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14 March 2024

To: Councillors Dettbarn (Chair), Bell, Cullen, Kilpatrick, Lamont, McGinley, Ramsay and Weir

All other Elected Members for information only

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held **on Wednesday, 20 March 2024 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 22 February 2024 (copy herewith).
4. Action Log and Work Programme (copy herewith).

External Audit.

5. Annual Audit Plan 2023/24 – Submit report by the Chief Financial Officer (copy herewith).
6. Audit Scotland: Workforce Innovation - How Councils are Responding to Workforce Challenges – Submit report by the Director of Communities and Transformation (copy herewith).

Internal Audit.

7. Proposed Internal Audit Plan 2024/25 (including Annual Review of Internal Audit Charter) – Submit report by the Chief Internal Auditor (copy herewith).

Other Governance.

8. Strategic Risk Management – Submit report by the Chief Governance Officer (copy herewith).

For more information on any of the items on this agenda, please telephone Andrew Gibson, Committee Services on 01292 612436, Wellington Square, Ayr or e-mail: committeeservices@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 22 February 2024 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Kenneth Bell, Chris Cullen, Alan Lamont, Brian McGinley, Cameron Ramsay; and George Weir.

Present
Remotely: Councillor Mary Kilpatrick.

Also
Present
in County Hall: Councillor Duncan Townson (for item 2 only).

Attending in
County Hall: M. Newall, Chief Executive; T. Baulk, Head of Finance, ICT and Procurement; G. Hunter, Assistant Director – Communities; W. Carlaw, Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor; K. Copland, Senior Accountant; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending
Remotely: G. McNally, Audit Scotland.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and, having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

1. Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information in terms of paragraph 4 of Part 1 of Schedule 7A of the Act.

2. Call-in from Cabinet of 14 February 2024 “Merlin Cinemas Ltd - Support Grant”.

Reference was made to the Minutes of the Cabinet of 14 February 2024 (Page 7, paragraph 15) when the Cabinet had decided, by a majority

- (1) to approve the provision of grant funds of £70,000 to Merlin Cinemas Limited for the purpose of external improvement works required to the former Odeon Cinema facility;
- (2) to approve that the £70,000 grant proposed was funded from ward capital monies allocated for Ayr;
- (3) to agree that the proposal of £70,000 grant would be subject to the provision of satisfactory written evidence in the form of paid invoices and corresponding bank statements from the recipient Merlin Cinemas Limited, confirming that payment for the required external works had been completed (this would include a further £113,000 that Merlin were investing in repairs to the building); and
- (4) to agree that an appropriate Grant Funding Agreement would be put in place between South Ayrshire Council and the recipient Merlin Cinemas Limited, to protect the Council's position.

The Panel was advised that the decision had been the subject of a call-in (Members only). A response by officers to the matters raised in the call-in had been issued prior to the meeting.

Councillor Townson spoke to the call-in and advised that the correct process had not been followed in bringing this report to a Cabinet meeting for approval. The Chief Executive responded by saying that the due process had not been followed correctly and the matter should not have been considered at the last Cabinet meeting and apologised to Members for this error.

A Member of the Panel raised his concerns that this matter had been brought before Cabinet and there was discussion of procedural errors.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote for or against the Motion.

By a majority, the Panel

Decided:

- (a) that in view of the proposal to approve the provision of the grant funds to Merlin Cinema Limited failing to follow the approved process and governance arrangements for the granting of ward funds, that the Audit and Governance Panel refer the matter back to Cabinet with the recommendation that Cabinet rescinds the decision taken on 14 February 2024; and
- (b) that officers undertake a review of the process and governance arrangements for the granting of ward funds with the findings being reported back to this Panel in due course.

At this point, the recording was restarted.

3. Minutes of Previous Meetings.

The Minutes of the meeting of 24 January 2024 ([issued](#)) were submitted and approved.

4. Action Log and Work Programme.

There was submitted an update of the Action Log and Work Programme for this Panel ([issued](#)).

Decided: to note the current status of the Action Log and Work Programme.

Internal Audit.

5. Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2022/23; (ii) Progress of the Annual Internal Audit Plan 2023/24; (iii) Implementation of Internal Audit Action Plans; (iv) Quality Assurance and Improvement Programme Update.

There was submitted a report ([issued](#)) of 12 February 2024 by the Chief Internal Auditor advising of progress of the 2022/23 and the 2023/24 internal audit plans, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme.

After a Member of the Panel had noted that the proposed Internal Audit Plan 2024/25 would be reported to this Panel in March 2024, he enquired if the Work Plan for next year had yet been finalised and if further changes could still be made. The Chief Internal Auditor advised that it would be a draft Plan being reported to the meeting in March of this year for Members approval.

Following a question from a Member of the Panel on the Corporate Workforce Plan 2022/25 and his concern that successful candidates for posts in this Council were not commencing their employment for around 10/12 weeks after being interviewed. The Chief Internal Auditor advised that this would be covered by Audit Scotland as part of their Best Value. It was further noted that this matter would be covered in a future Audit.

A Member of the Panel referred to a referral for investigations detailed in the report relating to a fraudulent attempted to change an employee's bank details. The Chief Internal Auditor advised that procedures were now in place so this could not be repeated.

Having heard a Member of the Panel enquire about Appendix 2 "Progress against Internal Audit Plan 2023/24" and that five of the deliverables had not yet commenced, the Chief Internal Auditor advised that they were all on schedule.

Following an enquiry from a Member of the Panel in relation to Appendix 3 "Overdue Actions" and in relation to two of the actions listed, the Chief Internal Auditor and the Head of Finance, ICT and Procurement advised of the current position.

A Member of the Panel enquired about the Thriving Communities Grants Review with nine associated actions. The Chief Internal Auditor advised that the Service has recorded all the actions as fully implemented.

Having heard a Member of the Panel in relation to the Assignment for SWHub, it was noted that progress was not as desired but with the pending start date for the Director of Housing, Operations and Development, matters would soon improve.

Following a Member of the Panel enquiring if actions not completed this year could be continued to next financial year and if so, was there capacity for this, the Chief Internal Auditor advised that there was confidence that sufficient testing would be completed by the year end to allow an annual opinion to be formed.

The Panel

Decided: to note the contents of the report and approve the revision to the 2023/24 Internal Audit Plan, as detailed in paragraph 4.3.5 of the report.

Other Governance.

6. Treasury Management and Investment Strategy Quarter 3 Update Report 2023/24.

There was submitted a report ([issued](#)) of 12 February 2024 by the Head of Finance, ICT and Procurement providing an update on the 2023/24 treasury prudential indicators for the period October-December 2023 (Quarter 3) and an update on the latest wider economic position.

A Member of the Panel thanked officers for a recent briefing to Members on this matter.

A Member of the Panel enquired as to the effect of interest rates on the Strategy going forward. Having heard the Head of Finance, ICT and Procurement in response, it was noted that it was expected that interest rates would eventually come down, potentially over the summer period.

Having heard a Member of the Panel refer to the mention of interventions relating to an overspend and underspend, he asked what these interventions could be and the Head of Finance, ICT and Procurement advised that the position regarding overspend and underspend was constantly monitored as, for example, interest rates could change, also, capital expenditure may not materialise, thus negating any resultant required borrowing.

The Panel

Decided: to remit the Quarter 3 Update Report to the next Cabinet meeting on 12 March 2024 for approval.

The meeting ended at 11.05 a.m.

DRAFT

Audit and Governance Panel

Agenda Item No. 4

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1.	24 January 2024	Best Value Action Plan 2023 – Progress Update	To provide Members with details of the current position relating to the Action “Improve accuracy of recording attendance figures at Member briefings”	Chief Governance Officer	Response:- Procedure now in place to record take up of online training and role specific training for Members.”	YES

Audit and Governance Panel

Work Programme 2024

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
1.	Annual Audit Plan 2023/24	Report to Panel	Chief Financial Officer	20 March 2024 (Annually)	Report to this Panel
2.	Proposed Internal Audit Plan 2024/25 (including Annual Review of Internal Audit Charter)	Report to Panel	Chief Internal Auditor	20 March 2024 (Annually)	Report to this Panel
3.	Strategic Risk Management	Report to this Panel	Chief Governance Officer	20 March 2024 (Biannually)	Report to this Panel
4.	Audit Scotland: Workforce Innovation – How Councils are Responding to Workforce Challenges	Report to this Panel	Director of Communities and Transformation	20 March 2024	Report to this Panel
5.	Best Value Action Plan Quarterly Update	Report to this Panel	Director of Communities and Transformation	29 May 2024 (Quarterly)	Not yet started
6.	Audit and Governance Panel – 2023/24 Annual Report	Report to this Panel	Chief Financial Officer/ Chief Governance Officer	29 May 2024 (Annually)	In progress
7.	Corporate Fraud Team - Activity Report and Update on 2023/24 National Fraud Initiative	Report to this Panel	Chief Internal Auditor	29 May 2024 (Biannually)	Not yet started

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
8.	Audit Scotland: Integration Joint Boards – Financial Analysis 2022/23	Report to this Panel	Chief Financial Officer	29 May 2024 (Annually)	Not yet started
9.	External review of Internal Audit compliance with Public Sector Internal Audit Standards	Report to this Panel	Chief Internal Auditor	29 May 2024 (Every five years)	In progress
10.	External Audit Reports – Progress to 31 March 2024	Report to Panel	Chief Financial Officer	26 June 2024 (Quarterly)	Not yet started
11.	Annual Accounts 2023/24	Report to this Panel	Chief Financial Officer	26 June 2024 (Annually)	Not yet started
12.	Delivering Good Governance – 2023/24 Assessment	Report to Panel	Chief Governance Officer	26 June 2024 (Annually)	Not yet started
13.	Internal Audit Annual Report 2023/24	Report to Panel	Chief Internal Auditor	26 June 2024 (Quarterly)	Not yet started
14.	External Audit – Audit Dimensions and Best Value Report 2023/24	Report to Panel	Chief Financial Officer	26 June 2024 (Annually)	Not yet started
15.	Treasury Management Annual Report 2023/24	Report to Panel	Chief Financial Officer	26 June 2024 (Annually)	Not yet started
16.	Corporate Lets	Report to Panel	Director of Communities and Transformation	26 June 2024 (Annually)	Not yet started

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
17.	Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)	Report to Panel	Chief Internal Auditor	September 2024 (Annually)	Not yet started
18.	Accounts Commission Annual Report 2022/23	Report to this Panel	Chief Financial Officer	October 2024 (Annually)	Not yet started
19.	Internal Audit Plan 2023/24 – Midyear Review	Report to this Panel	Chief Internal Auditor	November 2024 (Annually)	Not yet started
20.	Audit and Governance Panel – 2024 Annual Self-Assessment Outcome	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2024 (Annually)	Not yet started

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 20 March 2024**

Subject: Annual Audit Plan 2023/24

1. Purpose

1.1 The purpose of this report is to provide background to the presentation by Audit Scotland of their Annual Audit Plan 2023/24 (the Audit Plan).

