective risk management and strong internal controls are more important now than ever before.

- 1** An effective system of internal controls and risk management helps councils to safeguard their finances; ensures they implement their policies; and helps them to deliver high-quality services. Controls include procedures for paying the right sum of money to the right person at the right time; keeping confidential data secure; and minimising a council's exposure to fraud and corruption.
 - 2** There are signs from councils' internal auditors and the work of councils' external auditors that standards of internal controls may be strained. Some recurring weaknesses are becoming apparent among councils and the consequences could be serious, including the loss of significant amounts of public money, impacts on services and reputational damage.
 - 3** Ultimately, councillors are accountable for scrutinising a council's use of public money. Senior officers have the primary responsibility for ensuring internal controls and risk management operate effectively and that a council's internal auditing function provides a valuable and objective view.
 - 4** Councillors should seek assurances from officers that a rigorous system of internal controls is in place. Scrutiny and audit committees have leading roles, but every committee and councillor has a scrutiny role too.
-

About this report



1. The Accounts Commission aims to help councils improve their use of public money, alongside its role as the local government public spending watchdog. Our *How councils work* (HCW) reports support councils' drive for continuous improvement. We select topics from recurring themes in our Best Value assurance reports; performance audits; the work of councils' external auditors; and our annual overview of local government.

2. Our previous HCW reports have examined:

- [The roles, responsibilities and working relationships of councillors and council officers in achieving Best Value](#)  (2010); and [a follow-up](#)  (2016).
- [The relationships between councils and their arm's-length external organisations \(ALEOs\)](#)  (2011).
- [The value of good-quality cost information in making informed policy decisions and scrutinising performance](#)  (2012).
- [The importance of effective performance management systems](#)  (2012).
- [Good practice in managing councils' major capital investments](#)  (2013).
- [Charging for council services](#)  (2013).
- [Options appraisal](#)  (2014).

3. Scotland's councils face complex, challenging financial pressures. Rising demand for many of the diverse services councils provide must be met despite tightening budgets for numerous services, and significant uncertainty stemming from external factors including the UK's planned withdrawal from the EU.

4. In 2017/18, councils' net revenue expenditure totalled £12.4 billion.¹ If councils could save one per cent by improving their financial management, risk management and internal controls, they could potentially free-up an extra £124 million for providing public services.

5. Scotland's 1,227 councillors have multi-faceted responsibilities and constantly make difficult decisions when prioritising and allocating their council's finite resources.² With so much at stake, it is more important than ever that the impact of their decisions on communities and individuals is transparent and clearly understood. This requires an organisational culture that is open to candid discussions about risks and recognises the importance of scrutinising decisions.³

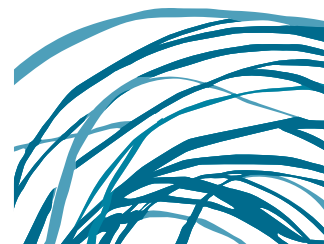
6. This report aims to reinforce the importance of councils having effective internal controls. Although these may have a low profile, they are fundamental to maintaining a council's finances; securing its core values; safeguarding public money; and minimising the reputational impact on a council if things go wrong. In places, anonymised, real-life case studies illustrate the importance of internal controls and the consequences if they fail. Checklists are featured to help councillors and officers assess their council's situation and, where necessary, to identify and plan improvements.

7. The Accounts Commission expects councillors to use this report to ensure that they:

- have a good understanding of the main risks facing their council and how well these risks are being managed
- are assured that appropriate internal controls are in place and, where weaknesses have been identified, effective action is being taken to address them
- are kept aware of the outcome of any significant risk occurring; the failure of internal controls; and what remedial actions are being taken.

Part 1

Internal controls help councils to manage risk



Councils can use internal controls to manage risks

A control is an action taken by management ... to manage risk and increase the likelihood that established objectives and goals will be achieved.⁴

8. A council is responsible for having an effective system of internal controls to safeguard public funds and help secure value for money. A system of internal controls has five main components ([Exhibit 1](#)).

Exhibit 1

Internal control components

The five main components are interdependent.



Control environment

The overall attitude, awareness and actions of councillors and senior officers to control activities and their importance in the council. This includes the high-level structures, culture and values across the council to provide a basis for carrying out internal controls.



Risk assessment process

Risk assessments should be carried out regularly. By identifying and evaluating risks, the council can assess the need for control activities.



Information systems

Councils use these systems (manual and computerised) to record financial transactions and non-financial data; and maintain accountability for related assets, liabilities and equity.



Control activities

Policies and procedures that senior management apply to ensure that their decisions and instructions are implemented; and risks are mitigated (treated) to achieve their objectives.



Monitoring of activities

Ongoing assessment by management of the control system's performance. Communication helps to monitor progress against the council's objectives.

9. Control activities help to ensure council policy is applied, and they can generate feedback on whether intended actions were implemented and achieved their desired objectives. They comprise policies that establish what should be done, and procedures to implement these policies. In addition to the component arrangements for handling risk, five control categories are identified in the International Standards on Auditing, regarding the sorts of areas where risks occur:

- **Authorisation**
 - Officers handle only those processes and transactions that fall within the scope of their role.
- **Physical**
 - The physical security of assets, including adequate safeguards such as secured access to premises and records.
 - The authorisation for access to computer programs and data files.
 - The periodic counting and comparison with amounts shown on control records (for example, comparing the results of cash, security and inventory counts with accounting records).
- **Information processing**
 - Allow data to be processed in a specific way.
 - Application controls, which apply to the processing of individual tasks. Examples include checking the arithmetical accuracy of records, and manual follow-up of computer-generated exception reports.
 - General ICT controls, which are policies and procedures relating to many applications, such as controls that restrict access to computer systems which could change financial information without leaving an audit trail.
- **Performance reviews**
 - Monitoring performance versus budgets, forecasts, and prior period performance; and reviews comparing different data sets.
- **Segregation of duties**
 - Assigning different people the responsibilities of authorising transactions, recording transactions, and maintaining custody of assets. This is intended to reduce opportunities for someone to both perpetrate and conceal errors or fraud.⁵

10. It is the responsibility of officers to develop, implement and maintain reliable controls. Accounting regulations require a council to review, at least annually, the effectiveness of its system of internal controls. The findings from such a review must be considered by the audit committee (or equivalent) before it approves the council's annual governance statement, which is included in its published annual accounts.⁶ The governance statement is where a council reports publicly on the extent to which it complies with its own code of governance, which in turn should be consistent with good governance principles. It should include:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the council's code of governance

- reference to, and assessment of, the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues
- reference to how issues raised in the previous year's annual governance statement have been resolved
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

11. A council's external auditor is required to express a separate opinion in their independent auditor's report on whether:

- the information given in the council's annual governance statement is consistent with its financial statements
- the annual governance statement has been prepared in accordance with the *Delivering good governance in local government: framework 2016*.⁷

Risk management helps to safeguard public money

Risk management is about identifying risks; assessing the impact they will have if they come to pass; the likelihood of that happening and making plans to mitigate, or 'treat', those risks.⁸

12. A council needs to understand its risks before it can manage them, and each council will have its own set of local circumstances, risks and challenges. Councils have some risks in common but their level and how they manifest themselves vary from place to place and over time. Risks can arise or change owing to factors such as: changes in the regulatory or operating environment; recruiting new staff and staff turnover; implementing revamped or new information systems; adopting new technologies; and organisational restructuring. Understanding and proactively acting on risks reduces the likelihood of a council being impacted by adverse events; suffering a policy or service failure; or omitting to benefit from opportunities.

13. The impact of risks can be categorised in various ways and here is one approach for illustration:

- **Compliance** – with laws, regulations and good practice.
- **Finance** – risks to the funding available for providing quality services; and to the council's ongoing financial sustainability.
- **People** – risks to employees' health, safety, wellbeing and morale; and to the organisational culture within services and the council overall.
- **Reputation** – risks to a council overall, its values, councillors and officers.

- **Change** – including risks with major construction projects and a council’s organisational transformation plans.
- **Impact** – including the consequences of bad weather for services, and a council’s responsibility to champion and demonstrate good practice concerning its social responsibilities.

14. A council is responsible for having an effective and appropriate risk-management function.⁹ A good practice approach consistently integrates planning and risk management at corporate and service levels, and helps a council to:

- set and achieve its strategic objectives
- comply with its legal and policy obligations
- ensure the rigour of its decision-making
- prioritise the allocation and use of its finite resources
- deliver high-quality services.

15. A risk management cycle typically has seven steps ([Exhibit 2](#)). An underlying principle is to identify risks and their root causes at the earliest opportunity; assess risks’ potential impact; introduce controls to mitigate (treat) those risks; and continually review the council’s position.

Exhibit 2

Risk management aspects

There are seven key steps.

-  **1 Identify** the risks to the council
 -  **2 Assess** the impact of the results
 -  **3 Assess** the likelihood of the risks occurring
 -  **4 Prioritise** all risks, assessing the principal risks
 -  **5 Identify** how controls can be put in place to help mitigate risks
 -  **6 Monitor** risks and the effectiveness of controls
 -  **7 Report** regularly to senior officers and to councillors
-

A council needs to use one or more risk registers

A risk register is a key document which, together with service performance data and financial information, equips senior officers and councillors with an assessment of a set of issues.¹⁰

16. A risk register supports the identification, assessment and monitoring of risk. It can inform the understanding of trends; drive action planning; and help in sharing good practice across the council. A large, complex organisation like a council is likely to need a strategic, corporate-level risk register; and a more operationally focused risk register for each service and major programme of change or development – such as improvements to the school estate or a major new ICT programme. A risk register can capture where key risks sit and:

- the ownership and responsibility for how each risk will be managed
- the regularity of reports to officers and councillors on the handling of risk
- the basis for periodically updating the council's approach to risk.

17. Once a risk is identified, its significance is assessed in terms of the likelihood of it occurring and, if it occurred, what the consequences would be. Typically, likelihood is categorised on a numerical scale such as one to five, with one being rare and five almost certain. Impact will also be assessed on a similar scale, with one being insignificant and five being severe. Likelihood and impact are multiplied to obtain a single overall risk score between one and 25.

18. Few risks can be avoided altogether but an effective, self-aware risk culture enables councillors and officers consciously to take the right risks in an informed, responsible way. A council that is consistently risk-averse may not be well-placed to benefit from new opportunities. How acceptable a risk is deemed to be will depend on the type of risk involved; may vary among council services; and be influenced by factors such as the sums of money involved, or the potential consequences should the risk materialise.

19. It is for each council to have a clear approach to managing risk and articulating its risk appetite in ways that balance risk and opportunity and reflect the specific and varied nature of risks across different service and policy areas. For example, a council's risk appetite could range between being risk-averse (where the avoidance of risk and uncertainty is a key organisational objective) and risk-hungry (where the council is eager to be innovative and to choose options offering potentially higher rewards, despite greater inherent risk).

20. A council must monitor and control risks. It is important to evaluate each risk's score before and after mitigating action to curb it. Based on a risk's score, there are four options. In picking one, factors to consider include costs, feasibility, probability, and potential impact.

- **Terminate** – avoid the risk altogether by deciding not to proceed with an activity. For example, if a project is very high-risk, it may be prudent to cancel the project altogether or handle it differently.
- **Transfer** – to another person or organisation that bears all or part of the risk. This could mean moving some work to a different type of organisation; working in partnership to share the risk; or taking out insurance.

- **Mitigate** – identify measures to reduce the risk. Risks should be monitored regularly to ensure mitigation measures remain effective.
- **Tolerate** – it is sometimes appropriate to accept and live with a risk, for instance if the cost of mitigating it exceeds the potential benefits.

Internal controls and risk management are increasingly important

21. The outlook is that reductions in funding for councils may increase financial pressures on them, especially in services that are unprotected by funding dedicated to their sole use – such as road maintenance, waste disposal and ‘back-office’ functions such as finance, personnel and ICT services.

22. Further savings will become progressively more important to councils’ financial sustainability but could be increasingly difficult to achieve.¹¹ Sound internal controls are therefore essential for ensuring councils can extract the maximum possible value from their budgets within a tolerable level of risk. Risk is often unavoidable, but it always needs managed actively. The rewards in a well-managed situation can outweigh the risks for individuals, councils and for residents.

Councillor checklist 1



Internal controls and risk management

The following questions may help you to think about internal controls and risk management in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

Internal controls

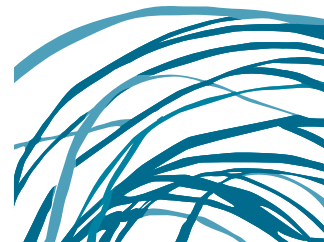
- Do internal controls link with key corporate and service-level risks?
- Do internal controls apply to both financial and non-financial risks?
- Has the council identified the weakest internal controls?
- Are officers improving weak internal controls and minimising the risks they pose?
- Does internal auditing evaluate controls' effectiveness, and report to the audit committee?
- Does the audit committee take appropriate action?
- Does the council publicly review its system of internal controls annually?

Risk management

- Is risk management actively led, supported and promoted by councillors and senior officers?
 - Does the council have an up-to-date, corporate-level, risk management strategy?
 - Does the corporate risk management strategy address the council's risk appetite?
 - Does the council have up-to-date corporate-level and service-related risk registers?
 - Is risk management embedded in business practices at both corporate and service levels?
 - Does systematic evaluation and prioritisation of risks and opportunities lead to timely action?
 - Are key risks and action to mitigate them monitored and reported on throughout the year?
 - Do officers' reports to committees cover both financial and non-financial risks?
 - Is there sufficient, timely training and ongoing support on controls and risk for you and relevant officers?
-

Part 2

Weak controls can have serious consequences



There are signs that standards of internal controls may be strained

23. An effective system of internal controls works to prevent foreseeable problems from happening in the first place. When things do go wrong, symptoms of significant weaknesses in controls can include:

- Major financial transactions are not appropriately scrutinised by councillors.
- Fraud is not prevented by the council's internal controls.
- A risk assessment process is absent, where it would ordinarily be expected.
- The council's risk management process does not identify where risk assessment is ineffective, such as a failure to identify a risk of material misstatement in the annual accounts.
- There is an ineffective response to identified significant risks (for example, an absence of controls over such a risk).
- Previously issued financial statements have had to be reissued to correct a material misstatement due to error or fraud.¹²

24. However, developing and implementing an internal control is not cost-free and implementing increasing numbers of controls may not be helpful or sustainable. Consequently, there are balanced judgements to be struck. The challenge is to consolidate only the most suitable controls into systems and operations.

External auditors report their concerns about controls

25. Through their audit reports and plans, councils' external auditors flag concerns about councils' internal controls as a result, for example, of the trend in reduction of finance staff. Recurring weaknesses are becoming apparent with certain types of controls, particularly those relating to:

- information processing controls, such as for key financial systems
- performance reviews, such as making effective use of computer-generated reports that usefully highlight patterns and exceptions
- segregation of duties, including ensuring that a council officer cannot perform both Human Resources (HR) and payroll functions, and so create fictitious employees; and ensuring an officer cannot both make a purchase from a supplier and arrange the payment for it.

26. Case studies in [Exhibit 3 \(page 16\)](#) illustrate a range of situations where:

- controls worked well
- controls were weak, but problems were averted
- weak controls enabled a problem to occur, but corrective action was taken.

The failure of internal controls can cause numerous problems

Public money can be lost

27. Even where a council's controls are theoretically robust, risks can arise if they are implemented weakly ([Case study 1](#)). Controls need to be applied:

- **consistently** – by all relevant parts of the council and its various services
- **responsively** – in good time, such as when one part of the council relies on being supplied with information by another council function or service
- **sustainably** – without intermittent interruptions in their use.

