

Argyll & Bute Council

2020/21 Annual Audit Report



 AUDIT SCOTLAND

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

December 2021

Contents

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

Key messages

2020/21 annual accounts

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

Financial management

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

Financial sustainability

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

Governance and transparency

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

Best Value

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

1. Audit of 2020/21 annual accounts

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

Main judgements

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

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

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

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

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

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

- the financial statements give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the Council and its group as at 31 March 2021 and of the income and expenditure of the Council and its group for the year then ended
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

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

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

Our audit opinions on the eight Section 106 charities were unmodified

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

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

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

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

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

There were no objections raised to the annual accounts

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

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

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

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

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

Overall materiality

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

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

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

Exhibit 1 Materiality values

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

Source: Audit Scotland

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

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

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

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

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

Exhibit 2

Significant findings from the audit of the financial statements

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

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

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

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

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

Exhibit 3

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

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

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

Source: Audit Scotland

Other findings

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

Good progress was made on prior year recommendations

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

2. Financial management

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

Main judgements

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

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

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

Budget processes were appropriate and effective

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

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

20. The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

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

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

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

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

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

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

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

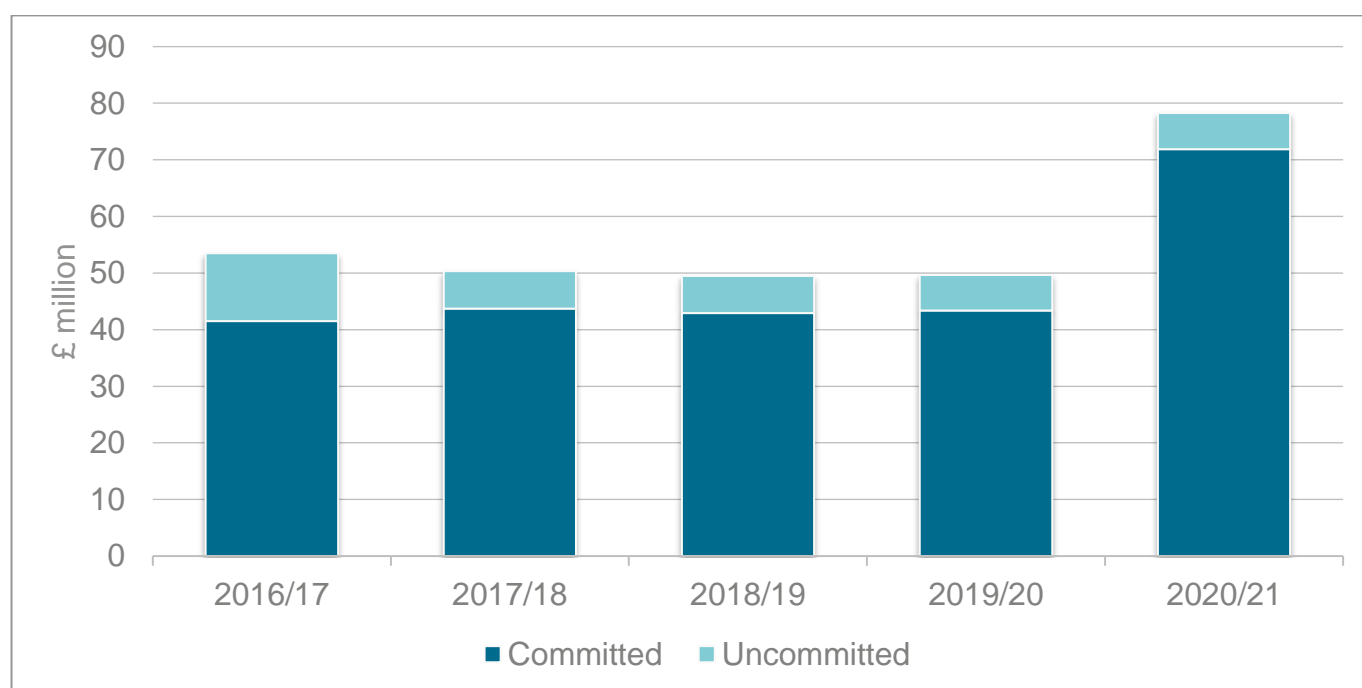
- £13.5 million specifically for Covid-19 recovery
- £5.1 million for unspent third-party contributions
- £7.5 million for unspent budget carried forward.