2. Recommendation

2.1 It is recommended that the Panel agrees the attached Annual Audit Plan 2023/24 (Appendix 1).

3. Background

3.1 This is the second year of Audit Scotland's appointment as the Council's external auditor, which will cover the period until 2026/27 (inclusive).

4. Proposals

4.1 The Introduction sets out the summary of planned audit work along with the respective responsibilities of the auditor and the Council and a statement on adding value through external audit work.

4.2 Audit Scotland have identified the following three significant risks to the Annual Accounts, which have the greatest impact on their planned audit procedures:

4.2.1 Risk of material misstatement due to fraud caused by management override of controls;

4.2.2 New financial ledger; and

4.2.3 Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations.

4.3 Audit Scotland have identified one other area – pension balance – where they consider there is also a risk of material misstatement to the financial statements. However, based on their assessment of the likelihood and magnitude of the risk, they do not consider it to represent a significant risk.

4.4 The audit goes beyond simply providing assurance on the financial statements and the Council's internal control environment. The Code of Audit Practice (the Code) requires auditors to consider the adequacy of the arrangements in place for the

following four wider scope areas in audited bodies: **financial management; financial sustainability; vision, leadership and governance;** and **use of resources to improve outcomes.**

4.5 Audit Scotland's risk assessment has not identified any significant risks in respect of those wider scope areas.

4.6 Audit Scotland will report not only on progress made with the Council's improvement actions arising from the auditor's 2022/23 audit work on Best Value, but also on the 2023/24 Best Value thematic review covering workforce innovation.

4.7 Audit Scotland's reporting arrangements and planned audit outputs are summarised in Exhibits 4 and 5 of the Audit Plan (Appendix 1).

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 There are no financial implications arising from of this report.

7. Human Resources Implications

7.1 There are no human resource implications arising from this report.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendation. This paper is based on Audit Scotland's analysis of the risks facing the Council.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 If the recommendation is rejected, then detailed discussion and negotiation will be required between the Council and Audit Scotland in order to agree a mutually acceptable audit plan for 2023/24.

9. Equalities

9.1 The proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 2.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Limited consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **None**

Person to Contact **Tim Baulk, Chief Financial Officer**
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Date: **13 March 2024**

South Ayrshire Council

Annual Audit Plan 2023/24



 AUDIT SCOTLAND

Prepared for South Ayrshire Council
March 2024

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Introduction

Audit Appointment

1. Fiona Mitchell-Knight, Audit Scotland, has been appointed by the Accounts Commission as external auditor of South Ayrshire Council for the period from 2022/23 until 2026/27. The 2023/24 financial year is therefore the second of my five-year audit appointment.

Summary of planned audit work

2. This document summarises the work plan for our 2023/24 external audit of South Ayrshire Council (the council). The main elements of our work include:

- evaluation of the design and implementation of the key controls within the main accounting systems
- an audit of the Annual Accounts, and provision of an independent auditor's report
- an audit opinion on other statutory information published within the Annual Accounts including the Management Commentary, the Governance Statement, and the Remuneration Report
- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership, and governance; and use of resources to improve outcomes
- consideration of Best Value arrangements
- review the council's arrangements for preparing and publishing statutory performance information.
- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return.

Respective responsibilities of the auditor and the council

3. The [Code of Audit Practice 2021](#) sets out in detail the respective responsibilities of the auditor and the council. Key responsibilities are summarised below.

Auditor responsibilities

4. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

5. Auditors in the public sector give an independent opinion on the financial statements and other information within the Annual Accounts. We also review and report on the arrangements within the council to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

The council's responsibilities

6. The council is responsible for maintaining accounting records and preparing Annual Accounts that give a true and fair view. They are also required to produce other reports in the Annual Accounts in accordance with statutory requirements.

7. The council has the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives.

Communication of fraud or suspected fraud

8. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this plan to the Audit and Governance Panel we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. During our audit, should members of the council have any such knowledge or concerns relating to the risk of fraud within it, we invite them to communicate this to us for our consideration.

Adding value

9. We aim to add value to the council through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we will help the council promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend meetings of the Audit and Governance Panel and actively participate in discussions.

Annual Accounts audit planning

Introduction

10. The Annual Accounts are an essential part of demonstrating South Ayrshire Council's (the council) stewardship of resources and its performance in the use of those resources.

11. As appointed auditors we are required to perform an audit of the financial statements, consider other information within the Annual Accounts, and express a number of audit opinions in an Independent Auditor's Report in accordance with International Standards on Auditing (ISAs) in the UK, Practice Note 10 from the Public Audit Forum which interprets the ISAs for the public sector, and guidance from Audit Scotland.

12. We focus our work on the areas of highest risk. As part of our planning process, we prepare a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements in the Annual Accounts.

Materiality

13. Materiality is an expression of the relative significance of a matter in the context of the Annual Accounts. The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. We are required to plan our audit to determine with reasonable confidence whether the Annual Accounts are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2023/24 audit of the council and its group

14. The materiality levels for the council and its group are set out in [exhibit 1](#).

Exhibit 1

2023/24 materiality levels for the council and its group

Materiality	Council	Group
Planning materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the council's operations. It has been set at 2% of gross expenditure based on the latest audited Annual Accounts for 2022/23.	£12.310 million	£12.320 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the Annual Accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 65% of planning materiality.	£8.000 million	£8.000 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.600 million	£0.600 million

Source: Audit Scotland

Significant risks of material misstatement to the Annual Accounts

15. Our risk assessment draws on our knowledge of the council, its major transaction streams, key systems of internal control and risk management processes. It is informed by our discussions with management and internal audit, attendance at committees and a review of supporting information.

16. Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

17. Based on our risk assessment process, we identified the following significant risks of material misstatement to the Annual Accounts. These risks have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risks, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

Exhibit 2

2023/24 significant risks of material misstatement to the Annual Accounts

Significant risk of material misstatement	Sources of management assurance	Planned audit response
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240 (<i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> Owing to the nature of this risk, assurances from management are not applicable in this instance. 	<ul style="list-style-type: none"> Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. Assess the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals at the year-end and post-closing entries and focus on significant risk areas. Evaluate significant transactions outside the normal course of business. We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments.
<p>2. New financial ledger</p> <p>In April 2023 South Ayrshire Council transferred to the new ledger system Oracle Fusion. This involved a significant data migration</p>	<ul style="list-style-type: none"> Comparing the chart of accounts and trial balance. Sample testing transactions for accuracy. 	<ul style="list-style-type: none"> Confirm the completeness and accuracy of balances transferred from the old to the new system. Obtain an understanding of management's involvement in the migration to assess if appropriate oversight has occurred.

Significant risk of material misstatement	Sources of management assurance	Planned audit response
<p>from the previous system to Oracle Fusion.</p> <p>The system is now fully operational, processing all transactions for the council. The new system will be used for the production of the 2023/24 financial statements.</p> <p>Risk: Increased risk of errors or misstatement in the financial statements following the migration to the new system.</p>	<ul style="list-style-type: none"> Working papers retained detailing the migration. Data cleansing. 	<ul style="list-style-type: none"> Assess the design and implementation of controls within the new system. Assess the results of our other audit testing for any evidence of issues with the operation of the new system.
<p>3. Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations</p> <p>The council held other land and buildings, including its council dwellings and school PPP estate, with a net book value of £714 million as at 31 March 2023.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>The assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of the assets. As such, valuations</p>	<ul style="list-style-type: none"> Revaluations completed by Royal Institute of Chartered Surveyors (RICS) qualified surveyors. Revaluations carried out for all assets as part of rolling revaluation programme. Detailed working papers retained to support asset reviews and impairments. An annual impairment review is undertaken by the registered valuer and reviewed by management. 	<ul style="list-style-type: none"> Review the information provided to the valuer to assess for completeness. Evaluate the competence, capabilities, and objectivity of the professional valuer. Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. Critically evaluate the approach the council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. Test the reconciliation between the financial ledger and the asset register. Evaluate management's assessment of why it considers that the land and buildings not revalued in 2023/24 are not materially misstated. We will critically assess the appropriateness of any assumptions. Critically assess the adequacy of the council's disclosures regarding the assumptions in relation to the

Significant risk of material misstatement	Sources of management assurance	Planned audit response
<p>are changing to a matrix approach in 2023/24 for the first time.</p> <p>Risk: Valuations of these assets are materially misstated.</p>		<p>valuation of other land and buildings and council dwellings.</p>

Source: Audit Scotland

Other area of audit focus

18. As part of our assessment of audit risks, we have identified one other area where we consider there is also a risk of material misstatement to the financial statements, which is an area of specific audit focus;

Pension balance: This an area of audit focus due to the material value and significant assumptions used in the calculation of the balance. We will review the work of the actuary, including reviewing the appropriateness of actuarial assumptions and management's assessment of these. Based on our assessment of the likelihood and magnitude of the risk, we do not consider this to represent a significant risk. We will keep this area under review as our audit progresses.

Consideration of the risks of fraud in the recognition of revenue and expenditure

19. As set out in ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue income may be misstated resulting in a material misstatement in the financial statements. We have rebutted this presumed risk in 2023/24 as, while the possibility of fraud exists, we do not judge it to be a significant risk due to the nature of the majority of the council's income streams, namely government funding and grants.

20. In line with Practice Note 10 (*Audit of financial statements and regularity of public sector bodies in the United Kingdom*), as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have considered each of the council's expenditure streams, and based on our knowledge of the council, prior year considerations and our risk assessment to date, we do not consider these to be susceptible to material misstatement due to fraud. We also consider there to be limited incentive and opportunity for the manipulation of expenditure recognition in the financial statements. We have therefore rebutted the risk of material misstatement due to fraud in expenditure recognition for 2023/24.

21. We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

Audit of the Management Commentary, Annual Governance Statement and Remuneration Report

22. In addition to the appointed auditor's opinion of the financial statements, the Accounts Commission prescribes that the appointed auditor should provide opinions as to whether the Management Commentary, Annual Governance Statement, and the audited part of the Remuneration Report, have been compiled in accordance with the appropriate regulations and frameworks and are consistent with the financial statements.

23. To inform these opinions we will consider whether the disclosures within each statement comply with the requirements of the applicable guidance, and confirm that relevant information reflects the contents of the financial statements and other supporting documentation, including:

- **Management Commentary:** Consideration of performance information reported to council committee's and published during the year.
- **Annual Governance Statement:** Reviewing the Local Code of Corporate Governance, considering the annual assurance statements completed, and prepared by Senior Officers to provide assurances to the Chief Executive, and Internal Audit's annual assurance statement.
- **Remuneration Report:** Obtaining and reviewing payroll data and HR reports.

24. Based on our knowledge of the audit, and the established procedures in place to produce these statements, we have not identified any specific risks to be communicated to those charged with governance in relation to the audit of the Management Commentary, Annual Governance Statement, and audited part of the Remuneration Report.

Group consideration

25. As group auditors, we are required under ISA (UK) 600 (*Audits of group financial statements (including the work of component auditors)*) to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group accounts.