Case study 1



Overpayments to current and former employees cost a council £21,000

Between April 2015 and February 2018, the council made over 800 salary overpayments totalling approximately £812,000 to a combination of actual and former employees. An eighth of former employees were still paid after leaving the council, usually due to a delay in a department notifying Payroll Services staff that someone had left. Six overpayments exceeded £10,000 and the highest was £15,500. At the time of the external audit, there were no documented procedures for preventing or recovering payroll overpayments. In March 2018, the council issued a Payroll Overpayment Process Guide, which outlined the steps to recover an overpayment of salaries/wages. In April 2018, in conjunction with HR, Payroll Services also issued procedural guidance to managers on avoiding salary overpayments. By March 2018, the council had:

- Recovered around £351,400 of overpayments, taking an average of 101 days, and written off £21,000.
- Recovered 58 per cent of overpayments from actual employees and 27 per cent from former employees.

Source: Audit Scotland

Exhibit 3

Control activity case studies

There are five categories of control activities.

Control activity	Controls worked well
<p>Authorisation controls</p> <p>Officers handle only those processes and transactions that fall within the scope of their role. For example:</p> <ul style="list-style-type: none"> • The purchasing manager evidences authorisation of a purchase requisition through their signature. • The head of HR reviews and signs off the payroll before payments are made to employees. 	<p>Authorisation controls</p> <p>Journal entries are raised and approved by different officers, as appropriate. Each journal entry is supported with back-up detail that enables the authoriser to know the journal entry is correct.</p>
<p>Physical controls</p> <p>Controls over access to files ensure that data is restricted to authorised users; and only changed if permitted. For example:</p> <ul style="list-style-type: none"> • Buildings are secured by keycard locks. • Safes are locked routinely. • Fire and burglar alarms are maintained. • Access to computer servers is restricted. 	<p>Physical controls</p> <p>An officer's access rights to the council's IT network are automatically removed at midnight on the day s/he leaves the council. The system is linked to leaving dates held in the HR and payroll systems. The same process automatically removes access to third parties who have been granted temporary access to the council network. Additionally, inactive computer accounts are automatically disabled after 30 days.</p>
<p>Information processing controls</p> <p>Allow specific data to be processed in a specific way. For example:</p> <ul style="list-style-type: none"> • Application Controls typically apply to the processing of specific types of transactions, such as invoicing customers or paying suppliers. • IT General Controls help ensure the secure, continuing operation of information systems. 	<p>Information processing controls</p> <p>The council purposely tolerates low reported levels of Blue (disabled parking) Badge misuse because pursuing the return of a badge when its holder dies could be insensitive. Instead, the council's Blue Badge team receives updates on deceased customers through the UK-wide 'Tell Us Once' scheme. A person's badge is cancelled through the national Blue Badge system and the local Parking Unit is informed.</p>
<p>Performance reviews</p> <p>Allow management to review information to highlight any exceptions. For example:</p> <ul style="list-style-type: none"> • Senior officers regularly use computer-generated reports that show exceptions to normal patterns. • There are regular reviews of debtors. • Actual spend is compared to the original budget. 	<p>Performance reviews</p> <p>A comprehensive compliance system produces weekly reports on processing activity and accuracy. Reports detail trends in processing errors detected through the quality procedures in place and they report on bank amendment reviews. Reports are also reviewed monthly by the director and the head of accountancy. This approach allows senior management to identify issues with individuals; spot trends, and target staff training.</p>
<p>Segregation of duties</p> <p>Mitigates a risk that people could commit a fraud or error and conceal it. For example:</p> <ul style="list-style-type: none"> • Access to payments and supplier accounts is controlled. • HR staff cannot also access the payroll function. 	<p>Segregation of duties</p> <p>The council introduced a new computer system that integrated the management of HR, payroll, and financial management functions. The risk of fraud was minimised by consulting internal audit at the design stage, and ensuring that officers could not access multiple parts of the computer system, and so arrange to create and pay a fictitious employee.</p>

continued...

Exhibit 3 (continued)

Controls were weak, but problems were averted



Authorisation controls

Documents setting out the council's financial management and governance arrangements referred to superseded structures and roles. Differences between obsolete written procedures and the processes actually being followed meant that controls were weakened, or not fully complied with. The council brought its Scheme of Delegation into line with its revised structure and strengthened its related controls.

Physical controls

There was no formal communication process to ensure access to IT systems was removed promptly when an employee left the council. This generated a risk of fraud or manipulation of systems by former employees. Arrangements are now in place that automatically remove access rights to the council IT network at midnight on the day someone leaves the council. This is linked to leaving dates held by HR and the payroll system.

Information processing controls

Information from a third party suggested an adviser of a consortium delivering a project had falsified claim evidence. This consisted of emails about client activities, which the adviser could edit. Evidence of eligibility of benefits and identification was tampered with. The investigation by the internal audit section prevented payment on the ineligible claims. The adviser resigned. Controls and evidence standards have been tightened, and consortium supervisors have been trained about tampered evidence.

Performance reviews

An exercise to check payroll data with service managers was two years old. Dated and incomplete checks risked undetected payroll errors. Personnel conducted a full verification exercise, but services responded on only 79 per cent of staff. The council further improved its verification of payroll data. Overall, overpayments are now a small percentage of the paybill and are pursued to ensure repayment.

Segregation of duties

Five council officers had access to both the HR and payroll areas of the council's computer system, potentially enabling them to create – and pay – a fictitious new employee. The council is undertaking a comprehensive review and implementing a new 'people manager module' to change some HR staff's access permissions to computer systems.

Weak controls enabled a problem to occur



Authorisation controls

The council approved a new Scheme of Governance including refreshed Financial Regulations. These required purchase orders to contain a contract reference number. Orders for £50,000 or over should be approved by an officer at Head of Service level or above. In one year, 117 orders for £50,000 or over were raised through the council's procurement system. Of these, 73 per cent had neither head of service nor committee approval because of weak application of the control.

Physical controls

Mobile telephones worth £5,400 were stolen from a council store. The door entry system's code was widely known among employees; fire exits were left open; and the phones were not recorded on the council's asset tagging system on delivery. An internal audit review introduced improved controls, including periodic changes to door entry codes, closing fire doors, regular physical checks of stock, and applying the council's asset tagging system.

Information processing controls

Confidential tax forms containing personal data on around 900 actual or former employees were sent to the wrong people. The council apologised to affected people, and reported the breach to the Information Commissioner's Office. The internal audit section found procedures had been in place, but human error had occurred. Remedial actions comprised revised procedures with additional quality assurance.

Performance reviews

An officer diverted £6,000 of school fund income, triggering an internal audit investigation. The fraud was possible because reconciliations and spot checks on accounts and cash balances were not made. The employee denied theft but admitted failing to bank school fund income. A report was made to the Procurator Fiscal. Regular checks and bank reconciliations, signed off by the headteacher, have been introduced by the council to deter a recurrence.

Segregation of duties

A £1.1 million fraud spanning over five years was detected when year-end procedures found that an invoice for £7,000 lacked supporting evidence. A payment had been made to an officer who could insert fake invoices and suppliers' details. Internal audit and Police Scotland found fundamental control weaknesses. The officer was jailed for over five years. All but £19,000 is being recovered, and controls have been improved to help avoid further anomalous payments.

Public money can be lost through corruption or fraud

28. Fraud and corruption can be perpetrated in various ways that can include, for example, fraud or corruption by a council officer or a councillor; a resident attempting to exploit a service; or a fraudster acting alone or in a wider plot. Councils' internal auditing functions routinely share intelligence on actual or potential frauds, enabling them quickly to review the suitability of their own controls. Some councils have teams of officers dedicated to counter-fraud work, and others rely primarily on officers within the internal audit section alone.

29. The National Fraud Initiative (NFI) is a UK-wide, counter-fraud exercise that is conducted every second year and is coordinated in Scotland by Audit Scotland. It uses computerised tools to compare information on people held by different public bodies and on different financial systems. The NFI identifies potential inconsistencies, called 'matches', that suggest potential fraud or error. Examples include matching council tax records to the electoral register, to spot unreported changes affecting a resident's eligibility for a council tax discount.

30. The most recent NFI exercise, on 2016/17, identified £18.6 million of 'outcomes' in Scotland including around £11.9 million among councils ([Exhibit 4, page 19](#)).¹³ An NFI outcome describes the overall amounts for fraud, overpayments and error that are detected by the NFI exercise and an estimate of future losses that it prevents. Examples include housing benefits being stopped or reduced; council tax discounts being reduced or removed; and 'Blue Badges' for parking being stopped or flagged for future checks. High levels of outcomes could be due to increased fraud and error in the system, better detection of fraud and error or poor internal controls. Once an overpayment has been identified, a council can consider how to recover the money involved. The NFI also has an important deterrent effect that cannot be measured.

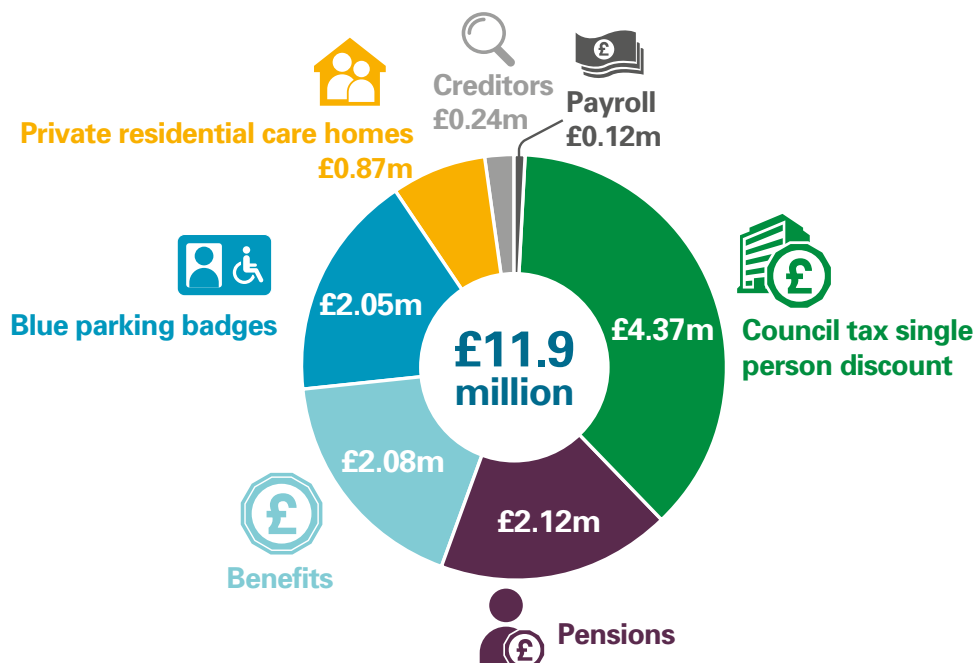
31. Most public bodies take advantage of opportunities provided by the NFI, and Audit Scotland disseminates information on instances of fraud in its quarterly technical bulletins. The frauds they cover have all been facilitated by people exploiting weaknesses in internal controls. Councils could use the NFI and these bulletins to consider promptly whether the same weaknesses apply in their own systems and what the necessary remedial actions may be for them.

32. Councils should ensure they have sufficient capacity in place to prevent frauds; investigate suspicious matches or other problems; and correct errors. It is more cost-effective to invest staff time in deterring or preventing fraud using good internal controls than to take remedial action afterwards. Investigating a fraud can cost a great deal of staff time and prosecuting a fraudster can incur substantial legal costs with no guarantee that the money lost will be recovered. It is for each council to decide how to organise, resource and pursue its fraud work.

Exhibit 4

The results of the 2016/17 National Fraud Initiative in Scottish councils

The NFI identified £11.9 million of 'outcomes' among councils.



These four aspects jointly accounted for 90 per cent of the NFI savings identified in councils



Council tax

People living on their own, or with no countable adults in the household, are eligible for a 25 per cent Single Person Discount.



Pensions

The NFI provides councils that administer pensions with an efficient and effective way of checking that they are paying the right pension to the right people; are not paying pensions to retirees who have died; and take account of people who retired but later returned to work.



Benefits

The NFI helps councils and the UK's Department for Work and Pensions to identify benefit frauds and errors – often caused by undeclared occupational pensions and undeclared public sector employment.



Blue parking badges

People with mobility problems can park for free in certain circumstances. Sometimes, a badge is used or renewed after the badge holder has died. Councils do not always try to recover a deceased person's badge to avoid distressing their family. But councils can ensure a badge is not renewed incorrectly.

These three aspects jointly accounted for ten per cent of the NFI savings identified in councils



Housing

This includes continuing to make payments to a care home for a resident after the person has died.



Creditors

The NFI helps to identify duplicate payments and ensure payments are made only to appropriate creditors.



Payroll

For example, legitimate employees may be in breach of their conditions of service or European Union working time limits; some employees could be working illegally in the UK; a council could inadvertently continue paying a former employee, or overpay a current employee.

Note: Some figures include late outcomes from the 2014/15 NFI work.

Source: Audit Scotland

Weak controls can have many other consequences

33. These can include an impact on:

- confidence in the council's integrity and reliability, including among residents, other public bodies and the council's business partners
- compliance with legislation and regulation, with the potential for costly and time-consuming legal action, such as on public liability matters
- the security of confidential financial, commercial and personal data
- the funding available for providing public services
- specific individuals – for example, if their confidential information is inadvertently published, or their personal safety is jeopardised
- additional external audit work.

Councils have duties to whistleblowers

Whistleblowing is about ensuring that if someone sees something wrong in their workplace, they are able to raise this within their organisation, to a regulator, or wider.

34. The Public Interest Disclosure Act protects employees and other workers who raise concerns about wrongdoing they believe is occurring. An employee must have a genuine and reasonable belief that the wrongdoing is taking place, and also that the disclosure is a matter in the public interest.¹⁴ Where the statutory conditions are met, the employee should be protected from detrimental treatment. Every council should have a whistleblowing policy which complies with the legislation and the Whistleblowing Code of Practice.¹⁵ A council that does not provide a safe whistleblowing route for its officers could discourage employees from raising legitimate concerns, and miss an opportunity to address a problem before it becomes a crisis.

Controls regarding cyber-security are increasingly important

35. Digital technology is becoming central to the way public services are delivered, with scope to improve and transform services and how users interact with public bodies. Citizens' expectations of public bodies' digital services are also rising. However, there is the potential for inadvertent data breaches, and also for malicious cyber-attacks to access and abuse sensitive information on a huge scale. Councils are required to meet high standards of information security and few serious issues have arisen among councils.^{16, 17} Nonetheless, effective internal controls on access to information and its uses remain vital. If a council suffered a serious cyber-attack, the impact could be damaging, sustained, and include:

- interruptions to the provision of public services
- exposure of citizens' money and confidential data to theft and abuse
- financial damage to the council and its commercial partners
- costly remedial work to restore and re-secure computer systems.

Councillor checklist 2



Fraud and corruption

The following questions may help you to think about fraud and corruption in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Does the council have a fraud and corruption strategy for all its business, including its partnerships?
- Have cases of fraud and corruption been identified in each recent year?
- Have there been successful prosecutions for fraud or other criminal behaviour?
- Of the money lost to fraud/corruption, what percentage has been successfully recovered?
- Is the whistleblowing policy monitored for take-up; and are concerns acted upon?
- Are staff and other resources for fraud investigation proportionate to risks that the council faces?
- Are all allegations of fraud or corruption risk-assessed, and investigated accordingly?
- Are fraud alerts and good practice shared among council services in a timely way?
- Are there cost-effective measures for recovering money lost to fraud and corruption?
- Does the council actively take part in the National Fraud Initiative and act on its findings?
- Is comprehensive information on fraud and corruption reported to a relevant committee?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Councillor checklist 3



Consequences of weak controls

The following questions may help you to think about how your council deals with weak controls.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Which services have been most affected by weak controls, and why?
 - Has internal auditing tracked, assessed and reported to a committee on weak controls' impacts?
 - Have consequences of weak controls for ongoing service delivery been assessed?
 - Could the council do more to anticipate longer-term risk trends, such as cyber-crime?
 - Is there sufficient timely training and ongoing support for officers and councillors, including you?
-

Controls have practical limitations

36. Since a council constantly evolves, its officers need a programmed approach that updates existing controls and creates new ones as and when required. Internal controls operate within practical constraints, such as when the cost of introducing and enforcing a control would probably outweigh the impact of something going wrong ([Exhibit 5](#)).