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

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

Exhibit 4

Analysis of general fund balance



Source: Argyll and Bute Council Annual Accounts

Planned budget savings were largely achieved

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

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

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

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

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

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

Financial systems of internal control have been designed and implemented appropriately

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

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

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

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

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

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

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

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

Internal audit

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

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

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

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

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

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

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

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

3. Financial sustainability

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

Main judgements

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

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

The Council agreed a balanced budget for 2021/22

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

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

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

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

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

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

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

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

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

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

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

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

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

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

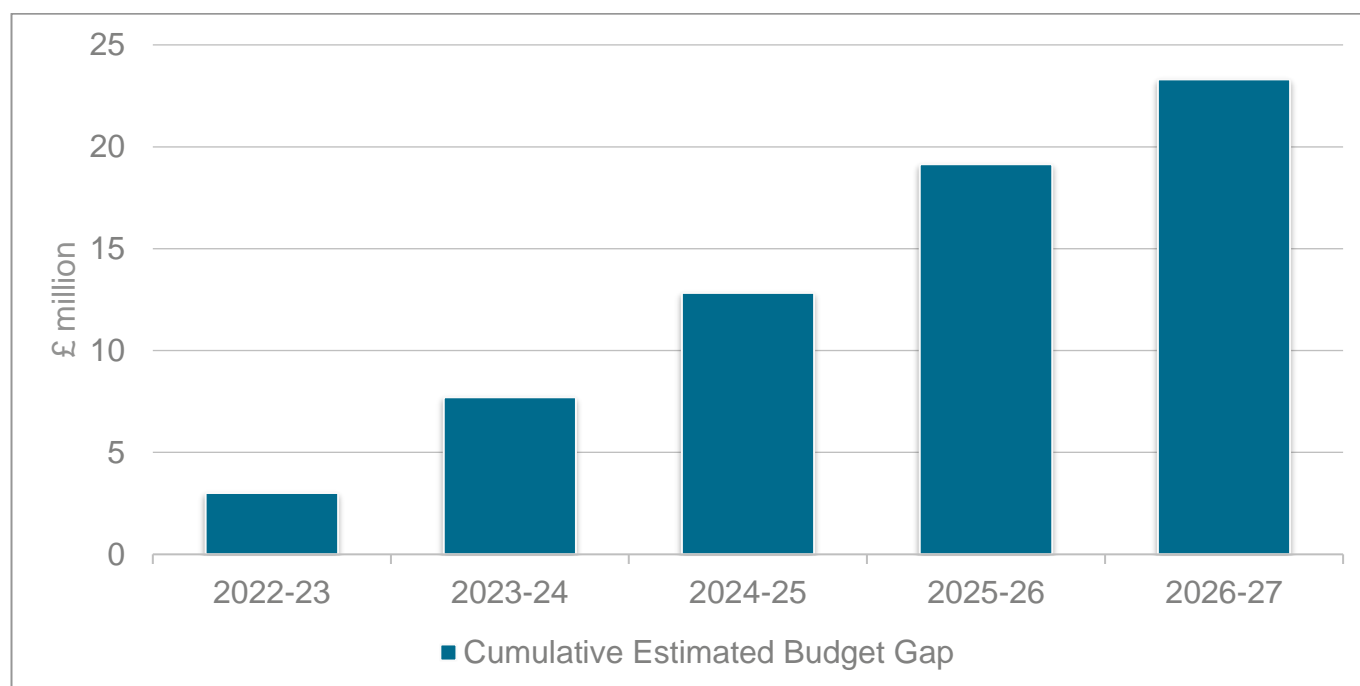
56. The impact of Covid-19 is continuously monitored by officers and updates are reported to the Policy and Resources Committee.

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

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

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

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



Source: Argyll and Bute Council

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

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

Recommendation 1

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

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

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

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

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

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

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

4. Governance and transparency

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

Main Judgements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Best Value

Using resources effectively and continually improving services.