26. The council has a group which comprises component entities including subsidiaries, associates, and joint ventures. The audits of the financial information of some of the components are performed by other auditors. Based on our discussion with management and assessment of the group, the only significant group component is the council, which accounts for 94% of the consolidated net cost of services and 91% of the group's net assets. At this stage, it has been assessed that there are no other significant components, other than the council. All non-significant components will be covered by an analytical review at the group level.

27. We will obtain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base our group audit opinion.

Audit of the trusts registered as Scottish charities

28. The 2006 Regulations require charities to prepare Annual Accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

29. South Ayrshire Council administers three such registered charities, disclosed in a single set of Annual Accounts, with total assets of £0.089 million. This is in accordance with the connected charities rules. The preparation and audit of Annual Accounts of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

30. Other than a risk of management override of controls which has also been identified as risks in respect of the council's Annual Accounts, no specific planning risks were identified in respect of the charity's Annual Accounts.

Materiality levels for the 2023/24 audit of trusts registered as Scottish charities

31. Materiality levels for the various trusts are set out in [exhibit 3](#).

Exhibit 3

2023/24 materiality levels for trusts registered as Scottish charities

Charitable trust	Planning Materiality	Performance Materiality	Reporting Threshold
McKechnie Library Trust (SC012759)	£125 (Based on 2% of audited 2022/23 net asset value)	£95 (Based on 75% of planning materiality)	£50
South Ayrshire Council Charitable Trusts (SC025088)	£775 (Based on 2% of audited 2022/23 net asset value)	£580 (Based on 75% of planning materiality)	£100
South Ayrshire Charitable Trust (SC045677)	£900 (Based on 2% of audited 2022/23 net asset value)	£670 (Based on 75% of planning materiality)	£100

Wider Scope and Best Value

Introduction

32. The [Code of Audit Practice](#) sets out the four areas that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the wider scope areas in audited bodies.

33. In summary, the four wider scope areas cover the following:

- **Financial management:** means having sound budgetary processes. We will consider the arrangements to secure sound financial management including the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error, and other irregularities. This will include reviewing the council's progress with investigating the matches identified by the National Fraud Initiative exercise.
- **Financial sustainability:** as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the term. We define this as medium-term (two to five years) and longer-term (longer than five years).
- **Vision, leadership, and governance:** we conclude on the arrangements in place to deliver the vision, strategy and priorities adopted by the council. We also consider the effectiveness of the governance arrangements to support delivery.
- **Use of resources to improve outcomes:** we will consider how the council demonstrates economy, efficiency, and effectiveness through the use of financial and other resources.

Significant wider scope risks

34. Our risk assessment has not identified any significant risks in respect of the above wider scope areas.

Financial sustainability

35. Whilst not a significant audit risk, the challenging financial environment in which the council, along with other public sector bodies, is operating in, has been identified as an area of audit focus. There are challenges to the medium and longer-term financial sustainability due to the uncertainty over future Scottish Government funding allocations, the rising cost of inflation and the cost of implementing future pay settlements. Our Annual Audit Report will include comment on the council's 2023/24 financial outturn, 2024/25 budget, and its medium-term financial plan.

36. Our planned work on our wider scope responsibilities is risk based and proportionate and in addition to local risks we consider challenges which are impacting the public sector.

Best Value

37. Under the 2021 [Code of Audit Practice](#), the audit of Best Value in councils is fully integrated within our annual audit work.

38. Best Value at the council is assessed comprehensively over the period of the audit appointment and includes an annual evaluation of the council's approach to demonstrating improvement in the effective use of resources and public performance reporting. At least once every five years, the Controller of Audit will report to the Accounts Commission on the council's performance in meeting its Best Value duties. The [Controller of Audit report](#) on the council was presented to the Accounts Commission in October 2023. The Accounts Commission's findings were [considered](#) by members at the December 2023 full council meeting. We will report progress with the council's improvement actions that came out of all of our 2022/23 audit work on Best Value, including those reflected in the Controller of Audit report and Accounts Commission findings.

39. In addition, we will be reporting on the 2023/24 Best Value thematic review covering workforce innovation. We will consider how the council is responding to the current workforce challenge through building capacity, increasing productivity, and innovation. Our conclusions and judgements from our will be reported in a separate report and summarised in our Annual Audit Report. Additionally, we will follow up on our findings reported in our June 2023 [Best Value thematic report](#) on leadership to assess the council's pace and depth of improvement.

Reporting arrangements, timetable, and audit fee

Reporting arrangements

40. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs, as detailed in [exhibit 4](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

41. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be issued to the relevant officers to confirm factual accuracy.

42. We will provide an independent auditor's report to South Ayrshire Council (the council) and the Accounts Commission setting out our opinions on the Annual Accounts. We will provide the council and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

43. [Exhibit 4](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by the statutory deadline of 30 September 2024.

Exhibit 4

2023/24 audit outputs

Audit output	Latest date	Audit and Governance Panel date
Annual Audit Plan	31 March 2024	20 March 2024
Best Value Thematic Report	30 September 2024	20 March 2024
Independent Auditor's Report	30 September 2024	25 September 2024 (tbc)
Annual Audit Report	30 September 2024	25 September 2024 (tbc)

Source: Audit Scotland



Audit timetable

44. To support an efficient audit, it is critical that the timetable for producing the Annual Accounts for audit is achieved. We have included a proposed timetable for the audit at [exhibit 5](#) that has been discussed and agreed with management.

45. We intend to take a hybrid approach to the 2023/24 audit with a blend of onsite and remote working. We will continue to work closely with management to identify the most efficient approach and will keep timeframes for the completion of the audit under review. Progress will be discussed with management over the course of the audit.

Exhibit 5

Proposed Annual Accounts timetable

 Key stage	 Provisional Date
Consideration of the unaudited Annual Accounts by those charged with governance (Audit and Governance Panel).	26 June 2024
Latest submission date for the receipt of the unaudited accounts with complete working papers package.	28 June 2024
Latest date for final clearance meeting with the Head of Finance, ICT and Procurement, agreement of the audited and unsigned Annual Accounts and the proposed Annual Audit Report.	11 September 2024
Issue of proposed annual audit report, letter of management representation and proposed independent auditor's report to those charged with governance.	13 September 2024
Presentation of proposed Annual Audit Report to those charged with governance. Approval of the South Ayrshire Council annual accounts by those charged with governance, independent auditor's report signed electronically following this approval and the final annual audit report issued.	25 September 2024

Audit fee

46. In setting the fee for 2023/24 we have assumed that the council has effective governance arrangements and will prepare comprehensive and accurate Annual Accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied. The audit fee for 2023/24 is £346,130 (£326,550 in 2022/23). There is a separate audit fee of £1,150 for the audit of the registered charities administered by the council (£1,100 in 2022/23).

Other matters

Internal audit

47. It is the responsibility of the council to establish adequate internal audit arrangements. The council's internal audit function is provided by its internal audit section led by the Chief Internal Auditor.

48. While we are not planning to place formal reliance on the work of internal audit in 2023/24, we will review internal audit reports and assess the impact of the findings on our Annual Accounts and wider scope audit responsibilities.

Independence and objectivity

49. Auditors appointed by the Accounts Commission must comply with the [Code of Audit Practice](#) and relevant supporting guidance. When auditing the Annual Accounts, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors.

50. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual '*fit and proper*' declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

51. The appointed auditor for South Ayrshire Council is Fiona Mitchell-Knight, Audit Director. Andrew Kerr, Senior Audit Manager is the appointed auditor of the registered charities administered by the council. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the council or charitable trusts.

Audit Quality

52. Quality is at the core of public audit in Scotland and is the foundation for building consistency and confidence across all audit work. High quality audits provide assurance, add value, and can support public bodies to achieve their objectives.

Audit Scotland are committed to delivering high quality audits. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality, and ethical standards and the [Code of Audit Practice](#) (and supplementary guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality

reviews. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) have been commissioned to carry out external quality reviews.

53. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the engagement lead.

South Ayrshire Council

Annual Audit Plan 2023/24

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.](#)



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www.audit-scotland.gov.uk

South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. FSD Guidance for Public Bodies in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Annual Audit Plan 2023/24
Lead Officer (Name/Position/Email)	Tim Baulk, Head of Finance, ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	<p style="text-align: center;">YES</p> <p style="text-align: center;">NO</p>				
Rationale for decision: The report submits Audit Scotland's report on the annual audit plan, and asks Members to approve the summary assurance plan. Their decision on this has no specific equality implications					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Signed : Tim Baulk</td> <td style="width: 50%; border: none; text-align: right;">Head of Service</td> </tr> <tr> <td style="border: none;">Date: 8 March 2024</td> <td style="border: none;"></td> </tr> </table>		Signed : Tim Baulk	Head of Service	Date: 8 March 2024	
Signed : Tim Baulk	Head of Service				
Date: 8 March 2024					

South Ayrshire Council

**Report by Director of Communities and Transformation
to Audit and Governance Panel
of 20 March 2024**

**Subject: Audit Scotland: Workforce Innovation – How Councils
are Responding to Workforce Challenges**

1. Purpose

1.1 The purpose of this report is to present members with Audit Scotland's thematic report on workforce innovation in South Ayrshire.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 scrutinises the content of Audit Scotland's thematic report on workforce innovation in South Ayrshire (Appendix A);

2.1.2 notes the improvement actions identified in Appendix 1 of the Audit Scotland report; and

2.1.3 agrees that these actions be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group.

3. Background

3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.

3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken and in 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022.

3.3 An action plan based on the recommendations from Audit Scotland was approved by Audit and Governance Panel on 4 October 2023 with progress to be reported on a quarterly basis.

3.4 This years (23/24) report was focused on workforce innovation and considered:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the council using hybrid and remote working and other innovative working practices to achieve service and staff benefits?
- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the council measuring the impact of its workforce planning approach?

4. Proposals

4.1 Audit Scotland's report is attached as Appendix A.

4.2 The report draws out key messages and these include:

- There are strong strategic links between the Council Plan, service planning process and workforce plans.
- The Council has developed strong data sets and good workforce intelligence and should consider using these to set performance measures.
- The Council and the Health and Social Care Partnership have introduced a number of innovative initiatives to improve the skills and capacity of their future and existing workforce.
- The Council has engaged openly with staff groups and Trade Unions on areas of service change.