37. The more senior an officer is, the more authority and opportunity s/he is likely to have for inappropriately overriding well-intentioned controls without being detected. However, the annual audit reports on the 2016/17 external audits of councils found no evidence of inappropriate management override of controls.

Exhibit 5

Internal controls

Numerous factors can limit the system of internal controls.



Relevance/obsolescence

Control-related activities or processes can become irrelevant over time as technologies and business needs change. Changes in key personnel could also cause a control to become obsolete.



Cost

Beyond a certain point, the cost of installing or improving a control could outweigh the benefits likely to be gained from applying it.



Collusion

Two or more officers work together to circumvent existing controls for their own purposes. If officers collude to perpetrate a fraud, typically by overriding management controls, it can be difficult for management to detect it.



Human error

There is always a risk of people making genuine mistakes, including in the operation of control activities themselves. The risk can be exacerbated by factors such as a lack of adequate motivation or training, time pressure, an adverse working environment, or excessive workloads.



Unusual or infrequent transactions

Control activities may be less suited to unusual and/or infrequent types of transactions.



Management override

Many processes have a facility to permit a management override function, so there is a risk that this facility could be abused; for example, by inflating reported figures to boost an officer's reputation.

Councils' external auditors evaluate their internal controls annually

In determining whether the auditor has identified one or more deficiencies in internal control, the auditor may discuss the relevant facts and circumstances of their findings with the appropriate level of council management. This discussion provides an opportunity to alert management on a timely basis to deficiencies they may not have been aware of.¹⁸

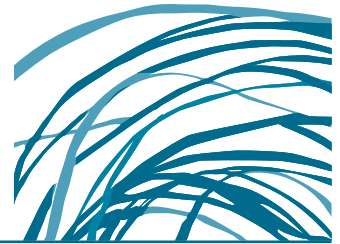
38. International auditing standards require a council's external auditors to report significant deficiencies in internal controls to its audit committee, regardless of whether the deficiencies have been resolved by council management. This is part of the external auditor's responsibility for assessing the suitability and effectiveness of a council's corporate governance and it includes reporting on whether a council:

- has arrangements to ensure systems of internal control work effectively
- can demonstrate the effectiveness of budgetary controls in communicating accurate and timely financial performance information
- has established appropriate and effective arrangements for preventing and detecting fraud and corruption.¹⁹

39. Councils have sound, reliable systems of internal control that work well most of the time but can have weaknesses that could be damaging. It is in a council's interest to invest in internal controls that help reduce the risk of problems materialising and safeguard the resources it can devote to public services.

Part 3

Officers and councillors both have important roles



Councillors are ultimately accountable for councils' use of public money

Councillors and council officers have distinct but complementary roles

40. The full council (comprising all elected councillors) is the governing body of the council and determines the council's policy direction. It is ultimately responsible for ensuring that suitable services are delivered by officers. Councillors are elected to determine policy, and the role of officers is to implement these through day-to-day management of services. Officers advise and serve the whole council, and councillors have a right to expect officers to provide them with advice which is expert, impartial and candid.

41. In practice, councillors' responsibilities include:

- oversight of risk and the system of internal controls
- ensuring public money is spent on the council's intended purposes
- protecting public money from misuse, including fraud and corruption
- ensuring public spending is clearly accounted for, and publicly reported on
- scrutinising the council's operation and performance.

Culture and behaviours are important

42. A national code of conduct applies to all councillors. The Ethical Standards in Public Life etc (Scotland) Act 2000 introduced a framework which required Scottish ministers to issue a code of conduct for councillors. The latest version was introduced in July 2018 by the Standards Commission for Scotland. It sets out a range of principles that councillors must follow, including leadership, honesty, objectivity, stewardship and accountability.²⁰

43. It is important that:

- full council, cabinet, committee and board meetings are held regularly
- there is trust between councillors and senior officers
- councillors and officers recognise and respect their distinct roles
- a culture of openness to challenge helps councillors and officers to recognise the importance of scrutiny; be open to candid discussions about risks and related controls; and promote this culture across the council and the partnerships it is involved in.

Scrutiny works best when officers provide councillors with timely, good-quality information

44. A council should be transparent about its decisions and the quality of the services it provides, so that the public and the council's partners can be confident it is making informed decisions; and safeguarding public money. This involves the council's leadership being open to scrutiny and accountable for their plans and performance. Every councillor – not just those who sit on the council's audit committee, scrutiny committee, or equivalent committees – has a valuable scrutiny role to play at corporate, local area and electoral ward levels.

45. Officers are responsible for providing committees with timely, good-quality reports that inform transparent decision-making by councillors. If a significant issue arises in a long gap between committee meetings, it may be helpful for officers to provide councillors with additional, intervening briefings on material developments. Similarly, councillors may need to be proactive in seeking out further information from officers to assure themselves that they have sufficient knowledge to hand before making a difficult decision.

46. Good councillor-officer working relationships are vitally important. It is mutually beneficial for councillors and officers, especially those in the corporate management team, to nurture constructive working relationships. Coalition and minority administrations are now more common and bring a different dimension to communication within councils. They may require a more nuanced approach that balances different political interests and involves compromises across party lines.²¹

The audit committee has an important role

47. This committee (or the equivalent committee that performs this role) provides the council with independent assurance on the adequacy of the council's governance arrangements; risk management framework; internal control system; and the integrity of financial and non-financial performance reporting.

48. An audit committee must have clear terms of reference that set out its members' independent role in scrutinising the council's decisions, performance and risks.²² The Accounts Commission believes that effective, transparent scrutiny is best achieved when the chair of the committee is not a member of the administration. The chair should provide leadership and critical thinking, and work well with other committee members in scrutinising and challenging the council's work and performance. Committee members need the necessary skills and training to do their job, with ongoing support by officers and access to independent advice.

49. The core functions of an audit committee should include:

- Being satisfied that the council's annual governance statement properly reflects the risk environment and any actions required to improve it, and demonstrates how governance helps achieve the council's objectives.
- Considering the effectiveness of the council's risk management arrangements and its control environment.
- Considering the reports and recommendations of external audit and inspection agencies, along with their implications for governance, risk management or control.

- Reviewing the council's financial statements, the external auditor's opinions and reports to councillors.²³

50. The audit committee's role in relation to internal audit is to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of its auditing processes
- promote its effective use within the council's assurance framework.²⁴

Councillor checklist 4



Audit committee

The following questions may help you to think about the audit committee in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Do audit committee councillors have a clear remit that addresses the latest guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA)?
 - Does the chair of the committee manage committee meetings effectively?
 - Does the chair routinely liaise with the head of internal audit before committee meetings?
 - Do the committee's councillors attend routinely, prepare well and challenge officers appropriately?
 - Does the committee approve internal audit's annual workplan and reports?
 - Can internal audit report to senior officers and the audit committee without fear or favour?
 - Do officers provide committee members with timely, well-written and useful reports?
 - Do internal audit reports set out comprehensively and clearly what needs to improve, and how?
 - Does the committee endorse and track improvements proposed by internal audit?
 - Has the committee identified the top five risks to the council?
 - Is there sufficient timely training and ongoing support for officers and councillors, including you?
-

Councillors should scrutinise risks from partnership working

51. Councils have extensive experience of working closely with diverse organisations. This includes delivering some services through the third and private sectors; and through arm's-length external organisations (ALEOs). It involves partnership working with other public sector bodies such as the NHS and community councils, which have a statutory basis in a council's partnership working too.

52. Changing models of service delivery are bringing more numerous and more complicated partnerships, collaborative ways of working and generating an increasingly complex governance and accountability landscape. On some issues, the centre of gravity in discussion and decision-making is moving away from councils themselves, yet councillors must remain sighted on their duties to their council and their council remains accountable to the local communities it serves.

53. It is therefore increasingly important that councillors and officers have an appropriate level of understanding of their roles and the necessary skills, and are alert to the potential for conflicts of interest. Councillors should expect officers to report to them on the activities, finances and performance of each partnership in achieving its intended outcomes.

Community Planning Partnership

54. Community planning is the process by which councils and other public bodies work with local communities, businesses and voluntary groups to plan and deliver better services and improve the lives of residents. The process is led by 32 Community Planning Partnerships (CPPs), each covering a council's geographical area. Governance and accountability arrangements in CPPs are complex given the range of partners involved, all of whom are accountable to different bodies and are not formally accountable to the CPP board.²⁵ The Local Government in Scotland Act 2003 provided the initial statutory basis for community planning.²⁶ It aimed to:

- enable public bodies to work together to deal with complex, long-term challenges that a single organisation cannot deal with, for example inequalities in health, employability and levels of crime
- involve local communities more in decisions that affect people's lives.²⁷

55. The Community Empowerment (Scotland) Act 2015 introduced new statutory duties for community planning alongside other changes intended to give local people more say in how public services are planned and run.²⁸ The Scottish Government's statutory guidance on community planning places local communities at the heart of public service delivery and clarifies expectations of CPPs.

56. The act compelled councils to work with their statutory community planning partners to produce a jointly owned Local Outcome Improvement Plan (LOIP). A CPP's board is required to ensure its LOIP focuses on achieving priority outcomes for residents. The act also required each CPP to produce individual Locality Plans for specific communities within the CPP's wider geographical area. These are to reflect the views of local communities; focus on addressing local needs; reduce inequalities; and improve outcomes for a locality's residents. An important function of the CPP's board is to share ownership of the LOIP and Locality Plan(s) and manage their implementation.



Community Planning Partnership (CPP)

A statutory forum for the council, NHS and other public and third sector bodies, such as charities and voluntary groups, to work with local communities to plan and deliver better services.

57. In making tough choices about spending their budgets, councils and their CPP partners should liaise with communities about the sustained impact of decreasing council spending on public services and any opportunities for improving services.²⁹ Slow progress or insufficient scrutiny of progress by councillors could risk CPP partners, including the council, falling short of their strategic ambitions and adversely affect the public.

58. Having sound controls within the council for community planning matters will reinforce transparent decision-making and support scrutiny of councils by the public. For its part, the council needs suitable internal controls for managing the risks that it may be exposed to. There are particular risk and control issues associated with community asset transfers, in which communities choose to take responsibility for specific land and buildings from the council. Well-intended residents may lack the council's expertise in financial management, property management and service delivery. The council therefore has a responsibility to conduct due diligence work on the community organisation that would assume responsibility for any transferred asset.

Health and social care integration

59. The Public Bodies (Joint Working) (Scotland) Act 2014 aims to ensure that health and social care services are well integrated, so that people receive the care they need at the right time and in the right setting. The reforms affect everyone who receives, delivers and plans health and care services in Scotland. The Act was intended to help shift resources away from the acute hospital system towards preventative and community-based services. However, there is still a lack of agreement about whether this is achievable in practice.

60. The act requires councils and NHS boards to collaborate in new partnerships, known as Integration Authorities (IAs). The size of IAs varies depending on council boundaries. NHS boards have between one and six IAs within their boundary.³⁰ Of the 31 IAs in Scotland, 30 are Integration Joint Boards (IJBs) and in Highland the NHS board and council each lead integrated services. Clackmannanshire and Stirling councils have created a single IA with NHS Forth Valley. A report produced by Audit Scotland in November 2018 found that:

- numerous IAs have had leadership changes in the past few years
- there is significant variation in the role and remuneration of IAs' chief officers (COs) and chief financial officers (CFOs)
- there is evidence of a lack of support services for IAs, in relation to HR, finance, legal advice, improvement, and strategic commissioning. This will limit the progress that they are able to make
- cultural differences between partner organisations are proving to be a barrier to achieving collaborative working.³¹

61. An IJB is a separate legal entity that is responsible for strategic planning and commissioning of health and social care services across a partnership's area. Membership of the IJB comprises a mix of voting and non-voting members. It includes elected members from the council; non-executive directors from the NHS; and representatives from service users, carers and the voluntary sector. The IJB must appoint a chief officer and finance officer (who may also be chief officer).




Integration authority (IA)

A partnership between a council and the NHS to ensure health and social care services are well integrated, so that people receive the care they need at the right time and in the right setting.

Integration Joint Board (IJB)

A separate legal entity, responsible for strategic planning and commissioning of the wide range of health and social care services across the partnership's geographical area.

A short guide to the integration of health and social care services in Scotland  April 2018

Health and social care integration – update on progress  November 2018

62. A council and NHS board delegate budgets to the IJB, which decides how to use this funding to achieve its objectives. The IJB directs the NHS board and council to deliver public services. In 2017/18, IAs directed £8.9 billion of health and social care resources. IJBs directed £8.3 billion of this, money previously managed separately by councils and NHS boards. In total, 29 per cent (£2.4 billion) of IJB funding was allocated from councils and £5.9 billion (71 per cent) from the NHS.³²

63. The scale and complexity of ongoing organisational change; significant financial and demographic pressures; and the level of resources involved make it imperative that councils, NHS boards and IAs have rigorous systems of risk management and internal control. It is important that risk management and assurance arrangements apply across IAs and their health and social care partners so that risks from delegated services are regularly monitored.

64. With partnership working increasing in scope and complexity, the corresponding nature of evolving controls may itself pose a risk to effective oversight and scrutiny by councillors and a council's senior officers. A councillor who sits on an IJB needs to be clear about the expectations of their role and alert to scope for conflicts of interest between their council and its partners.

Arm's-length external organisations

65. These organisations (ALEOs) have been established by many councils to deliver services traditionally provided by a council itself, such as leisure centres and parks. Councillors have a leadership role in the options appraisal process that makes the case for establishing an ALEO at the outset. For example:

- Have officers provided councillors with all the information they need to make informed decisions about risks and benefits?
- Is the risk of failure so high that risks are better managed in-house?
- Are the likely benefits of options other than ALEOs outweighed by their implementation costs?
- Are there opportunities to share risks and benefits with partner bodies?³³

66. ALEOs can bring financial and operational benefits, with more potential for innovation but also considerable risks. Once an ALEO is operating, councillors need to oversee its financial and service performance; financial sustainability; associated risks; and seek assurance from council officers that suitable controls are in place for managing these risks. Risks include a potential conflict of interest where a councillor sits on an ALEO's board, especially should it encounter financial difficulties.

67. Oversight, accountability and good management are essential. In managing their links with ALEOs, councils should continue to apply the statutory code of practice on Following the Public Pound and annually review the governance arrangements for its links with major ALEOs.³⁴ It is also councillors' responsibility to decide whether an ALEO remains the optimum way of providing a service or whether there are other valid options, such as bringing a service back in-house.



Arm's-length external organisation (ALEO)

A separate organisation that is established by a council to provide services on its behalf.

Councils' use of arm's-length organisations 
May 2018

City region and growth deals

68. These are agreements between the UK Government, Scottish Government, and councils' other regional partners. They are intended to help deliver long-term strategies that improve regional economies. Each deal is specific to its region and can include measures relating to issues such as housing, transport, infrastructure and culture. They provide regions with the opportunity to set their own priorities and decide where to target investment, through programmes agreed among a deal's partners. In return, the UK Government and Scottish Government contribute funding for Scotland's six City Region deals ([Exhibit 6](#)). Deals differ in their stage of development and funding arrangements.

69. Some councils participating in city region or growth deals may risk gaps between their income and spending in future years, which could threaten their financial sustainability if risks are not managed carefully. So it is important for councillors to:

- ensure their council has clear, effective governance arrangements that underpin partnership working with other organisations in the deal – whether they are in the public, private or third sectors
- ensure council officers are managing suitable internal controls that help to identify and manage risk
- scrutinise the impact of borrowing on their council's revenue expenditure commitments, such as the costs and durations of loan repayments.



