

Argyll and Bute Council Internal Audit Report May 2023 FINAL

Equality and Socio-Economic Impact Assessment

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of	0	1	4	0
Findings				

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1. Executive Summary

Introduction

- 1. As part of the 2022/23 internal audit plan, approved by the Audit & Scrutiny Committee in March 2022, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Equality and Socio-Economic Impact Assessment.
- 2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
- 3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

- 4. The Equality Act (2010) requires the council to:
 - Eliminate discrimination, harassment and victimisation
 - Advance equality of opportunity between people who share a protected characteristic and those who do not
 - Foster good relations between people who share a protected characteristic
- 5. The Equality Act (2010) Part 2 focuses on people with 'protected characteristics'. These are:
 - Race
 - Disability
 - Sex
 - Age
 - Sexual orientation
 - Religion and belief
 - Gender reassignment
 - Marriage and civil partnership
 - Pregnancy and maternity

The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions. Bodies are required to publish a written assessment showing how they have done this.

- 6. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 (and later changes to the regulations) are designed to help public sector organisations meet the requirements of the Equality Act (2010). The regulations set out what we need to do to meet our Public Sector Equality Duty:
 - Report on mainstreaming equality
 - Publish equality outcomes and report on progress
 - Assess and review policies and practices
 - Gather, use and publish employee information
 - Publish gender pay gap information
 - Publish statements on equal pay
 - Consider award criteria and contract conditions in relation to public procurement.
- 7. In addition, we have a duty, which is set out in the Island (Scotland) Act (2018), to consider the impact of proposals on island communities.
- 8. The Council has carried out Equality Impact Assessments for a number of years. Equality and Diversity Impacts were first developed and approved in the 2000s. These were subsequently updated in light of the Equality Act (2010) and an updated EqIA was approved by council in December 2012.
- 9. In light of changes to the Equality legislation, the enactment of Part 1 and the Fairer Scotland Duty and the introduction of the Islands (Scotland) Act, the EqIA process was reviewed and updated, in 2018. This review has resulted in the Equality and Socio-Economic Impact Assessment (EqSEIA) process.
- 10. The Equality and Socio-Economic Impact Assessment guidance sets out the council's Equality and Socio-Economic Impact Assessment (EqSEIA) process, why we have one, and how it is used. The guidance is designed mainly for officers who are required to complete an EqSEIA but may also be of use to anyone else who has a role to play or an interest in the EqSEIA process or equalities, more generally. The EqSEIA process enables the council to demonstrate that it delivers on its obligations to pay due regard to issues relating to equalities and incorporates consideration of island communities within the wider impact assessment process.
- 11. Within the Council, EqSEIAs must be carried out for the following things:
 - Policy: new or reviewed
 - Strategy: examples of when an EqSEIA is required include:

Preparation of the Local Development Plan City deals or other major investment plans Development of new strategic frameworks Development of significant new policies or proposals Preparation of an annual budget Major procurement exercises Decisions about the shape, size and location of the estate Preparing a Local Outcomes Improvement Plan as part of a CPP Preparing locality plans Preparation of a Corporate Plan Commissioning of service

• Changes to service design and the way services are delivered

Scope

12. The scope of the audit was to assess compliance with legislation and guidance as outlined in the Terms of Reference agreed with the Head of Customer Support Services on 7 February 2023.

Risks

- 13. The risks considered throughout the audit were:
 - Audit Risk 1: Policies and procedures are not in place
 - Audit Risk 2: Failure to comply with the requirements of legislation and regulation
 - Audit Risk 3: Failure to gather, prepare and publish information

Audit Opinion

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

Recommendations

- 16. We have highlighted one medium priority and four low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - Managers have a duty to complete EqSEIAs under the Act and should be reminded of their statutory responsibilities to complete EqSEIAs with consideration being given to providing managers with an EqSEIAs toolkit
 - Timeframes for budget setting should assist the EqSEIA process
 - The oversight for completing EqSEIAs and the quality of EqSEIAs should be the responsibility of the DMTs
 - Consideration should be given to providing further training/information sessions to managers
 - Reporting requirements should be adhered to
- 17. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