4.3 A draft improvement action plan is included at Appendix 1 of the Audit Scotland report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation

4.4 The improvement actions will be added to Pentana and reported to panel in line with existing Best Value reporting arrangements.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7/

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, which affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all the Council's strategic objectives and strategic outcomes.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

13.3 The report has been shared with members of the Best Value Working Group.

Report to Cabinet of 29 August 2023 – [Best Value Thematic Work in South Ayrshire Council 2022/23](#)

Report to Audit and Governance Panel of 4 October 2023 – [Best Value Action Plan 2023](#)

Report to South Ayrshire Council of 7 December 2023 – [Accounts Commission's Findings on Best Value in South Ayrshire](#)

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Date: 13 March 2024

Workforce Innovation - how councils are responding to workforce challenges

Best Value thematic work in South Ayrshire Council
2023/24



Prepared by Audit Scotland
March 2024

Contents

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Key facts



Workforce

6,052	Number of people working for the council – headcount
4,875	Number of people working for the council – full time equivalent
65%	Percentage of workforce living in South Ayrshire (95% in Ayrshire)
1,000 (approx.)	Number of staff undertaking casual/bank work during 2022/23
11%	Turnover of staff in last year
7	Days lost due to absence in last year per employee



Age profile

1.5%	Under 21
15%	21 to 30
46%	31 to 50
28%	51 to 60
9.5%	61 and above

Key messages

- 1** South Ayrshire Council employs 6,052 staff. The council's Corporate Workforce Plan covers the period 2022-25 and includes a detailed action plan. The council recognises that it needs to make workforce planning more strategic and workforce planning is one of the council's new Transformational Change Board's projects. The council is testing out directorate-level workforce planning.
- 2** The Corporate Workforce Plan 2022-25 features a comprehensive range of data, including age profiles, details of casual staff used and absence statistics. It also sets out and draws themes from workforce intelligence provided by each service. The council should now develop performance measures to capture the impact of its workforce planning approach to help it monitor progress, particularly in strategic priority areas.
- 3** The council consulted with Heads of Service and Trades Unions when developing the Workforce Plan. To ensure support for its future workforce developments, the council has also engaged openly with staff groups and Trade Unions on areas of service change.
- 4** Links between the Corporate Workforce Plan 2022-25 and the Council Plan, Digital and ICT Strategy and Medium-Term Financial Plan could be more explicit. However, there is clear alignment between the council's workforce plan and its service plans, and these service plans link directly to the Council Plan. The development on the service plans involved self-evaluation of workforce planning across all services. This is a positive development and has put in place the foundations on which the council can measure improvement.
- 5** The council has not yet articulated its vision for how digital technology can shape its workforce of the future. It acknowledges that its Corporate Workforce Plan needs to align with its Digital and ICT Strategy 2023-28. Delays to developing workforce reporting tools in Oracle Fusion have impeded the analysis and reporting of workforce data.
- 6** The council's Remote Working Policy provides flexibility for staff. The council's initial assessment of the impact of its new way of working is positive with further monitoring and engagement with staff planned.

- 7** The council and the Health and Social Care Partnership have introduced a number of innovative initiatives to improve the skills and capacity of their future and existing workforce.
- 8** As well as sharing its roads and transportation service with East Ayrshire Council through the Ayrshire Roads Alliance, the council shares a small number of other roles with other councils. The workforce benefits of these arrangements have not yet been captured or quantified.

Scope of the audit

1. The Accounts Commission's May 2023 [Local Government Overview in Scotland Overview 2023](#) report notes that councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive labour market, employee retention and high sickness absence levels are putting councils under continued pressure.
2. This report sets out how the council is responding to current workforce challenges through building capacity, increasing productivity and innovation.
3. [The Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities, and recovery. The Code of Audit Practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on workforce innovation and how councils are responding to workforce challenges. In carrying out the work auditors have considered the following questions:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
 - How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
 - How effectively is the council using hybrid and remote working and other innovative working practices to achieve service and staff benefits?
 - What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
 - What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
 - How effectively is the council measuring the impact of its workforce planning approach?
- 5.** An improvement action plan is included at [Appendix 1](#) of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.
- 6.** The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

Workforce strategy and priorities

The council recognises that it needs to make workforce planning more strategic. Links between its Corporate Workforce Plan 2022-25 and key plans and strategies could be more explicit but there is clear alignment between the council's workforce plan and its service plans. The council has obtained and included a comprehensive range of data in its workforce plan. There is an opportunity to use this data to inform future strategic decisions.

7. South Ayrshire Council employs 6,052 people with these staff costs equating to 40 per cent of actual 2022/23 gross expenditure. Over one third of the council's workforce is aged 51 or over and 65 per cent of council employees live in South Ayrshire. The council describes itself as having a significant reliance on casual staff. Its main areas of focus in relation to workforce are recruitment, deployment and retention, training and development and staff wellbeing.

8. Workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

9. A council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities, and values.

10. To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be under-pinned with detailed workforce plans within services.

The council's Corporate Workforce Plan covers the period 2022-25 and includes an action plan. The council should now develop performance measures to capture the impact of its workforce planning approach to help it monitor progress, particularly in strategic priority areas.

11. The council's current workforce plan, Corporate Workforce Plan 2022-25, was approved by the council in November 2022. The council had a People Strategy in place for 2020-22 but decided that instead of renewing it, and to provide a more streamlined approach, it would include all workforce-related themes in its 2022-25 Workforce Plan. Through this plan, the council intends to:

- embed workforce planning within corporate service planning and strategic change, and develop further tools and training to support managers
- enhance workforce data for managers which will also inform annual updates of the workforce plan
- help managers identify and address key 'gaps' by developing a digital skills framework, improving the current succession planning toolkit, and developing a leadership development programme
- consider and progress the future 'pipeline' of employees, enhancing recruitment and retention, and career pathways.
- maximise employee communication and feedback
- develop approaches that take cognisance of the demographic of the workforce and that support employees' wellbeing, attendance, and return to work.

12. The council's Corporate Workforce Plan 2022-25 includes a detailed action plan, based on the five pillars of the workforce journey, reflecting the themes set out in the paragraph above. [Exhibit 1](#) provides a summary of the council's aims, each of which have associated actions. The council has committed to provide an annual update on progress against these actions to its Service and Partnerships Performance Panel.

13. However, although the action plan is entitled 'Targets and measurements' it does not list any targets or measurements and it is unclear how the council will monitor the impact of its workforce planning approach in this way. For example, some councils have a target to increase their young workforce to a certain percentage of the workforce as a whole.

14. Monitoring the impact of workforce planning is complex with some areas easier to measure than others. The council has made effective use of tools published by the Improvement Service which help councils with their workforce planning. The council has put in place the foundations of a comprehensive process with underlying rich information. However, it has not yet developed clear indicators with associated targets for its workforce planning approach. These would help it to monitor the effectiveness of its approach and any progress being made.

Recommendation 1

The council should develop performance measures and targets to monitor the impact of its workforce planning approach with data on future skills and capacity projections or any plans for various scenarios detailed. Additionally, workforce data such as the number of casual staff, age profile of staff and staff turnover should also be reported regularly to members.

Exhibit 1

Themes and aims from the council's Corporate Workforce Plan 2022-25 Action Plan

Theme	Aims
Plan - Supporting evidence and outcome-based workforce planning	<ul style="list-style-type: none"> • Embed workforce planning • A more comprehensive understanding of the workforce • Becoming future-proofed in developing areas
Attract - Effective recruitment to attract the best staff into the Council	<ul style="list-style-type: none"> • A comprehensive pipeline of future employees • More effective recruitment
Train - Supporting staff through education and training to equip them with the skills to undertake their role effectively	<ul style="list-style-type: none"> • Effective corporate and service-specific training • Employees at all levels have the necessary digital skills and confidence • Reduce risk/impact of critical post leaving
Employ - Making South Ayrshire Council an employer of choice by ensuring staff are, and feel, valued, and rewarded	<ul style="list-style-type: none"> • More effective communication and collaboration • An increase in Personal Development Review completion rates • Employees feel rewarded and recognised
Nurture - Creating a workforce and leadership culture focusing on the health and wellbeing of all staff	<ul style="list-style-type: none"> • Effective occupational health services and absence mitigations that reflect the current and future needs • Enhanced employee wellbeing

Source: South Ayrshire Council - Corporate Workforce Plan 2022-25

The Corporate Workforce Plan 2022-25 features a comprehensive range of data, including age profiles, details of casual staff used and absence statistics. It also sets out and draws themes from workforce intelligence provided by each service.

15. To develop the Corporate Workforce Plan 2022-25 the council analysed a comprehensive range of workforce data from its Oracle system and other systems and sources as well as examining completed workforce planning

templates returned by service leads. Over half of its workforce plan is used to present this information. The data is presented with accompanying narrative.

Workforce data supports the plan.

16. One section of the Corporate Workforce Plan 2022-25 explores South Ayrshire's demographics, referring to a predicted population decrease, growth of pensionable population and employment, deprivation and health indicators. Eight further pages are then dedicated to various statistics about the council's workforce. This includes the size of its workforce (describing an increase over the last five years), contract type and number of casual staff. Age profiles of staff and retirement projections are set out with the following conclusions being reached:

- the age profile of the council's staff reflects its ageing population with approximately 55 per cent of the workforce in the 40-59 age range
- the percentage of the workforce aged over 55 will reach over 40 per cent in five years' time
- the impact of age on absence is clear. There are a significantly higher proportion of occupational health referrals in the 51-60 age bracket, and a higher percentage of musculoskeletal referrals for those aged over 55.
- the council needs to ensure age (and related risk) forms a key consideration in employee policies and processes (e.g. flexible retirement, succession planning, mentorship, and support related to musculoskeletal disorders) ensuring that they are reflective of the future workforce demographic.

17. The plan also sets out the number of staff working particular working styles, the number of roles advertised and a detailed analysis of staff absence which, at that time, had remained at a similar level over the previous five years. It should be noted that absence has reduced in the most recent year (2022/23) and from a national perspective, the council ranks positively compared to national averages, with eight days lost per local government employee (excluding teachers) in comparison to the national average of 13. Absence for teachers equates to four days lost on average, lower than the national average of seven days. This reflects an ongoing focus by services and HR to manage absence. The plan does not include data on future skills and capacity projections or any plans for various scenarios (see [recommendation 1](#)).

Workforce planning templates detail service workforce pressures.

18. Over 90 per cent of council services returned workforce planning templates during 2022, which informed the Corporate Workforce Plan 2022-25. These asked services to list activities that would impact or change their workforce, identify potential risks, forecast the impact the change might have, set out what mitigations they had put in place and describe the wider considerations that should be taken into account.

19. The Corporate Workforce Plan 2022-25 details these responses in a 11-page appendix. The council analysed these responses and identified a number

of themes. These were listed in the Plan and reflected in the Corporate Workforce Plan Action Plan. These include:

- Key roles which are on temporary contracts present a future risk to service delivery
- Age is an issue, especially within more senior and specialised roles.
- Many services have considered role re-design and a range of mitigation measures to ensure the workforce can meet current and future demands, but there is no consistent model or approach
- Succession planning needs further embedded and developed.
- For some services, workforce planning is considered dependent on a service review
- There are limited examples of wider consideration of out-sourcing and partnership working opportunities
- Digital skills development can aid workforce planning and reduce reliance on central services such as ICT
- Corporate activities such as Oracle Fusion implementation will affect the whole workforce, and impact greatly in services such as Finance and ICT

20. The council recognises that it needs a more integrated understanding of its workforce, and this is featured as an aim in its workforce action plan. The associated actions focus on enhancing workforce data for managers. This is discussed in more detail in paragraphs 38 to 39. Additionally, as covered in paragraphs 11 to 14 and [recommendation 1](#), given the depth of the workforce data gathered by the council there is scope to use this in a more strategic way.