City region deal

An agreement between the UK Government, Scottish Government and one or more councils to invest in cities and their regions.

Exhibit 6

City region deals and growth deals

There are deals across Scotland.

Geography	Deal type	Participating Scottish councils
Aberdeen City	City region deal	Aberdeen City, Aberdeenshire
Argyll and Bute	Growth deal	Argyll and Bute
Ayrshire	Growth deal	East Ayrshire, North Ayrshire, South Ayrshire
Borderlands	Growth deal	Dumfries and Galloway, Scottish Borders
Edinburgh and South-East Scotland	City region deal	East Lothian, City of Edinburgh, Fife, Midlothian, Scottish Borders, West Lothian
Falkirk	Growth deal	Falkirk
Glasgow City	City region deal	East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire
Inverness and Highland	City region deal	Highland
Islands	Growth deal	Eilean Siar (Western Isles), Orkney, Shetland
Moray	Growth deal	Moray
Stirling and Clackmannanshire	City region deal	Clackmannanshire, Stirling
Tay Cities	City region deal	Angus, Dundee City, Fife, Perth and Kinross

Note: Fife Council and Scottish Borders Council are each involved in two deals. Three English councils are also involved in the Borderlands growth deal: Carlisle City Council, Cumbria County Council and Northumberland County Council.

Source: Scottish Government, City region deals, Growth deals

Councillor checklist 5



Partnership working

The following questions may help you to think about partnership working in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Do the council's governance and internal controls mitigate partnerships' risks to the council?
- Does the council have risk registers concerning its various partnerships?
- What resources (such as staff, buildings and money) does the council contribute to partnerships?
- Does each partnership have a clear purpose and explicit, outcome-based objectives?
- Are governance arrangements for each partnership clear, documented and fit for purpose?
- Does the council apply the code of practice on 'Following the Public Pound' to each arm's-length external organisation?
- Does the council have sound reasons for having a representative on a partnership's board?
- If you sit on a partnership's board, do you appreciate what is required of you and the linked risks?
- Is there good-quality, transparent and publicly accessible performance information?
- Are concerns about risks posed by partnerships escalated suitably within the council?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Councils need to invest in councillors' personal development

70. One of the Accounts Commission's strategic audit priorities is that councillors and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.³⁵ The Scottish public has high expectations of councillors and officers and how well they should conduct themselves in undertaking their council duties. They should meet those expectations by ensuring that their conduct is consistently above reproach.³⁶ The Accounts Commission has published a number of reports that could be useful to councillors, including:

- [*Roles and working relationships: are you getting it right?*](#) , 2010; and [*Follow-up messages for councils*](#)  in 2016.
- [*Arm's-length external organisations \(ALEOs\): are you getting it right?*](#) , 2011.
- [*Social work in Scotland*](#) , September 2016.

71. Following a local government election, a good induction process is valuable for all councillors. Some councillors may need additional, tailored support on a specific topic or skill, such as their role on an audit committee or planning committee; their position as a board member of an IJB or ALEO; the type of finance involved; or the potential impact of a decision on a group of service clients.

72. Councillors need sustained, ongoing continuing professional development (CPD) that builds on their knowledge and experience; is tailored to their roles; and relates to the expertise they need for making transparent, defensible decisions about safeguarding public money. Long-serving councillors can also benefit from investing time and effort in their ongoing CPD, not least because technology, the council's operating environment, its financial situation and the risks it faces all evolve constantly. Councillors should be involved in developing their council's CPD programme so that it best meets their future needs.

Councillor checklist 6



Councillors' continuing personal development

The following questions may help you to think about the personal development opportunities in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- After the last election, was the general induction programme for councillors successful?
 - Do officers give you good support on knowledge topics (such as internal controls)?
 - Do officers give you good support on personal skills (such as chairing meetings)?
 - Do you fully understand your roles and duties at council, cabinet, committee and ward levels?
 - Have you made good use of the Improvement Service's support and publications?
 - Do you have a personalised CPD programme?
 - Do you actively participate in, and benefit from, the support made available to you?
 - Do officers monitor and understand councillors' take-up of training and development?
 - Where you do not engage fully in training and development, how could officers help more?
 - Does CPD for councillors help you to be effective in your governance and scrutiny roles?
-

Officers are responsible for delivering council policy and managing services

73. Each council must have these four 'statutory officers', who all have specific duties and discharge their role as part of their wider responsibilities in the council:

- Head of paid service³⁷
- Chief financial officer³⁸
- Monitoring officer³⁹
- Chief social work officer.⁴⁰

74. These officers have an important, independent role in promoting and enforcing good governance; ensuring councils comply with legislation; overseeing the council's key controls; managing risk, and ensuring the delivery of council services. Statutory officers must have sufficient influence and experience to undertake their roles. Cohesive, effective corporate management depends on postholders in these roles having the necessary status and capacity within their council.

75. To ensure that councillors are clear on the purpose of these roles, a council's scheme(s) of delegation should set out what they involve and why they are important. The role of statutory officers should feature in induction schemes for all newly elected councillors. Councillors and committees should know when to seek assurance from these officers so that their council operates legally and responsibly.⁴¹

Head of paid service

76. This officer, usually called the chief executive, is responsible to councillors for the staffing and smooth running of the council and for ensuring the work of its various services is coordinated. S/he must ensure the other statutory officers have sufficient influence and scope to conduct their roles. For example, this could mean them being in, or attending, the corporate management team.

77. Councillors and the chief executive may need to balance the benefits of including all statutory officers as full members of the corporate management team against the potential merits of a slimmer, potentially cheaper, management structure – but one that may risk appearing to devalue the role of certain officers or complicate lines of communication among officers and councillors.

78. The chief executive has a complex, multi-faceted role that blends relatively clear accountability to councillors for the operational management of the workforce and service delivery with an important involvement in diverse partnership working over which s/he will have influence but perhaps limited direct authority. This situation provides some context to the council's need for a dynamic, evolving approach to risk management and the linked controls which are necessary.

Chief financial officer

79. The chief financial officer (CFO) has a key role to play in balancing control and compliance with value creation and performance. Better value for money releases resources that can be recycled into higher priorities without increasing taxation. Helping to secure positive social outcomes within affordable funding therefore lies at the heart of the CFO's role.⁴²

80. The CFO (often called the Section 95 or s95 officer) underpins sound corporate management and ideally sits on the corporate management team. To deliver on their responsibilities, the CFO must manage a finance function that is sufficiently resourced and professionally qualified ([Exhibit 7](#)).

Exhibit 7

The role of the chief financial officer

The postholder is responsible for the proper administration of the council's finances.



In a public service organisation the chief financial officer:

is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.

must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy.

must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded always and used appropriately, economically, efficiently and effectively.



To deliver these responsibilities the chief financial officer:

must lead and direct a finance function that is resourced to be fit for purpose.

must be professionally qualified and suitably experienced.

Source: Chartered Institute of Public Finance and Accountancy

81. The Local Authority Accounts (Scotland) Regulations 2014 impose responsibilities on the CFO about accounting records and supporting information; control systems; and annual accounts – which, in Scotland, include the financial statements and annual governance statement.⁴³ Also, the CFO needs to assure themselves and councillors that decisions made by the council will be affordable. In practice, many of the CFO's day-to-day responsibilities are delegated or outsourced but the CFO should retain oversight and overall control, and have sufficient access to the corporate management team.

82. The CFO helps to safeguard public money by:

- Applying strong controls in all areas of financial management, risk management and asset control.
- Implementing effective systems of internal control that include standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.
- Ensuring that the council has effective arrangements for internal auditing of the control environment and systems of internal control, as required by professional standards in line with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.⁴⁴
- Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.
- Applying discipline in financial management, including appropriate segregation of duties.
- Implementing suitable measures to prevent and detect fraud and corruption.
- Ensuring that any partnership arrangements are underpinned by clear and well-documented internal controls.⁴⁵

Monitoring officer

83. In essence, the monitoring officer (MO) ensures that the council operates properly. Their work includes reporting on the legality of matters; on potential maladministration; and the conduct of councillors and officers. The MO should contribute to the promotion and maintenance of high standards of conduct by providing advice and support to councillors on the interpretation and application of the Councillors' Code of Conduct.⁴⁶ Councillors and senior officers should send clear signals to the workforce about how people should behave and interact.

84. The Accounts Commission has found through its Best Value work that in some cases the MO role can be undermined because of a lack of trust and respect between councillors and officers.⁴⁷ It may be difficult for the MO to challenge the behaviours of senior officers or councillors. The MO might need to judge carefully both how to act and when, since intercepting potential problems quickly can help prevent, deter or resolve unhelpful behaviour before they become more serious.⁴⁸

Chief social work officer

85. This officer (CSWO) must be a qualified social worker; registered with the Scottish Social Services Council; and of sufficient seniority and experience in both the strategic and operational management of social work services.⁴⁹ Often, a CSWO is also responsible for the delivery of services such as adult social care, children's services or criminal justice social work. The CSWO provides officers and councillors with professional advice on social work and social care services, and discharges specific duties on the council's behalf.^{50, 51, 52}

86. The CSWO's role has diversified significantly in recent years, and is becoming more difficult to fulfil within integrated partnership arrangements. A council's partnership with the NHS is typically through an Integration Joint Board which oversees the delivery of integrated health and social care services, and carries risks that include financial matters and risks to the health and wellbeing of service clients. In health and social care, an important control can be oversight of permission to access information on vulnerable people, and in which circumstances. Such risks require corresponding internal controls within the council. Councillors need to ensure that the CSWO has the status, capacity and access (to other statutory officers and councillors) to enable them to fulfil their statutory responsibilities to the council effectively.

Chief education officer

87. There is currently no legal requirement for councils to have a post named the chief education officer because the relevant legislation has not been implemented.⁵³ Nonetheless, many councils have an officer who is their lead officer for their education service, called the director of education or similar, either as part of the corporate management team or perhaps at a lower level where large departments span multiple services.

88. With education typically accounting for a large share of a council's expenditure, it is important for the head of the education service to not only have a strong professional knowledge of education but also a solid understanding of financial management; to liaise closely with the corporate finance function; and have oversight of the large share of the service's budget that is delegated to individual schools.

89. In addition, some Scottish Government funding streams are outwith the core local government finance settlement and are allocated to councils for specific purposes. For example, the Scottish Government's budget for 2019/20 includes £62.0 million of Attainment Scotland Fund to provide councils and schools with additional means to provide targeted literacy, numeracy, and health and wellbeing support for children and young people in greatest need.⁵⁴

90. The chief education officer has responsibility for the education service having rigorous internal controls. These could include processes for ensuring that changes in staffing are passed quickly and accurately to the corporate payroll function, and that schools operate within the education service's scheme of devolved school management. Should controls at school or service-level go awry and result in money being defrauded or misspent, there is the potential for substantial consequences for numerous schoolchildren; shortfalls in compliance with national requirements; and reduced funds available for spending by other council services.

Officers who manage a service need to understand its inherent risks

91. Officers require a thorough understanding of how a service is provided; what its costs are; who the service users and other stakeholders are; and exercise ownership of the internal controls that regulate business management of the service and its associated risks.

92. Depending on their role and position in the council, officers may need a suitable level of understanding of finance, risks and controls. Council services need a joined-up approach both vertically – so that an individual service and overall corporate management share the same perspective on risk – and horizontally – so that different services across the council follow the same overall approach to risk.

93. However, there are indications from the independent external audit of councils that incremental budget cuts over successive years, combined with recruitment challenges, may have eroded the capacity of councils' back-office functions – including aspects such as financial management and risk management. This could make financial management riskier and underline the importance of sound controls being in place to contain and manage these risks.

Councillor checklist 7



Statutory officers and chief education officer



The following questions may help you think about the statutory officers and chief education officer.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Are the roles of these officers clearly set out in the council's governance documents?
 - Do these officers sit on the corporate management team, or have ready access to it?
 - Are these officers sufficiently resourced to discharge their roles and responsibilities?
 - Do these officers have the influence needed for ensuring the council operates effectively?
 - Do councillors and committees understand how and when to consult these officers?
 - Do these officers give helpful, timely, impartial support to councillors and other officers?
 - Do these officers have a constructive relationship with the senior management team?
 - Do you have confidence in your council's key officers?
 - Is there sufficient timely training and ongoing support for officers and councillors, including you?
-

Internal auditing helps evaluate and improve how well things work

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps a council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.⁵⁵

94. Audit and scrutiny are both important, but their distinction can be unclear. Generally, scrutiny asks whether the council is doing the right thing, and it questions policy proposals and the performance and quality of services. Audit examines the regularity of governance and financial management, including how well the council has applied its resources to achieve its objectives.

95. Accounting regulations compel councils to operate a professional and objective internal auditing service.⁵⁶ The service brings a valuable, independent scrutiny activity. Its remit can extend beyond the council to scrutiny of the council's involvement in partnerships and alternative service delivery models, such as ALEOs. The CFO must secure and support internal auditing arrangements and ensure that the council's audit committee (or the committee with this role) receives the advice and information necessary for both functions to operate effectively.⁵⁷ There are four main types of internal auditing work ([Exhibit 8, page 39](#)).

96. Key features are that internal auditing:

- operates independently of the day-to-day running of the council
- provides a service to all levels of the council
- objectively assesses operations' effectiveness, efficiency and value for money
- forms an integral part of the framework of business controls.

97. It is important for the officer who leads the internal auditing function to have unrestricted, 'open door' access to the chief executive. This enables internal auditing staff to bring problems directly to the attention of the council's most senior officer, if necessary. In addition, the arrangement equips the chief executive with objective, independent information on the operation of the council and an early warning system regarding potentially serious issues. However, it is not necessary for the chief executive to be the line manager of the head of internal auditing.

98. Internal and external audit have different but complementary roles. A council's external auditor is appointed by the Accounts Commission and is wholly independent of the council. By contrast, a council appoints its own internal auditing function, which may be provided by:





- An in-house function serving one council – which is still the norm.
- An in-house function serving two or more councils – Aberdeen City and Aberdeenshire; Clackmannanshire and Falkirk; Midlothian and Scottish Borders.
- Co-sourcing – where an in-house team is supplemented by a private firm.

- A private firm appointed by the council – no Scottish councils at present.
- In addition to these arrangements, Glasgow City Council provides services to several organisations.

Exhibit 8

Types of internal auditing work

The work helps to safeguard public money, as illustrated by this sample of scenarios.

Type	Explanation	Scenario
Systems 	<p>This is the review and evaluation of the manual and computer systems by which an organisation regulates and controls its activities. The internal audit section would evaluate the design of controls to conclude on their effectiveness and efficiency; and test their application to ensure users have been following procedures as intended.</p>	<p>Internal audit reported to the audit committee before, during and after a major new computer system was introduced to integrate previously disjointed systems. This approach gave assurance on the new computer system's controls from an early stage.</p>
Contracts 	<p>This can involve a review of any area of activity regarding a high-value and potentially high-risk contract, such as for care-at-home services or the construction of a new building.</p>	<p>Internal audit reported to the audit committee on the council's compliance with legislation; national guidance; council policy and internal controls regarding the procurement of a new nursery school.</p>
Investigations 	<p>Internal audit can be called on to investigate internal or external fraud, operational losses, breaches of security, or where customers have raised serious concerns with senior management. Other investigation work includes due diligence assessments.</p>	<p>Internal audit supplemented its annual summary report on fraud to the audit committee with a report that focused on a serious case of corruption. Internal audit recommended the upgrading of preventative controls in future.</p>
Regularity or compliance 	<p>Inspection is the continuous, periodic examination of procedures and transactions to ensure they comply with an established set of instructions. This type of internal auditing does not necessarily consider the appropriateness of procedures, simply that they are followed.</p>	<p>Internal audit reported to the audit committee on the system for paying grants to local community bodies, including the extent to which claimants and officers followed proper procedures and claimants submitted valid or falsified evidence. Internal audit identified scope for strengthening controls in future.</p>

Source: Audit Scotland, Financial Reporting Council

99. Internal auditing is an important link in a council's system of internal control. The purpose, authority and responsibility of internal auditing may be defined in its Audit Charter.⁵⁸ It must provide an annual opinion on the state of the council's arrangements in relation to governance, risk management and internal control. It may also carry out advisory and consulting work, where the aim is to support management in improving systems and controls.