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

Exhibit 1 – Su	ummary Assessn	nent of Conti	rol Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Equality and Socio-	Audit Risk 1	Substantial	Equality and Socio-Economic Impact
	Economic Impact			Assessment processes are in place
	Assessment			which reflect current legislative and
	processes are in			regulatory requirements. The Council
	place which reflect			have published guidance for staff
	current legislative			entitled 'Argyll and Bute Equality and
	and regulatory			Socio-Economic Impact Assessment
	requirements			(2020) Guidance'. This guidance sets
				out the council's Equality and Socio-
				Economic Impact Assessment (EqSEIA)
				process, why we have one, and how it
				is used. The guidance is designed
				mainly for officers who are required to
				complete an EqSEIA but may also be of
				use to anyone else who has a role to
				play or an interest in the EqSEIA
				process or equalities, more generally.
2	Services are	Audit Risk 2	Reasonable	EqSEIAs are being undertaken,
	undertaking Impact			however, there are inconsistencies in
	Assessments in line			practice across the Council. We
	with agreed			reviewed papers submitted to
	processes and			Committees for decision and the
	guidance, enabling			budget pack, specifically looking to
	the Council to have			ensure that when required the EqSEIAs
	due regard to any			had been completed. The review of
	impacts when			papers submitted indicate that a
	making decisions.			number of EqSEIAs had been missed by
				the responsible service.
3	Reports are	Audit Risk 3	Substantial	The Council is required to publish, at
	prepared and the			intervals of not more than two years, a
	requirement to			report on the progress it has made to
	gather and publish			make the general equality duty integral
	information on			to the exercise of its functions. The
	equality is adhered			Council have published and made
	to			available on the Council's website the
1				'Equalities Mainstreaming Report and
1				Equality Outcomes' every two years
				since 2013, the most recent report in
1				2021. The 2023 Report is in draft form
				waiting to be approved. The specific
1				duties require the Council to publish a
1				set of equality outcomes, which it
				considers will enable the Council to
				better perform the general equality

duty. It must publish a fresh set of equality outcomes within four years of publishing its previous set. The Council have agreed and published equality
outcomes (2019-2023).

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

3. Detailed Findings

Equality and Socio-Economic Impact Assessment processes are in place which reflect current legislative and regulatory requirements

- 20. Equality and Socio-Economic Impact Assessment processes are in place which reflect current legislative and regulatory requirements. The Council have published guidance for staff entitled 'Argyll and Bute Equality and Socio-Economic Impact Assessment (2020) Guidance'. This guidance sets out the council's Equality and Socio-Economic Impact Assessment (EqSEIA) process, why we have one, and how it is used. The guidance is designed mainly for officers who are required to complete an EqSEIA but may also be of use to anyone else who has a role to play or an interest in the EqSEIA process or equalities, more generally. The guidance outlines roles and responsibilities for the EqSEIA process. In addition standard templates in the form of 'blank forms' are available for officers to complete.
- 21. The public sector equality duty requires equality to be considered in all the functions of public authorities, including decision-making, in the design of internal and external policies and in the delivery of services, and for these issues to be kept under review. Within the Act there are General Duties and Specific Duties outlined. There are numerous guides and documents to assist Local Authorities fulfil their duties. We reviewed key documents of the Council to establish whether equality is considered in functions the Council undertake and found that equality is embedded throughout the core strategies. Within the Council's Corporate Plan 2018-2022 it states: to support the delivery of priorities services will: "Ensuring equality of opportunity for all and contributing to a sustainable future."
- 22. EqSEIA guidance and documentation is available to staff on the Council's intranet site the HUB. When the EqSEIA process was implemented a newsflash was sent to all staff to direct them to the updated guidance.
- 23. The Equality and Diversity Policy outlines the Council's commitment to encouraging equality and diversity among our workforce, and eliminating unlawful discrimination. It provides links to other key documents of the Council.
- 24. An Equality Forum has been brought together with membership drawn from across the council services, the HSCP, Police Scotland and Argyll & Bute Third Sector Interface. The forum generally meets quarterly and the purposes of the group are:
 - To consider equality issues and their impacts on service users in Argyll and Bute;
 - To raise equality issues that affect staff and their employment.

Argyll and Bute Council – Internal Audit Report – Equality and Socio-Economic Impact Assessment, May 2023 Reporting arrangements for the forum include:

- Information on the progress of the forum and its activities are reported periodically by the chair to the Strategic Management Team (SMT);
- specific issues reported or forwarded to the HR Board and / or SMT as appropriate.

Services are undertaking Impact Assessments in line with agreed processes and guidance, enabling the Council to have due regard to any impacts when making decisions.

25. Managers have a duty under the act to complete EqSEIAs and whilst EqSEIAs are being undertaken by Services there are inconsistencies in practice across the Council both in terms of the completion of EqSEIAs and the quality of completion. We reviewed papers submitted to Committees for decision and the budget pack, specifically looking to ensure that when required by the Act the EqSEIAs had been completed. The review of papers submitted indicate that a number of EqSEIAs had been missed by the services. It was noted that other Council's provide online EqSEIA toolkits for managers to assist them with the process of completing these.