Links between the Corporate Workforce Plan 2022-25 and the Council Plan, Digital and ICT Strategy and Medium-Term Financial Plan could be more explicit.

21. [Exhibit 2](#) sets out the way in which the council's Corporate Workforce Plan 2022-25 is linked to other key plans and strategies.

Exhibit 2

How the Corporate Workforce Plan 2022-25 links with other key plans and strategies

Links with the Corporate Workforce Plan 2022-25	
Council Plan 2023-28	The Corporate Workforce Plan 2022-25 was prepared before the Council Plan 2023-28 was agreed. It acknowledged the imminent change in strategic objectives, noting that the broad workforce requirements would still apply. The Council Plan refers to the Corporate Workforce Plan and describes developing a workforce sufficient to meet the ageing population as one of the most significant collective challenges in the locality. It does not refer to the themes identified in the Corporate Workforce Plan.
Local Outcomes Improvement Plan (LOIP)	The current LOIP, approved in 2019 so predating the Corporate Workforce Plan 2022-25, does not refer to workforce challenges. It is currently being refreshed with a new set of priority areas to be identified from April 2024 onwards. The council's revised priorities and service delivery plans are being considered when developing the new LOIP.
Medium-term Financial Plan 2024/25 to 2028/29	The Corporate Workforce Plan does not mention budgetary pressures or make reference to the council's financial plans. The council's most recent Medium-term Financial Plan (MTFP) (2024-25 to 2028-29), approved in November 2023, does not refer to the Corporate Workforce Plan specifically but it does make the link between budget gaps and service reduction. It states given the significant budget gaps projected it is inevitable that service reductions will be required in the short to medium-term and, noting that 49% of council annual spend is on employee costs, it is likely that less staff will be required to operate the reduced levels of service being provided.
Digital and ICT Strategy 2023-28	The Digital and ICT strategy was approved over a year after the Corporate Workforce Plan. There are many mentions of digital in the Corporate Workforce Plan and of workforce within the Digital and ICT strategy but the Corporate Workforce Plan, and its accompanying themes, are not referred to directly in the Digital and ICT Strategy. The council recognises that going forward it needs to align the Corporate Workforce Plan with the Digital and ICT Strategy
HSCP Workforce Plan 2022-25	The Health and Social Care Partnership (HSCP) has its own workforce plan which also runs from 2022-25. The council's Organisational Development service provides workforce planning support to both the council and the HSCP. This helps ensure close alignment between both plans and associated action plans. Both action plans are organised around the five pillars of the workforce journey and include similar themes.

Source: South Ayrshire Council, Audit Scotland

Historically services tended to view workforce planning as a central function. To help services take ownership, service leads were required to consider workforce planning actions from the Corporate Workforce Plan 2022-25 in each of their 2023/24 service plans.

22. The [2021 Best Value Assurance Report](#) (2021 BVAR) recommended that “the council should improve and embed workforce planning, so that service workforce plans are developed consistently across the council. The plans should include clear links to the council’s priorities and to its strategic change programme.”

23. Although we did not make specific recommendations relating to workforce planning in the 2022/23 [BV thematic report for South Ayrshire Council on Leadership in the development of the council’s strategic priorities](#), we did note that work was needed to embed workforce planning alongside service delivery plans to deliver service priorities. The council acknowledges that workforce planning is still seen by most services as a central function, and it wants to move to a position where services take more ownership of it.

24. The council worked to address this. When refreshing the service plans that sit underneath its Council Plan 2023-28 in Summer 2023, service leads had to consider the six standard workforce planning actions from the Corporate Workforce Plan, being:

- completion of the workforce planning template and succession planning template
- review of casual staff demand, processes, and development of an online sourcing and allocation tool to support future casual work allocation.
- development of thematic and locality-based programmes of online and face to face recruitment events and vacancy/job promotion
- development of internal career pathways within services
- increased undertaking of PDR (personal development reviews) across all services, and positioning that PDR is the key tool to capture and review corporate and personal objectives.
- review light duties process and other related opportunities across services to enable employees to begin the return-to-work process sooner.

The council consulted with employees and Trades Unions when developing its Corporate Workforce Strategy 2022-25.

25. The council asked its Trades Unions Group to provide a representative to sit on the Workforce Planning Implementation Group – a group that met from June 2022 to develop the plan. A representative from UNISON was nominated for membership although they only attended one meeting between June and when the plan was published in November 2022. The Corporate Workforce Plan was shared with the Trades Union Liaison in November 2022, just prior to approval.

26. Employees were not consulted directly but the views of heads of service were included in the workforce planning templates. An employee engagement survey was conducted between January and March 2024 and the council intends to reflect the results of this in the next iteration of its workforce plan.

Workforce planning is one of the council's new Transformational Change Board's projects. The council is testing out directorate-level workforce planning and plans to roll out these new arrangements across all its directorates.

27. The council has developed a new governance structure for transformational change due for implementation in March 2024. The new arrangements involve the establishment of a Transformational Change Board to oversee all change projects, with powers to fund, direct and approve projects. Workforce planning is one of these projects.

28. In an October 2023 internal self-assessment of workforce planning, the council highlighted strategic direction and governance as areas requiring development. The council intends to make the next iteration of its Workforce Plan more strategic. To address this, directorate-level workforce planning is being introduced. One of the council's directorates, the Strategic Change and Communities (SCC) Directorate, is testing this new approach to workforce planning that will generate a Directorate Workforce Plan. A workforce planning oversight sub-group, led by an Assistant Director, has been set up, within the SCC directorate, for each of the following three themes:

- Recruitment, deployment, and retention
- Training and development
- Staff wellbeing.

29. These three themes encompass those set out in the Corporate Workforce Plan 2022-25. Actions flowing from the sub-groups will either be fed into the Directorate Workforce Plan or the Corporate Workforce Plan, depending on what is most appropriate. For example, actions relating to absence levels may be fed into the Directorate Workforce Plan as changes are more easily made at Directorate level, but actions related to reducing the length of time the recruitment process takes would be escalated and covered by the Corporate Workforce Plan. The council plans to replicate this structure across all directorates by April 2024.

Digital technology and the workforce

The council has not yet articulated its vision for how digital technology can shape its workforce of the future. It acknowledges that its Corporate Workforce Plan 2022-25 needs to align with its Digital and ICT Strategy 2023-28. Delays to developing workforce reporting tools in Oracle Fusion have impeded the analysis and reporting of workforce data.

30. The Accounts Commission's May 2023 [Local Government Overview in Scotland Overview 2023](#) report notes that digital technology will make councils' future workforces look and work quite differently. To achieve the change required, councils need to make good use of digital technology and use the workforce in flexible ways.

31. Digital technology has a strong bearing on a council's workforce needs. It can be used to re-shape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital devices and more recently, artificial intelligence (AI) applications.

32. Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion.

The council acknowledges that its Corporate Workforce Plan needs to align with the Digital and ICT Strategy.

33. Audit Scotland's 2021 [Digital Progress in Local Government](#) report highlighted that workforce plans must be aligned with digital transformation plans and be dynamic, taking account of how new technologies will affect the workforce, such as the introduction of automation and artificial intelligence (AI).

34. The Corporate Workforce Plan 2022-25 was approved one year before the Digital and ICT Strategy 2023-28. It does refer to the development of digital skills but does not reflect what the council's vision is for the shape of its future workforce as a result of digital transformation. Digital skills and digital transformation were identified by council managers as areas requiring development. As noted in [exhibit 2](#) above, the council recognises that going forward it needs to align its Corporate Workforce Plan with its Digital and ICT Strategy.

35. The council acknowledges in its Digital and ICT Strategy 2023-28 that digital is not limited to ICT and should be considered as part of service planning, service redesign, and workforce planning. It goes on to say that it wants to foster a culture in which technology-based solutions are considered at an early stage in all business change activities and will lead on the development of governance on the use AI across the council.

36. One of the council's digital priorities is to use digital technologies to reimagine how public services are delivered to improve outcomes for citizens, communities, and staff. The actions associated with this priority include:

- continue to develop our digital services platform to enhance and expand our online capabilities
- pilot Robotic Process Automation (RPA)
- introduce Parent Portal to the schools community
- continue to work with the Local Government Digital Partnership and collaborate with other Scottish councils on initiatives and projects that exploit digital technologies to reduce the cost of services and improve outcomes.

37. Although the council details the achievements of the previous Digital Strategy in the Digital and ICT Strategy 2023-28, the impact of the use of digital technology on workforce productivity or other workforce benefits, service delivery and outcomes has not been measured. The new strategy contains a forward-looking action plan that arranges actions by four digital priorities: People, Place and Partners, Digital Economy, Digital Council and Enabling Technology and Infrastructure. The action plan sets out actions, lead services and enabling services. It does not provide commentary on how the wider impact of these actions will be captured.

Recommendation 2

The council should measure and report on the impact that digital technology has on its service delivery and outcomes, including how this can shape its workforce of the future.

The introduction of Oracle Fusion has so far restricted the analysis and reporting of workforce data because reporting tools are yet to be developed.

38. The council noted in its Corporate Workforce Plan 2022-25 that services have access to a range of workforce data via the Oracle HR and Payroll system, allowing them to review their workforce structure, contract status, absence levels and overtime payments, as well as demographic information related to age and gender. At that time feedback from managers confirmed that access to Oracle data did aid workforce planning but that the platform was not intuitive and had limitations. It was expected that the implementation of the

upgraded Oracle Fusion platform in 2023 would provide some initial reporting enhancements (absence data dashboards for example) but even then, further work would be required to provide managers with more meaningful workforce data, with an additional focus on workforce forecasting.

39. The new Oracle Fusion platform went live on 1 April 2023. At that time there was a focus on business-critical functions to keep the council operating and reporting was viewed as secondary to this. As a result, since this time the council's Organisational Development service, that provides workforce planning support to both the council and the HSCP, and council managers have no longer been able to pull standard workforce reports. The council has identified this as an issue and has conducted a survey of service leads to establish what reporting is required as well as setting up a working group looking at what reporting is needed for workforce planning. The newly established Fusion Development Officers (paragraph 43) are also intended to support reporting. Over the next 12 months the council is aiming to develop a workforce planning dashboard for managers with real-time data and for reports to allow themes and trends to be identified.

Recommendation 3

The council should prioritise the development of workforce planning reporting tools in Oracle Fusion to aid managers in decision-making.

The council conducted a digital skills survey of its staff to identify digital skills gaps. The introduction of Oracle Fusion in April 2023 highlighted challenges for frontline staff that the council is actively addressing.