100. Internal auditors in the public sector follow the Public Sector Internal Audit Standards (PSIAS), which have been mandatory since 2013. The scope and volume of internal auditing activity in a council is a matter for its management and those responsible for its governance.⁵⁹ However, the PSIAS require that the head of internal auditing communicates its plans and resource requirements, including significant interim changes, to senior management for review and approval. A council must assess the efficiency and effectiveness of its internal auditing service, and the findings should be considered by the audit committee as part of its annual review of internal controls.

101. The head of internal auditing must communicate the impact of resource limitations. Where s/he believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of 'the board' – which, in a council, is normally the audit committee or its equivalent ([Exhibit 9](#)).

Exhibit 9

Recommended audit committee practice for effective internal audit oversight.

The audit committee has a range of responsibilities

- ✔ Take responsibility for the provision of internal audit, including how it is provided.
- ✔ Assess and approve the internal audit charter (terms of reference) and review it regularly.
- ✔ Ensure a close working relationship with the head of internal audit.
- ✔ Assess the resourcing of the internal audit function.
- ✔ Monitor the quality of internal audit work, whether in-house or externally sourced.
- ✔ Evaluate, approve and regularly review the risk-based annual internal audit plan.
- ✔ Oversee the relationship between internal audit and centralised, corporate risk monitoring.
- ✔ Ensure the collective assurance roles of internal audit, other internal assurance providers and external audit, are coordinated and optimised.
- ✔ Assess internal audit findings and the breadth and depth of internal audit reports.
- ✔ Monitor management's implementation of internal audit's recommendations.

102. The internal auditing function can find itself operating in a challenging organisational environment. It is vital for it to be independent of activities it examines, so that it can give impartial, unbiased judgements to councillors. However, there are benefits from internal auditing advising on building in suitable systems and controls at a project's outset. There are risks that internal auditing:

- lacks the staffing capacity it needs – in the context of councils becoming more complex and especially in small or remote councils, where staff recruitment and retention may be more challenging
- lacks a credible voice in the council – perhaps through the head of internal auditing not being able to express concerns directly to the chief executive or audit committee, or in an organisational culture reluctant to hear bad news
- lacks impact when it escalates its concerns – such as when high priority recommendations are not being implemented wholly and promptly.

103. External and internal auditors liaise on their respective audit roles. The external auditor considers the extent to which s/he can rely on the work of internal audit. This cooperation aims to promote good working relationships, and to minimise unnecessary duplication of effort.

Councillor checklist 8



Internal auditing function

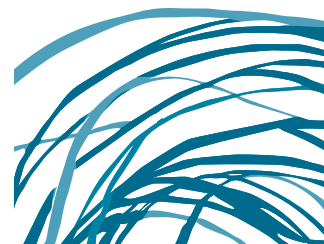


The following questions may help you to think about internal auditing in your council.


Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

- Does internal auditing (IA) follow Public Sector Internal Audit Standards and other reputable guidance?
 - Is IA objective; free from undue influence; and independent in its thinking, work and reports?
 - Is IA suitably located in the council's structure?
 - Is IA sufficiently resourced to recruit, retain and develop the staff it requires?
 - Is IA free of operational responsibilities that could risk compromising its independence?
 - Is IA's work aligned with the council's strategies, objectives and risks?
 - Does IA give senior officers and councillors clear, timely, objective, risk-based assurance?
 - Does the head of IA have unrestricted access to the chief executive?
 - Does the head of IA give committees the information they need to make informed decisions?
 - Is there sufficient timely training and ongoing support for officers and councillors, including you?
-

Endnotes

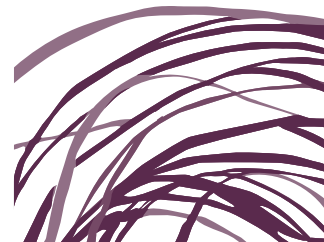


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Appendix

Summary of checklists for councillors



The following questions may help you to think about internal controls and risk management in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

Checklist 1. Internal controls and risk management

- Do internal controls link with key corporate and service-level risks?
- Do internal controls apply to both financial and non-financial risks?
- Has the council identified the weakest internal controls?
- Are officers improving weak internal controls and minimising the risks they pose?
- Does internal auditing evaluate controls' effectiveness, and report to the audit committee?
- Does the audit committee take appropriate action?
- Does the council publicly review its system of internal controls annually?
- Is risk management actively led, supported and promoted by councillors and senior officers?
- Does the council have an up-to-date, corporate-level, risk management strategy?
- Does the corporate risk management strategy address the council's risk appetite?
- Does the council have up-to-date corporate-level and service-related risk registers?
- Is risk management embedded in business practices at both corporate and service levels?
- Does systematic evaluation and prioritisation of risks and opportunities lead to timely action?
- Are key risks and action to mitigate them monitored and reported on throughout the year?
- Do officers' reports to committees cover both financial and non-financial risks?
- Is there sufficient, timely training and ongoing support for you and relevant officers?

Checklist 2. Fraud and corruption

- Does the council have a fraud and corruption strategy for all its business, including its partnerships?
- Have cases of fraud and corruption been identified in each recent year?
- Have there been successful prosecutions for fraud or other criminal behaviour?
- Of the money lost to fraud/corruption, what percentage has been successfully recovered?
- Is the whistleblowing policy monitored for take-up; and are concerns acted upon?
- Are staff and other resources for fraud investigation proportionate to risks that the council faces?
- Are all allegations of fraud or corruption risk-assessed, and investigated accordingly?
- Are fraud alerts and good practice shared among council services in a timely way?
- Are there cost-effective measures for recovering money lost to fraud and corruption?
- Does the council actively take part in the National Fraud Initiative and act on its findings?
- Is comprehensive information on fraud and corruption reported to a relevant committee?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 3. Consequences of weak controls

- Which services have been most affected by weak controls, and why?
- Has internal auditing tracked, assessed and reported to a committee on weak controls' impacts?
- Have consequences of weak controls for ongoing service delivery been assessed?
- Could the council do more to anticipate longer-term risk trends, such as cyber-crime?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 4. Audit committee

- Do audit committee councillors have a clear remit that addresses the latest guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA)?
- Does the chair of the committee manage committee meetings effectively?
- Does the chair routinely liaise with the head of internal audit before committee meetings?
- Do the committee's councillors attend routinely, prepare well and challenge officers appropriately?
- Does the committee approve internal audit's annual workplan and reports?
- Can internal audit report to senior officers and the audit committee without fear or favour?
- Do officers provide committee members with timely, well-written and useful reports?
- Do internal audit reports set out comprehensively and clearly what needs to improve, and how?
- Does the committee endorse and track improvements proposed by internal auditing?
- Has the committee identified the top five risks to the council?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 5. Partnership working

- Do the council's governance and internal controls mitigate partnerships' risks to the council?
- Does the council have risk registers concerning its various partnerships?
- What resources (such as staff, buildings and money) does the council contribute to partnerships?
- Does each partnership have a clear purpose and explicit, outcome-based objectives?
- Are governance arrangements for each partnership clear, documented and fit for purpose?
- Does the council apply the code of practice on 'Following the Public Pound' to each arm's-length external organisation?
- Does the council have sound reasons for having a representative on a partnership's board?
- If you sit on a partnership's board, do you appreciate what is required of you and the linked risks?
- Is there good-quality, transparent and publicly accessible performance information?
- Are concerns about risks posed by partnerships escalated suitably within the council?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 6. Councillors' continuing personal development

- After the last election, was the general induction programme for councillors successful?
- Do officers give you good support on knowledge topics (such as internal controls)?
- Do officers give you good support on personal skills (such as chairing meetings)?
- Do you fully understand your roles and duties at council, cabinet, committee and ward levels?
- Have you made good use of the Improvement Service's support and publications?
- Do you have a personalised CPD programme?
- Do you actively participate in, and benefit from, the support made available to you?
- Do officers monitor and understand councillors' take-up of training and development?
- Where you do not engage fully in training and development, how could officers help more?
- Does CPD for councillors help you to be effective in your governance and scrutiny roles?

Checklist 7. Statutory officers and chief education officer


- Are the roles of these officers clearly set out in the council's governance documents?
- Do these officers sit on the corporate management team, or have ready access to it?
- Are these officers sufficiently resourced to discharge their roles and responsibilities?
- Do these officers have the influence needed for ensuring the council operates effectively?
- Do councillors and committees understand how and when to consult these officers?
- Do these officers give helpful, timely, impartial support to councillors and other officers?
- Do these officers have a constructive relationship with the senior management team?
- Do you have confidence in your council's key officers?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 8. Internal auditing function

- Does internal auditing (IA) follow Public Sector Internal Audit Standards and other reputable guidance?
- Is IA objective; free from undue influence; and independent in its thinking, work and reports?
- Is IA suitably located in the council's structure?
- Is IA sufficiently resourced to recruit, retain and develop the staff it requires?
- Is IA free of operational responsibilities that could risk compromising its independence?
- Is IA's work aligned with the council's strategies, objectives and risks?
- Does IA give senior officers and councillors clear, timely, objective, risk-based assurance?
- Does the head of IA have unrestricted access to the chief executive?
- Does the head of IA give committees the information they need to make informed decisions?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?



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ISBN 978 1 911494 83 6

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**ARGYLL & BUTE COUNCIL
CUSTOMER SERVICES
STRATEGIC FINANCE**

AUDIT and SCRUTINY COMMITTEE

18 June 2019

REVIEW OF CODE OF CORPORATE GOVERNANCE

1. EXECUTIVE SUMMARY

- 1.1. This report advises that the Council's Governance Group has reviewed the action plan for 2018/19 and updated the content of the local code of corporate governance to reflect the governance position within the Council for 2018/19.
- 1.2. The Governance Group has prepared an action plan for 2019/20.
- 1.3. The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2018/19.

2. RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee note the updates in the Action Plan for 18/19
- 2.2 The Audit and Scrutiny Committee approve the content of the revised Code of Corporate Governance for 2018/19
- 2.3 The Audit and Scrutiny Committee approve the content of the Action Plan for 2019/20
- 2.4 The Audit and Scrutiny Committee approve the draft statement of governance and internal control for 2018/19

REVIEW OF CODE OF CORPORATE GOVERNANCE

1. INTRODUCTION

This report advises that the Council's Governance Group has reviewed the content of the local code of corporate governance to reflect the governance position within the Council for 2018/19. The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2018/19. The Governance Group has prepared an action plan for 2019/2020.

2. RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee note the updates in the Action Plan for 18/19
- 2.2 The Audit and Scrutiny Committee approve the content of the revised Code of Corporate Governance for 2018/19
- 2.3 The Audit and Scrutiny Committee approve the content of the Action Plan for 2019/20
- 2.4 The Audit and Scrutiny Committee approve the draft statement of governance and internal control for 2018/19

3. DETAIL

- 3.1 CIPFA and SOLACE published a revised Framework for 'Delivering Good Governance in Local Government' in 2007. The Framework was intended to define the principles that should underpin the governance of local authorities and provides a structure to assist authorities with their own approach to governance. The Framework took the six core principles, from the 'Good Governance Standard for Public Services' (2004), and adapted these principles for local government, identifying eighteen supporting principles.
- 3.2 The Council's Governance Group 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 or is necessary.

The Governance Group is of the view that the actions on the action plan for 18/19 (appendix 1) have been progressed.

The Governance Group includes:

- Head of Strategic Finance (s95 Officer);
- Head of Improvement & HR;
- Head of Governance and Law;
- Governance and Risk Manager;
- Chief Internal Auditor.

3.3 The six core principles contained in the local code are;

Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Members & Officers working together to achieve a common purpose with clearly defined functions and roles

Promoting values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Developing the capacity and capabilities of members and officers to be effective

Engaging with local people and other stakeholders to ensure robust public accountability

The revised code (appendix 2) includes links to the evidence demonstrating compliance with these six core principles.

3.4 The review of the effectiveness of the system of governance and internal control is informed by the:

- Work of Officers within the Council;
- Work of External and Internal Audit;
- Statements of Governance or Internal Control provided by external bodies;
- External review and inspection reports; and
- Recommendations from the Audit and Scrutiny Committee

3.5 It is recommended that the Audit and Scrutiny Committee approve the revised code of Corporate Governance for 2018/19 (appendix 2), the action plan 19/20 (appendix 3) and the draft statement of governance and internal control for 2018/19 (appendix 4).

4. CONCLUSION

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

POLICY In line with SORP and recommended practice

FINANCIAL None

HR None

LEGAL Monitoring Officer statutory role, remit includes governance

EQUALITIES None

RISKS None

CUSTOMER SERVICE None

Douglas Hendry
Executive Director – Customer Services

For further information please contact:
Iain Jackson, Governance and Risk Manager
01546 604188

Appendices

Appendix 1 - Updated action plan for 18/19

Appendix 2 - Revised code of corporate governance 18/19

Appendix 3 - Action plan for 19/20

Appendix 4 - Draft statement of governance and internal control 18/19

Argyll and Bute Council – Corporate Governance Action Plan 2018/2019 Update

Ref	Local Code	Actions to achieve compliance	Success measures	Key dates	Lead	Ref.
CG-1	Make a senior officer (the Section 95 Officer) responsible to the authority for ensuring that appropriate advice is given for all financial matters, for keeping proper financial records and accounts, and for maintaining effective systems of internal financial control.	Implementation of new capital monitoring processes and a revised capital prioritisation process	Processes approved and in place Update - Work to develop a revised capital monitoring process is ongoing. This is scheduled to be implemented in October 2019 and will be reviewed by Internal Audit in early 2020	31 March 2019	Chief Executive/ Head SF	2.2.3
CG-2	Develop and maintain an effective scrutiny function which encourages constructive challenges and enhances the authority's performance overall and that of any organisation for which it is responsible.	Implementation of the new approach to scrutiny with scrutiny reviews reported to the Audit and Scrutiny Committee	Reporting procedure to Audit and Scrutiny Committee in place Completed - The Council's new approach to scrutiny has been rolled out. A Scrutiny Framework and Manual have been approved by the Audit and Scrutiny Committee as was the 2018/19 Scrutiny Plan.	31 March 2019	Head SF	4.1.1
CG-3	Recognise the limits of lawful action and	Full implementation of the requirements of	Recognise the limits of lawful action and	31 March 2019	Exec Dir – Customer	4.4.2

	observe both the specific requirements of legislation	GDPR and the new Data Protection Act	observe both the specific requirements of legislation and the general responsibilities placed on local authorities Update – GDPR compliance is now mainstreamed into service delivery with staff very familiar with the necessary arrangements		Services/ Head G&L	
CG - 4	Ensure that an established scheme for remuneration of members and officers and an effective structure for managing the process are in place.	Improving efficiency and accuracy in payroll processing through full roll out of electronic payslips and greater automation	Processes in place and assessment of benefits undertaken Complete – Electronic payslips are in place for all staff and are being rolled out to elected members. Further improvements in payroll processing automation have been implemented to reduce the risk of errors and improve processing time.	31 March 2019	Exec Dir – Customer Services/ Head I&HR	2.3.2
CG- 5	Ensure that those making decisions are	Establishing a control hub within Roads and	Control hub in place and monitoring of	31 March 2019	Exec Dir – Developm	4.2.1

	provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Amenity Services with responsibility for programming, delivering and monitoring Roads and Amenity Services	effectiveness undertaken Complete – operation teams combined into one providing single area cross service teams based across the Council area.		ent and Infrastructure/Head R&A	
CG-6	Ensure that those making decisions are provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Extend equality impact assessments to include a socio-economic impact assessment to ensure that all major decisions taken by the Council have regard to the Fairer Scotland duty.	New impact assessment in place and used for all major decisions Complete – A new process for Equality and Socio Economic Impact Assessments which considers both services users and employees has been developed and adopted.	31 March 2019	Head of I&HR	4.2.2
CG-7	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	A review of the Integration Scheme with a particular focus on risk sharing arrangements, this review will be carried out in partnership with NHS Highland.	1. Agreement to review by NHS Highland 2. Report on outcome of review concluded Update – Agreement not reached and actions will be carried over to 19/20 action plan	30 June 2018 31 December 2018	Executive Director Customer Services Head Of Strategic Planning and	1.1.3