Main judgements

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

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

The Council is making good progress in securing Best Value

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

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

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

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

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

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

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

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

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

Recommendation 2

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

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

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

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

Statutory performance indicators (SPIs) are being monitored

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

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

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

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

National performance audit reports

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

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

Appendix 1

Action plan 2020/21

2020/21 recommendations

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

Follow-up of prior year recommendations

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

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

Appendix 2

Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<p>1. Management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Detailed testing of journal entries focussing on authorisation and approval.</p> <p>Review of accounting estimates and evaluation of the impact of any variability in key assumptions.</p> <p>Focussed testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p> <p>Year-end cut-off testing.</p>	<p>Results: No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focussed testing on accruals and prepayments did not identify any instances of management override of controls.</p> <p>Within substantive testing we considered whether transactions were within the normal course of business. When selecting samples, we reviewed ledger or transaction listings that were outside the normal course of business.</p> <p>Substantive testing of transactions around the year end identified controls were operating effectively.</p> <p>Conclusion: we did not identify any incidents of management override of controls.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>2. Fraud over expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>The Council incurs significant expenditure on a range of activities. The extent of expenditure means there is an inherent risk of fraudulent or erroneous reporting of expenditure to achieve a desired financial position.</p>	<p>Detailed testing of expenditure transactions focusing on the areas of greatest risk and whether expenditure is recorded in the correct accounting year.</p> <p>Walkthroughs of key financial systems.</p> <p>Review of provisions included in the 2020/21 financial statements for completeness and accuracy.</p>	<p>Results: Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Substantive testing of transactions around the year end did not identify any issues with classification of expenditure relating to the financial year 2020/21.</p> <p>Financial systems of internal control have been designed and implemented appropriately.</p> <p>No issues were identified from our review of provisions.</p> <p>Conclusion: we did not identify any incidents of fraud over expenditure.</p>
<p>3. Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement or valuation of the following material account areas:</p> <p>Non-current asset valuations</p> <p>At 31 March 2020, the Council held non-current assets with value of £648.377 million. This included Land and Buildings with a net book value of £370.616 million. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and estimates, and changes in these can result in material changes to valuations. The impact of</p>	<p>Non-current asset valuations</p> <p>Completion of 'review of the work of management's expert' for the internal professional valuer.</p> <p>Review of land and buildings revaluations carried out, assessing whether they have been performed using an appropriate and relevant valuation basis/methodology by suitably qualified individuals.</p> <p>Confirm land and buildings asset revaluations in valuer's report are correctly reflected within the 2020/21 financial statements.</p> <p>Work to assess the reasonableness of the valuations in the valuer's report.</p>	<p>Non-current asset valuations</p> <p>Results: We noted no issues with:</p> <ul style="list-style-type: none"> - the reliability of the professional valuer or the reasonableness of estimates they provided. - the controls management put in place or the accuracy of the information provided for the valuation. - compliance with the most up to date RICS guidance in relation to land and buildings property valuations during pandemic. <p>Pension liabilities</p> <p>Results: We noted no issues with:</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Covid-19 gave rise to a material valuation uncertainty within the 2019/20 valuations and may have a similar impact in 2020/21 depending on guidance issued by the Royal Institute of Chartered Surveyors.</p> <p>Pension liabilities</p> <p>The Council recognised a net liability of £67.346 million relating to its share of the Strathclyde Pension Fund liability at 31 March 2020. There is a significant degree of subjectivity in the measurement and valuation of the pension fund liability. The valuation is based on specialist assumptions and estimates.</p> <p>Additionally, the triennial valuation exercise will take place for the pension fund and impact on the 2020/21 annual accounts. This exercise is more detailed than the annual valuations and will also set employer contributions rates for the next three years.</p>	<p>Pension liabilities</p> <p>Completion of 'review of the work of management's expert' for actuary.</p> <p>Confirm pension valuations in actuarial report are correctly reflected within the 2020/21 financial statements.</p> <p>Assess the completeness and accuracy of information provided to actuary to support the triennial revaluation process.</p> <p>Review and assess the reasonableness of actuary's valuations and assumptions.</p>	<p>- the reliability of the actuary or the reasonableness of estimates they provided.</p> <p>- the controls management put in place or the accuracy of the information provided for the valuation.</p> <p>Conclusion: we did not identify any issues with Non-Current Asset valuations or Pension Liabilities.</p>

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

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

Audit risk	Assurance procedure	Results and conclusions
<p>funding and increasing demand for services.</p> <p>As per the report which will be presented to the Policy and Resources Committee in May 2021, the Council's budget estimates are for a mid-range budget gap of £2.490 million for 2022/23, rising to an in-year gap of £4.162 million by end of 2025/26 (cumulative gap of £23.018 million over the five-year period). There is a balanced budget position for 2021/22, after recognition of all agreed, and estimated, measures available. Beyond 2021/22, there remains significant budget gaps in future years.</p> <p>The Covid-19 pandemic has introduced further cost pressures and additional financial uncertainty for the Council. It has disrupted the Council's ability to implement transformational/savings plans in response to the budget gap.</p> <p>As a result, there is a risk to financial sustainability and the sustainability and quality of services in future.</p>	<p>Assessment of the council's medium to long term financial strategy.</p> <p>Review and assessment of budget monitoring arrangements with a focus on reports to senior officers and members on financial position.</p> <p>On-going review of the Council's financial position and delivery of planned savings.</p>	<p>throughout the year, this included reviewing the financial position and delivery of planned savings.</p> <p>Conclusion: The Council achieved a year end surplus of £0.2 million in 2020/21. Significant financial challenges will continue in the short to medium term and this has been highlighted at Appendix 1 Action Plan Point 1.</p>

Appendix 3

BVAR Recommendations (May 2020)

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

Appendix 4

Summary of national performance reports 2020/21

April

[Affordable housing](#)

June

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

[Local government in Scotland Overview 2020](#)

July

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

January

[Digital progress in local government](#)

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

February

[NHS in Scotland 2020](#)

March

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

Argyll & Bute Council

2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or

[subscribe to our email alerts.](#)



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk

www.audit-scotland.gov.uk