40. The council sets out in the introduction of its Digital and ICT Strategy 2023-28 that the use of digital technology has *exposed the risk of digital exclusion and of not having the skills or resources to access vital public services, maintain learning, and stay connected with others. This risk from digital exclusion not only affects citizens but also those who work for the council.*

41. The council is continuing to identify any digital skills gaps its staff are experiencing and developing training and support, both online and face-to-face. The Corporate Workforce Plan 2022-25 sets out the following actions in relation to digital. Progress against these actions, reported in October 2023, is set out in italics:

- **completion of a digital skills competency framework, gap analysis and associated action plan** - *The framework was launched corporately in December 2023. A corporate digital skills survey was conducted in 2022 to identify where there were skills gaps. It received 1,300 responses and included questions on general skills, communication, handling information and being safe online. Summaries of the results were provided to all service leads.*

- **development of a digital champions network** - surveys issued to existing champions to identify improvement areas to be addressed. The council will guide champion networks using best practice frameworks.
- **consider and progress recommendations within the Digital Maturity Assessment** - Development of the next iteration of the corporate Digital Strategy incorporates recommendations from the Digital Maturity Assessment, and the Council will take part in the revised Digital Office maturity process during 2024 and 2025. The Council is also taking part in the 2024 Scottish Government Data Maturity and Pathways Project.

42. Staff have encountered problems due to the roll-out of Oracle Fusion. Frontline workers have experienced issues in requesting annual leave and recording sickness absence. This has been due to a large number of staff being required to do this at a small number of terminals, usually at the same time, at the end of a shift. Feedback from staff indicates that they have not found the new system to be intuitive. Prior to the new system being introduced workshops had been held offering guidance but take-up was low in some services.

43. The council has acknowledged this as an issue and there is an action in the ICT and Digital strategy to improve digital access for members of the workforce who currently have little or no access to ICT on a day-to-day basis. The council is rolling out more training programmes as well as looking at an app that employees can put on their mobile phones. It has been piloted with 100 members of staff and feedback has been positive. In November 2023, dedicated officer roles were approved in HR and Finance to co-ordinate and lead of the continuing development of Oracle Fusion. The roles will include providing day-to-day support in the development and maintenance of the system, working in conjunction with service leads to scope, develop, and implement new system functionality and delivering training to service users.

The council is aware of the ways in which some communities can be digitally excluded and has plans in place to mitigate this.

44. The council acknowledges that digital exclusion continues to be an issue with access, affordability and skills being key factors that must be addressed. It set out in its Digital and ICT Strategy 2023-28 the intention that no one in the community would be left behind in terms of digital and that it would do this by:

- continuing to retain its traditional contact channels
- providing assisted digital services via telephone
- using its libraries and learning centres to give its communities access to digital technology
- working with its partners to provide learning opportunities for its communities to understand the benefits and limitations of digital and develop the skills they need to be safe and productive online.

Flexible working and other innovative staff deployment

The council's Remote Working Policy provides flexibility for staff. The council's initial assessment of the impact of its new way of working is positive with further monitoring and engagement with staff planned. The council is actively trying to reduce its reliance on casual workers.

45. During the pandemic councils needed to make the best use of their existing workforce while continuing to monitor employee wellbeing. Councils continue to look to new ways of working to improve job satisfaction, reduce sickness absence, and staff turnover.

46. Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. Some councils are also considering more radical working practice such as a standard four-day working week. However, whatever the working practices, employers need to ensure that service quality and productivity are maintained.

The council's Remote Working Policy includes five different workstyles, promoting flexibility for its staff.

47. In March 2021 the council established the Future Operating Model Steering Group which looked to develop a longer term, sustainable model of working post covid, including proposals for working from home. Fundamental to the project was establishing fair, flexible and supportive working arrangements to ensure staff have a good work life balance and remain healthy, engaged, and productive. It also included the implementation of new workstyles and considered a reduction in the number of buildings the council occupies and the related carbon footprint.

48. Workstreams were established to identify and support the development of proposals, with Trade Unions participating in each workstream. The council also carried out a Corporate Covid Survey in December 2020 gathering employees' experiences of working from home. Following consideration of this and the work carried out as part of each workstream, the Remote Working Policy was approved in March 2022 as part of the Future Operating Model. It identified five different workstyles with each post in the council attributed to one of these styles:

- Office workers
- Hybrid workers

- Agile workers
- Home workers
- Front line workers

49. All employees received written communication of their designated workstyles. The policy also allows for changes to workstyle proposals based on the provision of services or an employee's individual circumstances.

The council's initial assessment of the impact of its new way of working is positive with further monitoring and engagement with staff planned.

50. The council undertook an initial assessment of the Future Operating Model in March 2023, reflecting on its impact on the office estate, carbon footprint, efficiencies, and staff.

51. The Future Operating Model has highlighted opportunities to rationalise the office estate, allowing the council to make informed decisions about office buildings moving forward. Overall consumption of gas and electricity at the council's County Buildings has fallen.

52. Analysis from the all-staff survey shows that hybrid, agile and home workers are fully embracing the new way of working with the majority of the 450 respondents feeling that the new way of working is working well for the council. These staff have indicated that they have a good work/life balance.

53. The majority of hybrid, agile and home workers agree that they feel more productive in their new way of working. This sentiment is shared by the majority of service leads who have seen increases in productivity among hybrid and home workers.

54. A further employee engagement survey has been undertaken between January and March 2024 which is aligned to the key themes within the council's workforce plan. The results of this will influence the next iteration of the Workforce Plan and will give further insight into the impact of the council's new workstyles.

55. Efficiencies from the new way of working have also been identified in areas such as transport costs and office administration. Officers have identified £170,000 of savings so far, with a further review of costs planned.

Good practice – staff engagement

The council has engaged openly and transparently with all staff groups and trade unions on areas of service change and workforce planning developments. This is important as the council plans for a more multi-skilled workforce.

The council is actively trying to reduce its reliance on casual workers.

56. The council estimates the number of staff undertaking casual/bank work to be around 1,000 members staff in 2023. For some services the average number of hours worked per casual staff member can be over 600 hours.

57. In some services, due to recruitment difficulties, there is no other option but to rely on casual staff. However, the council recognises that some services have an overly high reliance on casual staff and are looking to reduce their use, if appropriate. Service reviews have helped to reduce the use of casual staff.

58. Every service has an action in its service plan to review its use of casual staff (review of casual staff demand, processes, and development of an online sourcing and allocation tool to support future casual work allocation). Thriving Communities has historically relied on casual staff for youth work or sports coaching. Many of these casual staff will have been on contracts for just three hours a week with a number of different people covering the role in different locations. Thriving Communities is now considering introducing a ten-hour contract post to cover numerous locations and making it either an annualised or permanent post.

59. There is a financial impact for the council for using casual staff. The costs of casual staff can exceed those of permanent employees. Also, any staff member who requires access to council systems will require a Microsoft licence. This is paid per user and is required to be paid whether the licence is being used regularly or not.

60. The council is planning to share data on the use of casual staff with the Directorate sub-groups, as they are established across the council, to allow them to discuss how to reduce their use in each service.

Developing future skills and capacity

The council and the Health and Social Care Partnership (HSCP) have introduced a number of innovative initiatives to improve the skills and capacity of their future and existing workforce.

61. Councils need to find innovative ways to ensure the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure skills are in place. Many councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place.

62. Jobs can be re-designed to optimise the workforce and improve services. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

The council's Thriving Communities service provides workforce planning support across the council.

63. The council's Thriving Communities service was created in June 2021 and provides a range of support across the council in relation to service delivery and workforce planning through a number of programmes. These include Supported Employment and Modern Apprenticeship programmes. The council benefits from the impact apprentices have within its service areas, including supporting skills gaps and future workforce needs.

The council has introduced a number of initiatives to improve skills and capacity for its future and existing workforce.

64. The council recognises that it has an ageing workforce, with over a third of the current workforce aged over 50. This is combined with an above average future elderly population which will impact on the skills, capacity, and availability of staff in the future. In response to this the council has introduced a number of innovative programmes to try to address these demographic pressures.

New roles have been introduced to aid staff retention.

65. During a review of the Thriving Communities service structure, it was identified that there was a high turnover rate in certain roles. When feedback was received from employees, the primary reason for leaving was because of a lack of options for career progression. The grading meant that there were roles at level 5, with the next grade at level 9 which required a qualification which not everyone at level 5 had. The service decided to introduce an intermediate grade to allow people to progress within the service. This reduced the turnover rate.

A programme for the long-term unemployed is in place.

66. EVOLVE is a programme focusing on those aged over 25 who are experiencing long-term unemployment (defined as being out of work for 12 months). The programme provides a six-month paid employment based within the council or with a third sector organisation, with participants paid the real living wage and supported by a dedicated Thriving Communities Officer and their workplace mentor. The programme provides candidates and employers the opportunity to gauge suitability for permanent employment. Initially 49 people joined the programme with 29 of them completing it. Of these, 28 have since progressed into employment and one moved into further education. The council's Thriving Communities Employability Team continues to support 17 people who left the programme early.

A work experience programme provides opportunities for young people.

67. The Workout Programme is the council's work experience programme for young people. The programme started in 2014 with one school and ten places, and now offers around 100 places. From September to March, young people are offered a work placement with either the council or in a private sector organisation which is organised via the programme. The young person is supported by a key worker from the Thriving Communities team throughout their placement. The young people attend several sessions prior to their placement, such as team building and health and safety training.

68. Feedback from participants has been positive. They note that they feel like they are part of the organisation as they are given a uniform and a badge to wear and are given responsibility to carry out the job. At the end of the programme, a ceremony is held within the Town Hall to recognise the placement the young people have completed.

69. The programme has had an impact on positive destinations for young people, particularly for those who are care experienced or who are at risk of disengaging from school. There has been a lot of support for the programme from services offering placements, in particular property maintenance, sport, and leisure services and the (HSCP).

Adult apprenticeships have been created.

70. Some services are facing difficulties in recruiting to certain roles. The property maintenance service was having difficulties in recruiting craft employees, due to demand from the external construction industry and the fact neighbouring councils provided a higher rate of pay. The service worked with Thriving Communities to create four adult apprentice positions for two joiners and two plumbers. This opportunity was then advertised to all council staff. The success of this approach led to a further six new craft apprentices in 2022/23. By August 2026, the number of time-served tradesmen available will have increased by ten new craft operatives.

Work with Ayrshire College and the HSCP encourages social care applicants.

71. Thriving Communities has worked closely with Ayrshire College and the HSCP to develop a basic Introduction to Care Course that supports individuals looking to start their career in social care or to support anyone who requires

some additional training to return to this area of work. Thriving Communities provide additional support via a key worker and support with interview skills and PVG application support and CV writing.

The HSCP is exploring ways of attracting people into care roles and has introduced a grow your own social work programme.

72. Audit Scotland's 2022 [Social care briefing](#) highlighted that the social care workforce has high vacancy rates with many services facing recruitment problems. Together with the increasing demand for social care this presents a risk to the capacity and quality of social care services. The workforce issues being experienced nationally are replicated within the South Ayrshire Health and Social Care Partnership.

73. The HSCP was looking at exploring the option of introducing a health and social care visa to attract people into care roles. A short life working group, with representatives from HR, OD, and Care at Home, was set up in July 2023 to focus on the viability of a corporate sponsorship licence and the international health and social care visa. A corporate sponsorship licence will allow the council to consider applications from workers who have a skilled worker visa, from which they receive a small but regular number of applications. A corporate licence would apply to a range of roles across the council, not just social care.