Action Plan 1

26. EqSEIAs should be considered and completed ahead of the budget setting process. Timeframes for the budget setting process and the requirements to complete EqSEIAs are currently out of alignment, potentially leaving restricted timeframes to complete the EqSEIAs.

Action Plan 2

27. Where managers are not completing EqSEIAs for the budget setting process, Elected Members have to make decisions about service delivery when they are not informed of the impacts that the budget savings will have on this in certain services. There is no oversight centrally to ensure that budget papers, policy documents or strategy changes have an EqSEIA attached. Reliance is placed on services completing and submitting EqSEIAs.

Action Plan 3

28. EqSEIA guidance was issued to employees via a newsflash and presentations were made to managers, including a presentation on EqSEIA and for budget setting savings.

Action Plan 4

Reports are prepared and the requirement to gather and publish information on equality is adhered to

29. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 (and later changes to the regulations) are designed to help public sector organisations meet the requirements of the Equality Act (2010). The regulations set out what we need to do to meet our Public Sector Equality Duty to report on mainstreaming equality, publish equality outcomes and report on progress. The Council is required to publish, at intervals of not more than two years, a report on the progress it has made to make the general equality duty integral to the exercise of its functions. The Council have published and made available on the Council's website the 'Equalities Mainstreaming Report and Equality Outcomes' every two years since 2013, the most recent report in 2021. The report for 2023 will be presented to Policy and Resources Committee

in May 2023 and was made available in draft on the Council Website by the deadline of 30th April 2023.

- 30. The specific duties require the Council to publish a set of equality outcomes, which it considers will enable the Council to better perform the general equality duty. It must publish a fresh set of equality outcomes within four years of publishing its previous set. The Council have agreed and published four equality outcomes (2019-2023), focussing on:
 - Workforce
 - Engagement
 - Services
 - Education
- 31. The Fairer Scotland Duty, Part 1 of the Equality Act 2010 places a legal responsibility on the Council to pay due regard to how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions. We are required to publish a written assessment showing how we have done this. Where do not we make an explicit statement around the Fairer Scotland Duty, we do include it in the Equality and Socio-Economic Impact Assessments. In addition, the Council are also required to report annually information about the islands communities' impact assessments that have been completed. This has not been completed in the last reporting year.

Action Plan 5

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	EqSEIA EqSEIAs are being undertaken, however, there are inconsistencies in practice across the Council. A review of papers submitted to committee and papers as part of the budget setting process indicate that a number of EqSEIAs had been missed. It was noted that other Councils provide online EqSEIA toolkits for managers to assist them with the process of completing these.	Failure to meet our legislative requirements	Present options for online EqSEIA toolkit to ELT	Head of Customer Support Services 30 June 2024
Low	2	Timing Timeframes for the budget setting process and the requirements to complete EqSEIAs are currently out of alignment, potentially leaving restricted timeframes to complete the EqSEIAs.	Timeframes may not align with legislative requirements	Budget approach ensures that there is sufficient time to carry out EQSEIAs on savings proposals	Head of Financial Services 31 December 2023
Low	3	Overview of EqSEIA There is no oversight at a central level to ensure that budget papers, policy documents or strategy changes or any other documents that an EqSEIA is attached where required.	Failure to meet our legal requirements	Proposal brought to DMTs/SMT on options for an oversight process.	Head of Customer Support Services 30 September 2023
Low	4	Training EqSEIA guidance was issued to employees via a newsflash and presentations were made to managers, including a presentation on EqSEIA and for budget setting savings.	Inconsistencies in practice	Webinars and presentations on EqSEIAs will be run at key times in the year	HROD Manager 31 December 2023

	5	Reporting	Failure to meet our	A reporting timetable	Head of Customer Support
low	5	The Fairer Scotland Duty, Part 1 of the Equality Act 2010 places a legal responsibility on the Council to pay due regard to how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions. We are required to publish a written assessment showing how we have done this. In addition,	Failure to meet our reporting requirements	A reporting timetable will be developed and implemented to ensure all required assessments and reports are completed.	Head of Customer Support Services Date: 30 September 2023
		the Council are also required to report annually information about the islands communities' impact			
		assessments that have been completed. This has not been			
		completed in the last reporting year.			

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

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

Appendix 2 – Audit Opinion

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