Appendix 1

		<p>The IJB are required to consult and engage on the next 3 year Strategic Plan, this will require to be agreed by Argyll and Bute Council and NHS Highland.</p>	<p>3.Develop the Strategic Plan for next 3 years</p> <p>Update - approved by IJB on 27 March and will be presented to both Council and NHS Highland.</p>	<p>31 March 2019</p>	<p>Performance (HSCP)</p>	
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Code of Corporate Governance 2018/19

Date 13 May 2019
Version 1.1 – annual update

Principle 1: Focussing on the purpose of the Authority and on the outcomes for the community, and creating and implementing a vision for the local area

1.1 Supporting Principle: Exercising Strategic Leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
1.1.1 Develop and promote the Authority's purpose and vision	The Council's strategic objectives are reflected in the Community Plan, Single Outcome Agreement and Corporate Plan Corporate Plan and Single Outcome Agreement 2013-23 approved by Council and published on the Council's website	Chief Executive/ ED – Customer	3 3	Head of I and HR
	Clear terms of reference are set for the preparation of service plans in the Performance and Improvement Framework to ensure fit with the Corporate Plan Service Plans clearly reflect corporate objectives	Chief Executive/ Executive Directors	3 3	All Service Heads
	Documented meetings have taken place to discuss key objectives in the Corporate and Service Plans	Chief Executive	3 3	Executive Directors
	A Communications Strategy has been implemented. Public Performance Reporting Strategy has been implemented. Public performance reporting	Chief Executive	3 3	Head of I and HR
	1.1.2 Review on a regular basis the Authority's vision for the local area and its implications for the Authority's governance arrangements	Local Code of Corporate Governance has been developed in line with CIPFA/SOLACE guidelines	ED – Customer	3 3
	Annual review of the Corporate Plan	Chief Executive/	3 3	Head of

		ED - Customer			I and HR
	Annual review of Service Plans	Executive Directors	3	3	All Service Heads
1.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Corporate framework for all partnerships within Argyll and Bute Community Planning Partnership	Chief Executive	3	3	Head of C & C
	Roles and responsibilities defined for Argyll and Bute Community Planning Partnership				
1.1.4 Publish an Annual Report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance	Prepare and publish an Annual report	Chief Executive/ ED - Customer	3	3	Head of I and HR
	Prepare and publish report for local government benchmarking framework Public performance reporting	Chief Executive/ ED - Customer	3	3	Head of I and HR
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3	3	Head of SF

1.2 Supporting Principle: Ensuring that users receive a high quality of service whether directly, in partnership, or by commissioning

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19		Lead Officer
1.2.1 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	A robust performance management system has been developed which enables all operations to be reported on in terms of meeting performance standards targets and levels of customer satisfaction and linked to PSIF	Chief Executive/ ED - Customer	3	3	Head of I and HR
	Prepare and publish Statutory/Defined Performance Indicator Report. Public performance reporting	Chief Executive/ ED - Customer	3	3	Head of I and HR
	Documented meetings have taken place to discuss performance at service level Audit and Scrutiny	Chief Executive/ Leader	3	3	Executive Directors / Members
1.2.2 Put in place effective arrangements to identify and deal with failure in service delivery	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings Part D of Constitution	ED – Customer	3	3	Head of G and L

	<p>The Council is proactive in reviewing its services through the internal audit team and external auditors</p> <p>Internal Audit Plan in place</p>	Chief Executive	3	3	Head of SF
	<p>The Council has a formally established Complaints procedure web</p> <p>Unified approach to complaints handling across the organisation with a common point of entry.</p> <p>Staff have been trained in dealing with complaints and empowered and supported to deal with complaints</p>	ED – Customer	3	3	Head of G and L
	<p>The complaints system records actions taken to prevent complaints recurring, and evidence that complaints inform positive service improvement.</p> <p>Regular testing of the complaints handling system to ensure it meets consumer needs and expectations</p>	ED – Customer	3	3	Head of G and L
	<p>The Council has in place robust Critical Activity Recovery Plans for its identified critical activities which are subject to regular review and testing</p>	ED - Customer	3	3	Head of G and L

1.3 Supporting Principle: Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
1.3.1 Decide how value for money (VFM) is to be measured and make sure the Authority has the information needed to review VFM and performance effectively. Measure the environmental impact of policies, plans and decisions.	Reviews of Council services to ensure best value principles adhered to Benchmarking: comparing economy, efficiency and effectiveness of services through our involvement in the Local Government Benchmarking Framework benchmarking framework Asset Management BV review	Chief Executive	3 3	All Directors
	A robust performance management system has been developed which enables all operations to be reported on in terms of meeting performance standards targets and levels of customer satisfaction and linked to PSIF	Chief Executive/ ED - Customer	3 3	Head of I and HR
	The authority responds positively to and acts upon the findings and recommendations of external scrutiny	Chief Executive	3 3	Chief Executive
	The Council is proactive in reviewing its services through the internal audit team and external auditors Audit and Scrutiny Committee	SMT Audit Committee	3 3	Head of SF
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3 3	Head of SF
	Prepare and publish report for local government benchmarking framework	Chief Executive/ ED - Customer	3 3	Head of I and HR

Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles

2.1 Supporting Principle: Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions, and the roles and responsibilities of the scrutiny function

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
2.1.1 Set out a clear statement of the respective roles and responsibilities of Members generally and of senior officers	Statement of roles of Leader and Chief Executive included within the Council Constitution and will be reviewed annually. Part A of constitution	ED – Customer	3 3	Head of G and L
	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	ED – Customer	3 3	Head of G and L
	Local Code of Corporate Governance developed in line with CIPFA/SOLACE guidelines	ED – Customer	3 3	Head of G and L
	Roles and responsibilities defined for Argyll and Bute Community Planning Partnership	Chief Executive	3 3	Head of C and C

2.2 Supporting Principle: Ensuring that a constructive working relationship exists between the authority members and officers, and that the responsibilities of members and officers are carried out to a high standard

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
2.2.1 Determine a scheme of delegation and reserve powers within the constitution, including a formal scheme on those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	ED – Customer	3 3	Head of G and L
	There are Terms of Reference and reporting arrangements for all sub-committees of the Authority Part C of Constitution	ED – Customer	3 3	Head of G and L
2.2.2 Make the Chief Executive responsible and accountable to the authority for all aspects of operational management.	Responsibilities of Chief Executive detailed within Council Constitution Part A of Constitution	ED – Customer	3 3	Head of G and L
2.2.3 Make a senior officer (the Section 95 Officer) responsible to the authority for ensuring that appropriate advice is given for all financial matters, for keeping proper financial records and accounts, and for maintaining effective systems of internal financial control.	Section 95 Officer role identified in the Council Constitution and included as a member of the Strategic Management Team Part A of Constitution	Chief Executive ED – Customer	3 3	Head of SF
	Standing Orders and financial regulations contained in the Council Constitution Constitution	ED – Customer	3 3	Heads of G and L C and S SF
	Council Accounts comply with statutory and professional reporting standards and are prepared and approved in accordance with a preset timetable Part D of Constitution	Chief Executive	3 3	Head of SF
2.2.4 Make a senior officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	Senior Officer designated as Monitoring Officer. Role and responsibilities set out in the Council Constitution taking account of comments from Audit Scotland report. Constitution Monitoring Officer Protocol in place	ED – Customer	3 3	ED – Customer

2.3 Supporting Principle: Ensuring relationships between the authority, its partners and the public are clear so that each other knows what to expect of the other

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
2.3.1 Develop protocols to ensure effective communication between members and officers in their respective roles	<p>Protocols for Member / Officer relations detailed in the Council Constitution Constitution</p> <p>The Council has fully endorsed the Councillor’s Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Part F of Constitution</p> <p>Recommendations in Audit Scotland Report approved and Action Plan agreed</p> <p>Monitoring Officer Protocol in place</p>	ED – Customer	3 3	Head of G and L
2.3.2 Ensure that an established scheme for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable) are in place.	<p>Structured pay scales reflecting competence for Officers; Core Conditions of Service for Officers Core conditions of service</p> <p>Scheme for Member remuneration and allowances. Part F of Constitution</p>	Chief Executive/ ED – Customer	3 3	Head of I and HR
2.3.3 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.	<p>Roles and responsibilities defined for Argyll and Bute Community Planning Partnership</p> <p>Reference within Councillor Code of Conduct to partnership working Part F of Constitution</p> <p>Members Training refers to Improvement Service notebook on Corporate Governance</p>	Chief Executive	3 3	Head of C and C

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

3.1 Supporting Principle: Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
3.1.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	The authority responds positively to and acts upon the findings and recommendations of external scrutiny.	ED – Customer	3 3	Head of G and L
	The Council Constitution contains Standing Orders for meetings, a Scheme of Administration and Delegations, an Ethical Framework and a Code of Conduct Constitution		3 3	
	Formal meetings of the Council and its Committees held in private in accordance with legislation	ED – Customer	3 3	Head of G and L
	The Council has a formally established complaints policy and procedure	ED – Customer	3 3	Head of G and L
	Minutes and Committee reports are published on the Council's website mod.gov	ED – Customer	3 3	Head of G and L
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	ED – Customer	3 3	Head of G and L
3.1.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	Protocols for Member / Officer relations detailed in the Council Constitution. The Council has fully endorsed the Councillor's Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has	ED – Customer	3 3	Head of G and L

	provided a copy of the Code to all Members Part F of Constitution				
3.1.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Council Constitution contains the Councillors Code, Audit Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	ED – Customer	3	3	Head of G and L
	Register of Members Interests is maintained Form issued to Members	ED – Customer	3	3	Head of G and L

3.2 Supporting Principle: Ensuring that organisational values are put into practice and are effective

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19		Lead Officer
3.2.1 Develop and maintain shared values for both the organisation and staff reflecting public expectations, and communicating these with members, staff, the community and partners	The Council's strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council's website	Chief Executive	3	3	Head of I and HR
3.2.2 Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	ED – Customer	3	3	Head of G and L
	The Council Constitution contains the Councillors Code, Audit Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	ED – Customer	3	3	Head of G and L

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and risk

4.1 Supporting Principle: Being rigorous and transparent about how decisions are taken, and listening and acting on the outcome of constructive scrutiny

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
4.1.1 Develop and maintain an effective scrutiny function which encourages constructive challenges and enhances the authority's performance overall and that of any organisation for which it is responsible.	The role of scrutiny has been established through a scheme of delegation and committee structures. Part C of Constitution Audit and Scrutiny Committee has been established	ED – Customer	3 3	Head of G and L
4.1.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	Minutes and Committee reports are published on the Council's website mod.gov	ED – Customer	3 3	Head of G and L
	Formal meetings of the Council and its Committees held in private in accordance with legislation	ED – Customer	3 3	Head of G and L
4.1.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	Protocols of Member / Officer relations detailed in the Council Constitution Part F of Constitution	ED – Customer	3 3	Head of G and L
	Protocols for Member / Officer relations detailed in the Council Constitution. The Council has fully endorsed the Councillor's Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Part F of Constitution	ED – Customer	3 3	Head of G and L

	The Council Constitution contains the Councillors Code, Audit and Scrutiny Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	ED – Customer	3	3	Head of G and L
	Register of Members Interests is maintained Form issued to Members	ED – Customer	3	3	Head of G and L
	The Council Constitution contains Standing Orders relating to Contracts Part E of Constitution	ED – Customer	3	3	Heads of G and L C and S, SF
4.1.4 Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other arrangements for the discharge of the functions of such a committee.	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings Part D of Constitution	ED – Customer	3	3	Head of G and L

4.2 Supporting Principle: Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18	Evaluation 18/19	Lead Officer
4.2.1 Ensure that those making decisions are provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Relevant information available to decision makers	Executive Directors	3	3	Executive Directors
4.2.2 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and is used appropriately.	Relevant advice and information available to decision makers	Executive Directors	3	3	Executive Directors

4.3 Supporting Principle: Ensuring that an effective risk management system is in place

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
4.3.1 Ensuring that risk management is embedded into the culture of the Authority with members and managers at all levels, recognising that risk management is part of their jobs.	A risk based approach is a key component of the Council's approach to Planning and Performance Management (Service Planning process requires identification of associated risks. Budget Monitoring process is risk based where a number of criteria are used to classify risk category of particular cost centres.) Service Plans	Chief Executive	3 3	Head of SF
	Strategic and Operational Risk management procedures and processes in place The Council is a member of the CIPFA benchmarking club for risk management.	Chief Executive	3 3	Head of SF
	Appropriate training on risk management is provided to Members and Officers. Risk Management Training	Chief Executive	3 3	Head of SF
	Key documents to underpin the approach to risk management include a Risk Management Policy Statement and Risk Management Guidance.	Chief Executive	3 3	Head of SF
	The SMT has a role to oversee the effectiveness of risk management	Chief Executive	3 3	Head of SF
	Progress reports on the development of risk management have been submitted to the Audit and Scrutiny Committee during the year.	ED – Customer	3 3	Head of G and L

4.3.2 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.	Whistle blowing policy Public Interest Disclosure Policy in Council Constitution Part D of Constitution - anti-fraud strategy including public interest disclosure policy	ED – Customer	3 3	Head of G and L
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4.4 Supporting Principle: Using their legal powers to the full benefit of the citizens and communities in their area

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
4.4.1 Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	Council Constitution reflects the legal requirements placed upon the authority Constitution	ED – Customer	3 3	Head of G and L
	Statutory Plans, for example Local Development Plan local development plan	ED – D and I	3 3	Head of P and R
	Senior Officer designated as Monitoring Officer. Role and responsibilities set out in the Council Constitution. Constitution	ED – Customer	3 3	ED – Cus S
4.4.2 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources	ED – Customer	3 3	Head of G and L
	Advice from the Council's Chief Legal Officer or their nominated Officer is available at all decision making meetings	ED – Customer	3 3	Head of G and L
	Legal advice is available to all departments from the Council's Legal Services department			
4.4.3 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice, into their procedures and decision making processes.	Council Constitution reflects the legal requirements placed upon the Council Constitution	ED – Customer	3 3	Head of G and L
	Senior Officer designated as Monitoring Officer. Roles and responsibilities set out in the Council Constitution Constitution	ED – Customer	3 3	ED – Customer

Principle 5: Developing the capacity and capabilities of members and officers to be effective

5.1 Supporting Principle: Making sure that members and officers have the skills, knowledge and experience, and resources they need to perform their roles well		Evaluation Key 1. Not compliant with local code requirements 2. Partially compliant with local code requirements 3. Fully compliant with local code requirements 4. Exceeds the requirements of the local code			
Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19		Lead Officer
5.1.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	Induction Training provided to all new Elected Members	ED – Customer	3	3	Head of G and L
	The Council has fully endorsed the Councillor’s Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Code of conduct in Constitution	ED – Customer	3	3	Head of G and L
	Corporate Induction Programme in place for all new employees	ED – Customer	3	3	Head of I and HR
	Development and performance review process in place for eligible employees, with training and development plans	ED – Customer	3	3	Head of I and HR
5.1.2 Ensure that statutory officers have the skills, resources and support necessary to perform actively in their roles and that these roles are properly understood throughout the authority.	Development and performance review process in place for eligible employees, with training and development plans	ED – Customer	3	3	Head of I and HR
	Job descriptions and Person Specifications in place for employees	ED – Customer	3	3	Head of I and HR