74. The health and social care visa enables the council to recruit workers from a wide list of countries determined by the Home Office. Workers' entry to the UK is dependent on their social care employment with the council and the visa typically lasts three years. This would be done via a specialist agency who would assist with aspects of recruitment, such as assessing English language skills, qualifications etc. The council would have a 'pastoral' responsibility to assist the worker in securing accommodation for the initial one to three months. Costs are significant, £1,500 for the corporate sponsorship licence and £3,500 for the visa. The HSCP has considered these costs against the ongoing recruitment demands, future pressures and high turnover are within three years of employment and have agreed to meet all other costs.

Grow our own social work programme.

75. The HSCP also has a Grow Your Own Social Work programme in place. This provides opportunities for staff to undertake an Undergraduate qualification or Postgraduate Diploma in Social Work. Currently the programme has two cohort groups on the Post Graduate Diploma and two cohort groups on the Undergraduate programme. They are commencing the process in the coming months for an additional undergraduate intake.

Good practice – workforce initiatives

The council has introduced a number of initiatives to improve skills and capacity for its future and existing workforce. This has included collaboration with partners to seek opportunities for its workforce growth in key areas such as social care.

Joint workforce arrangements across services and partners

As well as sharing its roads and transportation service with East Ayrshire Council through the Ayrshire Roads Alliance, the council shares a small number of other roles with other councils. The workforce benefits of these arrangements have still to be captured or quantified.

76. Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for the particular workforce needs in their areas. They should also work across traditional service department roles within councils to deliver improved services and outcomes.

77. Examples of this include generic working across health and social care, professional posts or functions shared between councils, and services delivered through empowered communities.

78. The council noted in its Corporate Workforce Plan 2022-25 that it has limited examples of wider consideration of out-sourcing and partnership working opportunities.

The council shares its roads and transportation services with East Ayrshire Council through the Ayrshire Roads Alliance. The council is undertaking a review of this partnership.

79. South Ayrshire Council, alongside East Ayrshire Council share council roads and transportation services through the Ayrshire Roads Alliance. The Alliance has been in place since April 2014 and is governed by a Joint Committee of elected members from the two councils, with the service being led by East Ayrshire Council. The services it delivers includes roads maintenance, winter maintenance, design and infrastructure, traffic and transportation and road safety.

80. The council has stated the benefits of the service are reduced duplication and economies of scale with one authority providing all back-office support, for example HR, Finance, legal services, information technology and procurement. All plant, equipment and resources are shared across the two authorities. However, these benefits have never been quantified.

81. Local authorities have a statutory responsibility to comply with the Accounts Commission and COSLA Code of Guidance on funding external bodies and following the public pound. The quality of the service and value for money are key aspects of following the public pound. The council is currently undertaking a review of Ayrshire Roads Alliance partnership, based on the available data, to

ensure this represents Best Value. As part of the review, it will produce an options appraisal on future delivery.

The council also has shared arrangements in place with the other Ayrshire Councils for a small number of roles.

82. The Ayrshire Archives is a joint initiative between South Ayrshire, East Ayrshire and North Ayrshire councils for the preservation and management of records transferred to them or created by them. South Ayrshire council is the lead authority with responsibility for the central repository and staff management, with additional public access points in North and East Ayrshire.

83. The Ayrshire Civil Contingencies Team (ACCT) is a joint service for the three Ayrshire Councils, established in 2009. The team has four members of staff and there are an additional two officers employed in other areas of the council who volunteer for the on-call cover. Initially the team worked more with their original councils but over the years this has changed to the team having a lead officer with responsibility for specific areas of work and working with all three councils and HSCPs.

84. The team has developed a broad skillset due to varied risks across the three areas. There have been additional benefits for the three councils as the ACCT provides joint training and exercising for staff from all three councils and HSCPs. For example, staff from the three Ayrshire councils can attend training held in one of the councils where normally this training would have to be repeated across the three councils.

85. The council has not captured the extent to which there have been workforce benefits resulting from these shared roles. These might include reduced workforce, costs, or service benefits.

86. The council is actively involved in SOLACE transformation work and one of the workstreams is looking at what services could be shared and what the benefits would be. The council is open to being involved in any projects resulting from this workstream.

Measuring the impact of workforce planning

Through self-evaluation of workforce planning across its services, the council has put in place the foundations on which it can measure improvement. The council should use this baseline data to set performance indicators and associated targets to capture the effectiveness of its workforce planning approach. The council's new approach to workforce planning is designed to lead to more detailed and frequent scrutiny of progress.

87. Councils should monitor the impact of their workforce planning and delivery approaches. This should include cost, service quality and productivity benefits as well as employee wellbeing. This, in turn, should inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practice on the local economy.

The council has recently gathered rich service-level intelligence through workforce and succession planning templates. This information will help it to plan its workforce planning approach and could be used as a baseline for charting its progress.

88. All services were issued with workforce planning and succession templates to complete in Summer 2023:

- The workforce planning maturity matrix, designed by the Local Government Association, requires services to complete a self-evaluation of how advanced workforce planning is across areas such as data, demand, supply, gap assessment and strategy development. This was completed for all services in the council and directorate and council scores were also calculated.
- The succession planning template asks services to assess roles based on critical need to the organisation and risks associated with these roles, such as the need to fill the position if it becomes vacant or if the role involves a unique set of skills or knowledge base. Roles are scored and given a red, amber, or green (RAG) rating. This was completed for a wide range of critical roles in the council.

89. A Workforce and Succession Planning Toolkit is available on the council's intranet to provide service leads with further guidance on horizon scanning, planning templates and service case studies. An informative awareness video

for service leads and managers on the template process has also been developed.

90. The results of the workforce and succession planning exercise were collated into a report for each directorate in December 2023. The scoring mechanism and the use of the RAG rating allowed directors and service leads to easily see the areas marked as red. There is a wealth of information contained within these reports and they provide a good baseline for directorates. There are plans to repeat this exercise in 18 months' time to ascertain if and where progress has been made.

Good practice – self-evaluation

Through self-evaluation of workforce planning across its services, the council has put in place the foundations on which it can measure improvement.

The council's new approach to workforce planning is designed to lead to more detailed and frequent scrutiny of progress.

91. The council set out in its Corporate Workforce Plan 2022-25 that an annual update on progress would be reported to the Service and Partnerships Performance Panel, with actions incorporated within the council's corporate performance reporting systems.

92. The council has made good progress in its first year against the actions set out in its Corporate Workforce Plan 2022-25. An update was provided to members in October 2023. This focussed on those actions in the plan that were due for completion by December 2023. Out of 31 actions, 11 were complete, 8 were incomplete and the rest were on target for completion by their target date or ongoing. For those actions that were not complete, these were mainly in relation to the health and wellbeing of staff. Completed actions included:

- incorporating workforce planning into the service planning process
- incorporating workforce planning into the Transformation Programme
- revising the workforce planning and succession planning manager toolkit
- providing workforce planning training for CLT and service leads
- development of a digital champions network.

93. Actions not completed, but given short extensions by the Service and Performance Panel to allow full completion included:

- aligning future workforce monitoring equality reports with workforce planning reports and updates
- consideration of notice period requirements to ensure the council is consistent with other employers

- A short life working group in conjunction with HSCP exploring the international Health and Social Care Visa and refugee talent pool
- development and implementation of a corporate employee opinion survey
- consideration on ageing workforce over the next 10 years when reviewing personnel policies.

94. The council has since developed an additional layer of workforce planning governance and oversight, as described in paragraph 27. The new process is currently being piloted in the Strategic Change and Communities Directorate. In terms of scrutiny this involves each of the three sub-groups (recruitment, deployment and retention, training and development and wellbeing):

- reporting on the work undertaken to the ELT Transformation Board on a quarterly basis
- developing directorate workforce planning actions, with clear links to service planning
- assisting in progressing the range of relevant actions and activities within the action plan contained in the Corporate Workforce Plan 2022-25
- confirming ownership and timescales of actions and activities, and to progress required short-life working groups.

The range of workforce data reported in the Corporate Workforce Plan 2022-25 is not regularly reported.

95. The council sets out the range of workforce data it uses to inform its workforce planning approach in its Corporate Workforce Plan 2022-25. This is listed in paragraphs 16 and 17. While detailed absence data is reported annually to the Service and Partnerships Performance Panel, other workforce data such as number of casual staff, age profile of staff and staff turnover is not. The council does not have a target to reduce sickness absence (see [recommendation 1](#)).

96. The council's Annual Performance Report 2022/23 was approved in December 2023. Although it includes updates on activities carried out in relation to workforce planning, e.g. development of the workforce plan and training conducted, it does not report against any indicators. Similarly, progress against the Council Plan 2023-28 is reviewed quarterly but does not report on staff-related indicators.

97. Between 2019/20 and 2022/23 levels of sickness absence have fallen from an average of ten days per year to seven days per year. The direct cost (not an additional cost, but the proportion of the payroll which is being paid to employees not at work due to sickness absence) of absence in 2022/23 was £4.585 million which was a reduction of around £0.490 million from 2021/22 (and down £0.230 million from 2019/20, although a direct comparison is difficult given the impacts of pay awards etc).

Appendix 1 – improvement action plan

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Workforce performance measures</p> <p>The council's Corporate Workforce Plan 2022-25 includes a detailed action plan. However, this does not list any targets or measurements and it is unclear how the council will monitor the impact of its workforce planning approach in this way.</p>	<p>The council should develop performance measures and targets to monitor the impact of its workforce planning approach with data on future skills and capacity projections or any plans for various scenarios detailed. Additionally, workforce data such as the number of casual staff, age profile of staff and staff turnover should also be reported regularly to members.</p> <p>Paragraph 14</p>	<p>Management response</p> <p>As part of the Council's revised Transformation Process, specific workforce targets and expectations will be set, cascaded, and reported against. Future workforce updates to members will reference key workforce data and metrics (see response to issue 3).</p> <p>Responsible officer</p> <p>Lyndsay McRoberts - Depute Chief Executive/Director of Education</p> <p>Actioned by</p> <p>December 2024</p>
<p>2. Impact of Digital Strategy actions on the workforce</p> <p>The Digital and ICT Strategy 2023-28 has an associated action plan that sets out actions, lead services and enabling services. However, it does not contain detail on the measures the impact of these actions will have on the use of digital technology on workforce productivity or other workforce benefits and service delivery and outcomes.</p>	<p>The council should measure and report on the impact that digital technology has on its service delivery and outcomes, including how this can shape its workforce of the future.</p> <p>Paragraph 37</p>	<p>Management response</p> <p>The revised Transformation Process and associated structure will ensure closer alignment between the Digital and ICT Strategy, service delivery and the workforce. The required focus on value added/benefits realisation will become embedded into the process.</p>

Responsible officer

Louise Reid - Assistant
Director Strategic Change

Actioned by

December 2024

3. Workforce information from Oracle Fusion

The new Oracle Fusion platform went live on 1 April 2023. At that time there was a focus on business-critical functions to keep the council operating and reporting was viewed as secondary to this. This has led to there being fewer workforce reporting tools, creating limitations in what analysis can be undertaken.