5.2 Supporting Principle: Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
5.2.1 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for Members	ED – Customer	3 3	Head of I and HR
	Training provided to relevant Members and Officers in areas of identified need Elected Member Resources Council has signed up to Improvement Service CPD Framework IS CPD Framework	ED – Customer	3 3	Heads of I and HR G and L
5.2.2 Develop skills on a continuing basis to improve the performance, including the ability to scrutinise and challenge and to recognise when outside advice is needed.	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for members	ED – Customer	3 3	Head of I and HR
	Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources Council has signed up to Improvement Service CPD Framework IS CPD Framework	ED – Customer	3 3	Heads of I and HR G and L
	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings	ED – Customer	3 3	Head of G and L

	Part D of Constitution				
5.2.3 Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might for example, aim to address any training or development needs.	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings Part D of Constitution	ED – Customer	3	3	Head of G and L
	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for members Council has signed up to Improvement Service CPD Framework IS CPD Framework	ED – Customer	3	3	Head of I and HR
	Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources	ED – Customer	3	3	Heads of I and HR G and L

5.3 Supporting Principle: Encouraging new talent so that best use can be made of individuals skills and resources in balancing continuity and renewal

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer	
5.3.1 Ensure that effective arrangements are in place designed to encourage individuals from all section of the community to engage with, contribute to and participate in the work of the Authority.	Community Planning activity Better Community Engagement Pack	Chief Executive	3	3	Executive Directors

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

6.1 Supporting Principle: Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships		Evaluation Key 1. Not compliant with local code requirements 2. Partially compliant with local code requirements 3. Fully compliant with local code requirements 4. Exceeds the requirements of the local code			
Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19		Lead Officer
6.1.1 Clearly defined lines of accountability	Public Performance Reporting Strategy Communications Strategy Better Community Engagement Pack	Chief Executive/ ED – Customer	3	3	Head of I and HR
	The Council’s strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council’s website	Chief Executive/ ED – Customer	3	3	Head of I and HR
6.1.2 Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.	Ability to communicate with discrete groups in an appropriate manner Communications Strategy	Chief Executive	3	3	Executive Directors
6.1.3 Produce an annual report on the activity of the scrutiny function.	Annual Audit report	Chief Executive	3	3	Head of SF

6.2 Supporting Principle: Taking an active and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly by the authority or in partnership

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19	Lead Officer
6.2.1 Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively.	Ability to communicate with all groups in an appropriate manner Social Media Policy Communications Strategy	ED – Customer	3 3	Head of I and HR
6.2.2 Hold meetings in public unless there are good reasons for confidentiality	Minutes and Committee reports are published on the Council's website mod.gov	ED – Customer	3 3	Head of G and L
	Formal meetings of the Council and its Committees held in private in accordance with legislation	ED – Customer	3 3	Head of G and L
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	ED – Customer	3 3	Head of G and L
6.2.3 Ensure that arrangements are in place to enable the authority to engage with all sectors of the community effectively. These arrangements should recognise that different sections of the community have different priorities and established explicit processes for dealing with these competing demands.	Ability to communicate with discrete groups in an appropriate manner Better Community Engagement Pack	Chief Executive	3 3	Executive Directors
6.2.4 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and satisfaction of service users in the previous period.	The Council's strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council's website	Chief Executive/ ED – Customer	3 3	Head of I and HR
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3 3	Head of SF

	Prepare and publish an Annual report	Chief Executive/ ED – Customer	3	3	Head of I and HR
	Prepare and publish report for local government benchmarking framework Public performance reporting	ED – Customer	3	3	Head of I and HR
6.2.5 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Minutes and Committee reports are published on the Council’s website mod.gov	ED – Customer	3	3	Head of G and L
	Formal meetings of the Council and its Committees held in private in accordance with legislation	ED – Customer	3	3	Head of G and L
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	ED – Customer	3	3	Head of G and L

6.3 Supporting Principle: Making best use of human resources by taking an active and planned approach

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 17/18 18/19		Lead Officer
6.3.1 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	The Council has in place an Employee Joint Consultative Committee (EJCC)	ED – Customer	3	3	Head of I and HR
	Structure for Trade Union engagement in place				
	Development and performance review process in place for all employees, with training and development plans PRD process employees	ED – Customer	3	3	Head of I and HR
	PDP process for Members				
	Mechanisms and processes are in place for communication and engagement with employees The Hub – news – cascade	ED – Customer	3	3	Head of I and HR
6.3.2 Planned approach to securing a workforce for the future	The Council has in place strategies for the Recruitment and Retention of employees	ED – Customer	3	3	Head of I and HR

Argyll and Bute Council – Corporate Governance Action Plan 2019/2020

Ref	Local Code	Actions to achieve compliance	Success measures	Key dates	Lead	Ref.
CG-1	Make a senior officer (the Section 95 Officer) responsible to the authority for ensuring that appropriate advice is given for all financial matters, for keeping proper financial records and accounts, and for maintaining effective systems of internal financial control.	Implementation of a revised capital monitoring process	Process approved and in place	Implementation – 31 October 2019 Review by Internal Audit – 31 March 2020	Chief Executive/Head SF	2.2.3
CG-2	Develop and maintain an effective scrutiny function which encourages constructive challenges and enhances the authority's performance overall and that of any organisation for which it is responsible.	Implementation of the new approach to scrutiny with scrutiny reviews reported to the Audit and Scrutiny Committee	Approved Scrutiny Plan for 19/20 implemented and scheduled reviews undertaken by Committee in line with the plan.	31 March 2020	Head SF	4.1.1
CG-3	Recognise the limits of lawful action and observe both the specific requirements of legislation	Full implementation of the requirements of GDPR and the Data Protection Act 2018 and the Public Records (Scotland)	Continued progress in implementing both the GDPR development plan and the Records Management	31 March 2020	Exec Dir – Customer Services/ Head G&L	4.4.2

		Act 2011	development plan			
CG-4	Ensure that those making decisions are provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Fully digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public' process.	Digitalised system in place and monitoring of effectiveness undertaken	31 March 2020	Exec Dir – Development and Infrastructure/Head of Dev Mgt	4.2.1
CG-5	Ensure that those making decisions are provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Develop an automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments.	Interface in place and monitoring of effectiveness undertaken	31 March 2020	Head of Commercial Services	4.2.1
CG-6	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	A full review of the HSCP Integration Scheme undertaken in partnership with NHS Highland.	Agreement reached in relation to all topics to be included in the review and full review completed	30 June 2020	Executive Director - Customer Services and Head Of Strategic Planning and Performance (HSCP)	1.1.3



BACKGROUND / SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework, and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles and requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007). This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Governance and Law, (Legal and Regulatory Services after 1 July 2019) Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The six key principles of our governance arrangements in 2018/19 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area

Our Corporate Plan sets out our, and our community planning partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "*To make Argyll and Bute a place people choose to live, learn, work and do business*" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives. They also promote good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance over the effective and efficient operation of the Council, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's constitution defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The constitution is updated on an annual basis with the last update carried out in June 2019.

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 external audit team are carrying out their BV fieldwork during the second half of 2019 with a BVAR scheduled for publication in early 2020/2021. In preparation the Council has established a BV Working Group, chaired by the Head of Improvement & Human Resources. The group's core responsibility is to self-assess the Council in relation to the eight core BV themes and, in doing so, prepare a body of evidence to provide to the external auditors to support their fieldwork. The group report progress regularly to the Strategic Management Team (SMT).

The revised Councillors' Code of Conduct and Associated Standards Commission guidance as well as the Commission's advice note on bullying and harassment was the subject of a member's seminar in August 2018.

3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

We have developed and communicated an Ethical Framework within the Council's Constitution, which defines standards of behaviour for members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities. The revised Councillors' Code of Conduct and Associated Standards Commission guidance as well as the Commission's advice note on bullying and harassment was the subject of a member's seminar in August 2018. A register of members' interests is available on the Council's website.

The code of conduct and protocols are supported by training and development programmes for elected members by offering Performance Review and Development (PRD) plans which inform the development of training and development programmes and seminars.

4. Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk; ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Audit and Scrutiny Committee receive an annual risk management overview report and have developed a Scrutiny Framework and Manual to support the performance of scrutiny reviews which were rolled out in 2018/19.

The anti-fraud strategy ensures there are effective arrangements for whistle-blowing and for receiving and investigating complaints from the public and partners.

5. Developing the capacity and capability of members and officers to be effective

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues. The 2018/19 programme included sessions on transformation, Rural Growth Deal, Treasury Management, Code of Conduct, the Health and Social Care Partnership (HSCP), waste management, budgetary issues as well as a range of other topics. All seminar presentations are hosted on the Member's intranet ensuring the information is widely accessible.

Elected Members also engage in committee development sessions which are focused on key areas within the strategic remit of the particular committee and includes engagement with external organisations such as OFCOM and Transport Scotland. The Audit and Scrutiny Committee attended a two day scrutiny development workshop in August and the Harbour Board attended a workshop in January on the Port Marine Safety Code Duty Holder Responsibilities.

Elected Members appointed by the Council to sit on external bodies also participate in a wide range of development activities organised directly by these organisations e.g. before each HSCP meeting there is a development session.

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan and a behavioural competency framework. This is underpinned by a systematic approach to identifying core and mandatory training requirements in all council job descriptions and the annual Performance Review and Development (PRD) process.

The Council has Argyll and Bute Manager and Leadership Programmes, which ensure that all employees who have management responsibilities are knowledgeable and effective in delivering services within the priority management policies and procedures of the Council, including finance, performance and people management. The Leadership Programme ensures that senior and



aspiring leaders in the organisation have support to develop their leadership behaviours and to improve their overall impact and performance across the organisation.

The Council is committed to delivering an annual PRD programme, which in turn informs the annual corporate training programme.

6. Engaging with local people and other stakeholders to ensure robust public accountability

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Annual Budget Consultation

The Council undertakes a wide ranging budget consultation exercise each year, using a range of channels including written, face to face, online, Community Councils and through partner organisations and community groups in the Community Planning Partnership. The results of the consultation inform the members' budget decision making process and are reported to the Council as part of the budget reports pack.

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the Council, both current and historic. This includes a section which publicises the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they were informed by the consultation process.

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.

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Service and the work of the community learning officers (Youth Work and Adult Learning). Both teams have resources and expertise to support children and young people, hard to reach groups and remote communities to have a voice in local service planning, delivery and evaluation, as well as best community engagement practice for any other requirement.

Local community development officers also support community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local area community planning groups.

The Council's Area Governance section supports community engagement by providing the staff resource to support three 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 fourth (Helensburgh and Lomond) is supported by Scottish Fire and Rescue on a partnership basis as agreed by the management committee.

It also supports community engagement by resourcing community council liaison activities, including a training programme, which helps to build the capacity of community councils. The Council undertook a review of the Scheme of Establishment for Community Councils which involved a wide ranging consultation with communities in advance of the April 2018 community council elections.

The Council produced a Community-Led Action Planning Toolkit 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.

A strong Community Planning Partnership (CPP) is in place with partners leading each of the outcomes. This enhances the shared sense of accountability and ownership of working towards realising the CPP priorities.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. When this is the case papers are adjusted to ensure that the maximum amount of content is in the public domain.

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council's governance arrangements. These include the Chief Executive, fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director of Customer Services has responsibility for:

- overseeing the implementation of the Code and monitoring its operation
- reporting 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 Head of Strategic Finance, as Chief Financial 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 also appointed a Data Protection Officer in line with the requirements of the General Data Protection Regulations (EU) 2016/679 and the Data Protection Act 2018 which came into force on 25 May 2018.

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 Council accepts the current financial climate we are in. Councils exist within the constraints of one year financial settlements which do not provide any degree of medium term certainty. Furthermore the ring fencing of monies places limitations on what the Council can do and additional policy and legislative implications, not always fully funded, creates additional financial pressures for councils. These pressures are exacerbated by the uncertainty, and

largely unquantifiable potential implications, of the UK's possible withdrawal from the European Union.

The Scottish Government's announcement, as part of the 2019/20 budget process, to provide three year funding allocations for Local Government from 2020/21 is welcomed and will greatly assist with future financial planning.

The Council is well informed on financial estimates for future years. A medium term financial outlook covering three years is presented at each Policy and Resources Committee meeting. 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.

In 2017/18 the Council developed a medium to longer term financial strategy (covering 10 years) designed to ensure the Council addresses the challenges it faces effectively. This strategy is due to be reviewed and updated during 2019/20.

The Council has a strong track record in financial planning and management as recognised by previous year's annual external audit reports. This despite eleven years of budget reductions that have required the Council to make around £59m of cumulative savings.

Council officers have annually produced ideas for management/operational efficiencies which have helped reduce the impact of savings on service users and communities. Work is continuing on a number of areas including automating processes, depot rationalisation, reducing debt levels and repayments and many more to generate further efficiencies that may help reduce the budget gap. A Transformation Board is in place to oversee cost saving and transformational activities and they are continuing to pursue a number of medium to longer term options. One recent success overseen by the Board is a change in the management of the Council's land and building assets to deliver a proactive property development service. This enables the Council to take a more effective, commercially astute, and strategic approach to estate management and surplus asset disposal which will help optimise value for money.

In addition to the medium to longer term opportunities being explored, work is already underway to identify options to balance the budget in 2020/21.

INTERNAL FINANCIAL CONTROL

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems

- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against forecast
- clearly defined capital expenditure guidelines
- project management disciplines
- guidance relating to financial processes, procedures and regulations
- an effective Internal Audit section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll
- Argyll and Bute Integration Joint Board

RISK MANAGEMENT

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.

Internal Audit performed an audit of risk management in 2018/19 to assess whether the revised processes are operating effectively. The audit provided substantial assurance over the Council's risk management arrangements.

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 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 2018/19, 4 of the 27 audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. These reports focused on VAT, Off-Payroll Working, School Fund Governance and Waste Management. 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 monthly basis.

During 2018/19 the following developments were made within Internal Audit:

- developed and implemented a new approach to scrutiny including a joint officer/elected member training session
- reviewed and rolled out a new approach to continuous monitoring
- created a new audit universe to inform the development of the annual audit plan
- further enhanced team development days to include presentations from other council officers to build the team's understating of the key risks and issues facing services
- established a working group with four other councils to discuss audit approaches and share good practice and resources
- implemented the improvements identified in the team's external quality assessment.

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute Integration Joint Board (IJB) has been established as a separate legal entity from both the Council and NHS Highland (the Health Board), with a separate board of governance. The IJB comprises eight voting members with four elected members nominated by the Council and four board members of the Board. 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 Integration Scheme. The Integration Scheme also outlines the scope and function of services that are delegated, and the clinical and care governance, financial and operational management arrangements.

From 1 April 2016 the IJB, via a process of delegation from the Council and the Health Board, has responsibility, supported by the Chief Officer, for the planning, resourcing and operational delivery of all community and acute health and social care services within Argyll and Bute. The overarching strategic vision, mission and values of the IJB are set out in the Strategic Plan and Strategic Objectives which are aligned to deliver on the National Outcomes for adults, older people and children.

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 2018/19 and the IJB's internal auditor will issue a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes.

Progress is being made in the operation of the IJB to ensure appropriate governance and information sharing arrangements are in place.

In 2018/19, the third year of the partnership, the IJB were not able to set a balanced budget and had unidentified savings of £1.6m in addition to agreed savings of £10.954m. During the year both the Chief Officer and Chief Financial Officer left the organisation. This resulted in reduced focus on the pursuit of additional savings to balance the budget and on delivering the approved savings. A new Chief Officer was appointed in October 2018. The Chief Financial Officer post was covered by an interim between July 2018 and November 2018 and by the Council's Head of Strategic Finance (in addition to her Council post) between December 2018 and June 2019. A new two year appointment was made in June 2019. Enhanced budgetary control arrangements are now in place and comprehensive financial reports are now being presented to the IJB on a regular basis. Although unable to break even at the end of 2018/19, there is now greater control and transparency over the partnership's financial position.

The operating environment going forward remains very challenging, however, the IJB approved a balanced budget for 2019/20 which should provide reassurance to the public, staff and stakeholders that the partnership is determined to work within budget. The revised Strategic Plan covering the period 2019/20 to 2021/22 was endorsed and approved by the IJB on 27 March 2019.

UPDATE ON AREAS FOR DEVELOPMENT IN 2017/18 ANNUAL GOVERNANCE STATEMENT

The 2017/18 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2018/19 Update
New scrutiny approach	The Council's new approach to scrutiny has been rolled out. A Scrutiny Framework and Manual was approved by the Audit and Scrutiny Committee as was the 2018/19 Scrutiny Plan. The first review in the plan (Money Skills Argyll) was reported to the June 2019 Audit and Scrutiny Committee and the second (Roads Maintenance) is scheduled for the September 2019 Committee. The 2019/20 Scrutiny Plan was approved at the June 2019 meeting.
GDPR	GDPR compliance is now mainstreamed into service delivery with staff very familiar with the necessary arrangements.
Electronic payslips and greater automation of payroll processing	Electronic payslips are in place for all staff and are being rolled out to elected members. Further improvements in payroll processing automation have been implemented to reduce the risk of errors and improve processing time.
Roads and Amenity Services control hub	Roads and Amenity Services have combined operations teams into one providing single area cross service teams based across Argyll and Bute. An area based management structure has been established and a control hub is being established which will hold information on programmes, asset condition and provide a direct link for communications about operational activity across the various services the hub will support.
Capital monitoring	Work to develop a revised capital monitoring process is ongoing. This is scheduled to be implemented in October 2019 and will be reviewed by Internal Audit in early 2020.
Equality impact assessments to include a socio-economic impact assessment	A new process for Equality and Socio Economic Impact Assessments which considers both services users and employees has been developed and adopted.
Review of Integration Scheme	In February 2018 the Council agreed to pursue a formal review of Argyll and Bute's full Health and Social Care Integration Scheme to ensure it continues to meet Scottish Government policy expectations, and to consider amending the provisions relating to writing back budget underspends/overspends to parent organisations. In addition changes are required to reflect GDPR. Initial proposals were drawn up however, in February 2019, the NHS Highland Director advised that the Health Board are unlikely to agree to the changes proposed relating to the change in risk transfer. There is also an emerging possibility of the Health Board coming forward with proposals which would seek to look at, and potentially change, the scope/context of NHS services included within the Scheme. It has been agreed that all of the matters which may require to be dealt with in terms of a review of the Scheme, will be dealt with as a full review to commence as soon as clarity of all of the topics to be included is achieved and completed (to include approval by the Scottish Government) by 26 June 2020.
Three year strategic plan	The revised Strategic Plan covering the period 2019/20 to 2021/22 was endorsed and approved by the IJB on 27 March 2019. It takes accounts of statutory requirements and the outcomes of the public,

	stakeholder and staff engagement and formal consultation. The Strategic Plan will be presented to both the Council and the Health Board.
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ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2019/20, particularly in the context of continuous improvement within the Council:

- implement a revised capital monitoring process
- streamline treasury management processes to be more efficient whilst ensuring new arrangements have improved resilience, are robust and are fit for purpose
- implement Point-to-Point Encryption for face to face debit/credit card payments
- fully digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public' process
- develop an automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments
- develop a new self-evaluation tool within Early Years to align with 'How Good is our ELC' to improve self-evaluation processes
- implement the transfer of Human Resources and Organisational Development from HSCP management to Argyll & Bute management and review governance arrangements
- develop and rollout score cards for monitoring of performance and targets within Roads & Amenity Services.

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 2018/19 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.

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Argyll and Bute Council

Update Report



 AUDIT SCOTLAND

Prepared for Argyll and Bute Audit & Scrutiny Committee

June 2019

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Introduction

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

Governance work

Internal controls

2. We have completed our testing of key controls and followed-up actions from the previous year. Our findings are summarised in our 2018/19 Management Report which is included as a separate paper presented to this Committee. The Management Report provides full details of our findings.

3. In accordance with *ISA 330: the auditor's response to assessed risk*, our audit judgements are based on current year testing of key controls and where appropriate prior year results. Our risk-based audit approach allows us to take a three-year cyclical approach to controls testing. Additionally, we followed-up prior year audit recommendation to assess progress with implementation. Overall, we concluded that there are no significant control weaknesses although there is scope for further strengthening payroll validation checks.

Internal audit

4. We meet with internal audit on a regular basis to share intelligence and relevant documentation. For example, we have shared copies of Best Value guidance and audit programmes used by external auditors. These make clear the scope of Best Value audit work and Audit Scotland's expectations.

National Fraud Initiative (NFI)

5. The NFI is a counter-fraud exercise which uses computerised techniques to compare information about individuals held by 1,200 bodies across the UK to identify instances that might suggest the existence of fraud or error. Audit Scotland leads the work north of the border and about 120 public bodies in Scotland participate in the National Fraud Initiative.

6. The information available to officers has been revised to ensure greater focus on key areas of risk. We have carried out an initial review of the council's arrangements for investigating key risks. We are satisfied that the council has made reasonable progress in investigating NFI data. We will give a fuller report of progress in our Annual Audit Report which will be submitted to the council at the end of September

Audit dimensions work

7. The Code of Audit Practice (2016) requires auditors to report to review and report on the four audit dimensions:

- **Financial sustainability:** we will be reviewing and assessing the council's financial position, reserves strategy, savings targets & plans and longer-term financial planning
- **Financial management:** as part of our work in this area we will review the capacity of the finance function and financial reporting arrangements (including budgetary monitoring arrangements).

- **Governance and accountability:** our work will involve reviewing the effectiveness of financial governance including schemes of delegation, standing orders and internal audit.
- **Value for money:** our work will include the review of performance, outcomes and improvements. This will be covered as part of our planned Best Value work.

8. We have undertaken preliminary work in the above areas. Some of our initial findings are included in our 2018/19 Management Report, for example, we have concluded that financial management is effective.

Best Value

9. A Best Value audit is due to commence in October 2019 with a Best Value Assurance report (BVAR) due for publication in spring 2020. In the meantime, as part of our normal planned programme of work we selected two Best Value attributes to review in the current year:

- Fairness and Equality, and
- Performance, outcomes and improvements.

10. In terms of Fairness and Equality we have completed our fieldwork. We have yet to fully assess what we found but an emerging finding is that there is clear evidence of equality issues being embedded within everyday working. We will report more fully on our findings in our Annual Audit Report 2018/19 which will be issued at the end of September.

11. Our work on performance, outcomes and improvements has been substantially complete and we are reviewing documentary evidence. Again, our findings in this area will be detailed in our Annual Audit report 2019/20. Preliminary findings indicate that Public Performance Reporting is well established.

12. Our work in the above areas will inform the scoping and extent of the Best Value audit scheduled to begin in October 2019.

Grant claims

13. We have carried out considerable early work on the Housing Benefit Subsidy Return and we will be in a good position to sign it off well before the certification deadline of 30 November 2019.

14. Also, we will be shortly commencing our work on the Education Maintenance Allowance grant claim to ensure we sign that off by the deadline date of 31 July 2019.

Annual accounts audit

15. We have been carrying out early substantive testing in advance of receipt of the Annual Accounts. This will help audit efficiency and allow us to meet statutory certification deadlines; the Annual Accounts are required to be signed off by the 30 September 2019.

National Performance Reports

16. The table below summarises the key findings from recent performance reports published by Audit Scotland.

Performance audit title	Scope and objectives of the audit	Key findings
Local Government in Scotland: Challenges and performance (March 2019)	<p>The annual overview report focussing on key issues and pressures, how councils are responding to these and council performance.</p>	<ul style="list-style-type: none"> • Scottish Government revenue funding to councils has reduced in real terms between 2013/14 and 2019/20 • National policy initiatives continue to make up an increasing proportion of council budgets. This reduces the flexibility councils have for deciding how they plan to use funding • Demands for council services are increasing from a changing population; all councils expect an increase in the proportion of population aged over 65. • Councils need to ensure that they have the staff, skills and leaders to deliver change. This requires effective workforce planning, but the quality of planning is inconsistent across councils. • An increasing proportion of the workforce is nearing retirement and there is the need for effective succession planning. • Councils must continue to change to address the gap between demand and resources.
How Councils Work: Safeguarding public money (April 2019)	<p>This is the eighth report in the How Council's Work (HCW) series. It aims to increase the profile of risk and internal controls among councils, and to provide practical support that helps in councillors scrutinising their council's approach.</p>	<ul style="list-style-type: none"> • Council's decreasing budgets and rising demands on many services means that effective risk management and strong internal controls are more important now than ever before. • Internal and external auditors are increasingly reporting that standards of internal control may be strained thereby increasing the risk of loss of significant sums of public money and reputational damage. • Councillors should seek assurances from officers that a rigorous system of internal controls is in place. • The publication includes several checklists for use by councillors in carrying out their scrutiny role.

Performance audit title	Scope and objectives of the audit	Key findings
Social Security: Implementing the devolved powers (May 2019)	This reports looks at how the Scottish Government has coped with implementing devolved powers relating to benefits.	<ul style="list-style-type: none"> • The Scottish Government (SG) has done well to establish a new agency and start making benefit payments. • The delivery of future benefits will be a significant challenge. Many decisions about future benefits and how they will be delivered are still to be made. • The SG does not yet have a clear understanding of the key things needed to deliver all remaining benefits in the in the way it intends.

The Accounts Commission recently consulted with councils and other key stakeholders on its proposed audit work programme for 2019/20 to 2023/24. Officers from the council responded to this consultation in January. The finalised work programme, which is delivered by Audit Scotland on behalf of both the Auditor General for Scotland and Accounts Commission, has now been published and is available on Audit Scotland's website (<http://www.audit-scotland.gov.uk/our-work/our-work-programme>).

Affordable Housing

Audit Scotland will be carrying out an audit on Affordable Housing over the summer months. The study will report progress against the Scottish Government's affordable housing target to date, consider what impact it has had and identify opportunities for improvement in delivering affordable housing in the longer term.

The review will gather evidence using a range of methods including interviews with stakeholders (e.g. COSLA, Scottish Housing Regulator and Association of Local Authority Chief Housing Officers); review of housing strategies and analysing housing data. In addition, the review will include a more in-depth consideration of four case-study councils. Argyll and Bute Council have been selected as one of the case studies and senior management within the council have been advised accordingly.

Argyll and Bute Council

Update Report – June 2019

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

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Audit & Scrutiny Committee Work Plan 2018 - 2019

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

Date	Report Designation	Lead Service	Regularity of occurrence/ consideration	Date of Reports to Committee Services	Additional Comment
18 June 2019					
	Council Strategic Risk Register Update	Chief Executive	Annual	24 May 2019	
	Internal Audit Annual Report 2018-19	Chief Internal Auditor	Annual	24 May 2019	
	Review of Code of Corporate Governance	Governance and Risk Manager	Annual	24 May 2019	
	External Audit Interim Controls Report	External Audit	Annual	24 May 2019	
	Local Government Benchmarking Framework Report	Head of Improvement & HR	Annual	24 May 2019	
	Unaudited Financial Accounts	Head of Strategic Finance	Annual	24 May 2019	
	2019/20 Scrutiny Plan	Chief Internal Auditor	Annual	24 May 2019	
	Local Government in Scotland: Challenges and Performance 2019	Audit Scotland	Annual	24 May 2019	
	Internal Audit Summary of Activities	Chief Internal Auditor	Quarterly	24 May 2019	
	Internal Audit Reports to Audit Committee 2018/19 <ul style="list-style-type: none"> • Land & Assets Disposal • Self-Directed Support 	Chief Internal Auditor	Quarterly	24 May 2019	

Audit & Scrutiny Committee Work Plan 2018 - 2019

Date	Report Designation	Lead Service	Regularity of occurrence/ consideration	Date of Reports to Committee Services	Additional Comment
	<ul style="list-style-type: none"> • Early Years Provision • School Fund Governance • Off-Payroll Working • Traffic Regulation Orders 				
	Internal Audit Report Follow-Up	Chief Internal Auditor	Quarterly	24 May 2019	
	Money Skills Argyll Scrutiny Report	Sandy Taylor	One-off	24 May 2019	
	Council 6 Month Performance: October 2018 to March 2019	Executive Director of Customer Services	Bi-annual	24 May 2019	
	How Council's Work	Audit Scotland	One-off	24 May 2019	
	Communications Team Self-Assessment	Head of Improvement & HR		24 May 2019	
	Employee Survey and Organisational Culture Audit	Chief Internal Auditor & Communications Manager	One-off	24 May 2019	
	External Audit Update Report	Audit Scotland	Standard Item	24 May 2019	
24 September 2019					
	Internal Audit Reports to Audit and Scrutiny Committee 2019/20 <ul style="list-style-type: none"> • Care Home Provision • Cleaning in Council Premises • School Attendance • LEADER • Health & Safety • Oban Airport 	Chief Internal Auditor	Quarterly	30 August 2019	

Audit & Scrutiny Committee Work Plan 2018 - 2019

Date	Report Designation	Lead Service	Regularity of occurrence/ consideration	Date of Reports to Committee Services	Additional Comment
	<ul style="list-style-type: none"> • Business Continuity • Additional Support Needs • Following the Public Pound 				
	Road Maintenance Scrutiny Report	Martin Caldwell	One-off	30 August 2019	
	HR & OD Self-Assessment	Head of Improvement & HR		30 August 2019	
17 December 2019					
	Internal Audit Reports to Audit and Scrutiny Committee 2019/20 <ul style="list-style-type: none"> • Live Argyll - Operating Procedures • Building Standards • Grounds Maintenance • Pupil Equity Fund • Winter Maintenance 	Chief Internal Auditor	Quarterly	22 November 2019	
	Scrutiny Topic 1 (TBC – timing provisional)	Chief Internal Auditor	One-off	22 November 2019	
	Draft Annual Audit Plan	Chief Internal Auditor	Annual	22 November 2019	
	Corporate Complaints – Annual	Executive Director of	Annual	22 November	

Audit & Scrutiny Committee Work Plan 2018 - 2019

Date	Report Designation	Lead Service	Regularity of occurrence/ consideration	Date of Reports to Committee Services	Additional Comment
	Report 2018-19	Customer Services		2019	
17 March 2020					
	Internal Audit Reports to Audit and Scrutiny Committee 2019/20 <ul style="list-style-type: none"> • Legionella Improvement Plan • Logical Access • Risk Management • Cyber Security • Information Asset Registers • Capital Monitoring • Social Care Contract Management 	Chief Internal Auditor	Quarterly	21 February 2020	
	Scrutiny Topic 2 (TBC – timing provisional)	Chief Internal Auditor	One-off	21 February 2020	
	Scrutiny Lessons Learned	Chief Internal Auditor	One-off	21 February 2020	
16 June 2020					
	Internal Audit Reports to Audit and Scrutiny Committee 2019/20 <ul style="list-style-type: none"> • LiveArgyll – Performance Management 	Chief Internal Auditor	Quarterly	22 May 2020	

Audit & Scrutiny Committee Work Plan 2018 - 2019

Date	Report Designation	Lead Service	Regularity of occurrence/ consideration	Date of Reports to Committee Services	Additional Comment
	<ul style="list-style-type: none"> • Interfaces & Reconciliations • Welfare Reform 				
	Scrutiny Topic 3 (TBC – timing provisional)	Chief Internal Auditor	One-off	22 May 2020	

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