The council should prioritise the development of workforce planning reporting tools in Oracle Fusion to aid managers in decision-making.

[Paragraph 39](#)**Management response**

This will be a priority over the next 12 months. Projects and procurement activities related to Fusion enhancement will be required to consider workforce planning data and reporting, and how they improve the development of future workforce plans. Accessibility and availability of reports across a range of stakeholders will be a key aim.

Responsible officer

Louise Reid - Assistant
Director Strategic Change

Actioned by

March 2025

Workforce innovation - how councils are responding to workforce challenges

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South Ayrshire Council

Report by Chief Internal Auditor
to Audit and Governance Panel
of 20 March 2024

Subject: Proposed Internal Audit Plan 2024/25 (including Annual Review of Internal Audit Charter)

1. Purpose

- 1.1 The purpose of this report is to submit, for approval, the proposed Internal Audit Plan and reserve list for 2024/24. Approval is also being sought for the revised Internal Audit Charter.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 approves the annual audit plan for 2024/25 ([Appendix 1](#)); and

2.1.2 approves the reserve list for 2024/25 ([Appendix 2](#));

3. Background

- 3.1 Local authorities are required to have an internal audit service under paragraph 7 of The Local Authority Accounts (Scotland) Regulations 2014. The local authority '*must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing*'. All Internal Audit work is undertaken in accordance with the [Public Sector Internal Audit Standards \(PSIAS\)](#)

- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within South Ayrshire Council. The annual audit plan is designed to assist the Chief Internal Auditor in formulating that opinion.

- 3.3 Public Sector Internal Auditing Standards (PSIAS) require a specific risk-based approach to be taken when preparing audit plans.

- 3.4 Strategic and Directorate risk registers were considered when developing this plan. In addition, Internal Audit held discussions with senior officers in all Services. These discussions focussed on areas of risk within the Service and included consideration of changes to organisational structure or operational practices resulting from service redesigns, changes in legislation or external reporting requirements, ICT system developments and additional funding, where relevant. The links to the strategic risk register are detailed in [Appendix 3](#).

3.5 Other areas considered when developing this draft internal audit plan include external audit reports, Audit Scotland national reports and cumulative knowledge and experience of risks and prior year findings. Taking these factors into account, the highest risk areas are brought forward in the draft annual audit plan.

3.6 The proposed plan provides time to deliver a range of assignments that align to the Council's priorities as well as seeking to provide assurance around the general control environment of the Council.

4. Proposals

4.1 *Internal Audit Plan 2024/25*

4.1.1 **Categories of Internal Audit Work:** the audit plan is split into eight key areas of audit work:

- (i) **Key Corporate Systems:** systems audits are conducted to ensure expected controls are embedded within the system and are operating effectively.
- (ii) **Governance/Best Value:** best value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes.
- (iii) **ICT Auditing:** ICT audit work focuses on controls which are embedded within systems and technology across the organisation. As well as this specific category, ICT audit testing will also be used in other areas of the plan (e.g. using computer assisted audit techniques to perform continuous auditing and performing logical access testing when reviewing other systems).
- (iv) **Directorates/Other Systems:** the internal audit plan takes account of the council's risk assessment process and includes a review of the strategic and directorate risk registers as well as the audit universe (a list of all auditable entities within the organisation). From this, specific areas are identified for inclusion in this section of the plan, audit assignments focus on internal control arrangements operating in services within the Council.
- (v) **Regularity:** these audits are used to determine the extent to which Council and departmental policies and procedures are being followed. Continuous auditing is used to analyse large amounts of data on an ongoing basis to ensure controls are operating as expected.
- (vi) **Follow Up Assignments:** Internal Audit recommendations due in the period April 2024 to March 2025 will be risk assessed and followed-up to ensure implementation of all actions within all red reports and high risk actions including testing to confirm all actions full implemented. Medium risk actions will be included in audit testing where time permits.
- (vii) **Other Entities:** the Chief Internal Auditor of the Council is also the Chief Internal Auditor of Ayrshire Valuation Joint Board and the South Ayrshire Integration Joint Board and the plan includes resources allocated to these entities. An allocation of time to conduct this audit work is included in the proposed annual Internal Audit plan but it is the responsibility of those bodies to approve

the planned audit work for their respective areas. The Chief Internal Auditor takes assurance from work conducted by the audit team at East Ayrshire Council on Ayrshire Roads Alliance (ARA).

- (viii) **Other Commitments:** days are allocated in this area to carry out work which cannot be specified at the start of the year, including investigations and provision of ad-hoc advice and guidance. A contingency budget is also included for unplanned commitments arising throughout the year. Activity, and duties which are internal to the service such as reporting, planning, and audit development are included under other commitments. An allocation of time has also been included within this section of the proposed plan to provide advice and guidance to the Transformation Programme.

4.2 Resources

- 4.2.1 The budgeted establishment for Internal Audit is 3.6 full time equivalents (FTE). All posts within the Internal Audit team are professionally qualified positions. The 2024/25 draft audit plan has been produced taking into consideration the number of available working days per Internal Audit staff member. It should be noted that this can be subject to amendment during the year, for example for any periods of unplanned long term absence.

Category	2023/24	2024/24
Key Corporate Systems	60	45
Governance/Best Value	95	70
ICT Auditing	15	15
Directorates/Other Systems	100	140
Regularity	72	80
Follow Up Reviews	38	37
Other Entities	50	50
Other Commitments	180	191
Total of planned days	610	628

- 4.2.2 An allocation of time is included within “Other Commitments” for contingency and investigations. Planned audit assurance work should be completed within the resources available, provided there is no significant increase in the budget required to undertake additional work, such as large special investigations arising from Whistleblowing.

- 4.2.3 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to identify any amendments required to reflect changing priorities and emerging risks. Any future changes will be based on a full risk assessment during the year and will be presented to the Panel for approval.

4.3/

4.3 **Performance Indicators**

4.3.1 Internal audit's performance is measured against three key indicators:

- Productivity/ utilisation;
- Percentage of reviews completed in audit plan; and
- Number of ad-hoc requests and investigations.

Performance against these indicators will be reported to Panel throughout the year.

4.3.2 In addition, the time spent on audits and the time taken to complete audits is monitored on a continual basis by the Chief Internal Auditor. A single indicator does not exist for this measure, as the various audit assignments are significantly different in the type of audit work undertaken and the budget required to achieve the audit objectives. The performance information maintained for this indicator includes the measurement of time against budget as well as the elapsed time taken from the agreement of the Terms of Reference through to the issuing of the final report. This information is used to track completion of the audit plan on an ongoing basis and to assign work within the team.

4.4 **Developments and Training**

4.4.1 The training needs of the service continue to be reviewed on an ongoing basis, and where gaps are identified, action is taken to address these. Networking opportunities are continually explored:

- the Chief Internal Auditor attends the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG);
- the Senior Auditor attends the Computer Audit Sub Group (CASG) and the Data Analytics group. Further development and training opportunities will be explored as they arise.

4.4.2 The service undertakes an annual self-assessment exercise, using the toolkit provided with the PSIAS. Actions arising from this will be included in an Internal Audit action plan presented to Panel for approval around November 2024. South Ayrshire Council's five year independent external review of compliance with PSIAS is currently ongoing. The results of this assessment will be included in update reports to Panel once the final report has been completed.

4.5 **Internal Audit Charter**

4.5.1 The Internal Audit Charter is a formal document which defines the internal audit activity's purpose, authority and responsibility. The Chief Internal Auditor reviews the charter on an annual basis and presents any changes to the Panel for approval.

4.5.2 The annual review has been completed and no changes are required at this time. A copy of the Internal Audit Charter is attached at [Appendix 4](#).

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Failure to comply with the Public Sector Internal Audit Standards (PSIAS) and meet our obligation to provide an annual internal audit opinion.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached at [Appendix 5](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13/

13. Results of Consultation

13.1 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided

Background Papers [Public Sector Internal Audit Standards \(PSIAS\)](#)

[Internal Audit Charter – March 2023](#)

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Date: 6 March 2024

PROPOSED INTERNAL AUDIT PLAN 2024/25

No	Audit Area	Objectives	Link to Council Plan Priorities and Cross Cutting Themes	Link To Strategic Risk Register (as at 1/8/23)	Estimated Days	Total Estimated Days
Key Corporate Systems						
1	Main Accounts	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	Best Value	3/11	15	
2	HR & Payroll	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	Live, Work Learn/Best Value	11	15	
3	Procurement	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	Best Value	11	15	45
Governance/Best Value						
4	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise.	Best Value	4	10	
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2023/24 Assignment (if required). Review of contract management within the AGD programme.	Best Value	1	20	
6	Government and Best Value	Obtain assurance that adequate arrangements are in place for the use of consultancy services throughout the Council.	Best Value	4	20	
7	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	Best Value	1	20	70
ICT Auditing						
8	Access Controls	Obtain assurance that there are adequate controls in place over the employee access to Council networks, systems and devices within schools.	Live, Work Learn/The Promise	13	15	15
Directorates						
9	Health and Social Care Partnership	Financial Intervention Orders/Corporate Appointeeship - Review of the financial intervention orders/corporate	The Promise/Our Ageing Population	6	15	

No	Audit Area	Objectives	Link to Council Plan Priorities and Cross Cutting Themes	Link To Strategic Risk Register (as at 1/8/23)	Estimated Days	Total Estimated Days
		appointeeship procedures to confirm carried out timeously.				
10	Health and Social Care Partnership	CM 2000 review to confirm it meets expected objectives and that outputs from the system are reliable.	The Promise/Our Ageing Population	6	20	
11	Education	Review the use of Pupil Equity Fund (PEF) to confirm compliance with the conditions of the fund/national guidance.	The Promise,/Live Work Learn	9	15	
12	Strategic Change and Communities	Climate Change - scope to be agreed following development of national audit programme.	Sustainability, climate change and biodiversity	8	15	
13	Chief Executives (Human Resources)	Using Data analytics to confirm all employees have a current/valid Protection of Vulnerable Groups (PVG) Certificate in place where required.	The Promise/Our Ageing Population	6	10	
14	Housing Operations and Development	Review of Transport Management System post implementation to confirm it meets expected objectives.	Spaces and Places	13	20	
15	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC).	Best Value	3	15	
16	Housing Operations and Development	Review of Scottish Housing Regulator - Annual Assurance Statement.	Spaces and Places	3	20	
17	Housing Operations and Development	Obtain assurance that the new procedure for malicious damage invoices includes adequate controls and is operating effectively.	Best Value	4	10	140
Regularity						
18	Continuous Auditing	Account Payables, Payroll and Debtors and develop the use of Continuous Audit throughout the Council.	Best Value	4	40	
19	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	Live, Work, Learn	4	10	

No	Audit Area	Objectives	Link to Council Plan Priorities and Cross Cutting Themes	Link To Strategic Risk Register (as at 1/8/23)	Estimated Days	Total Estimated Days
20	Grants	Review of evidence to support Network Support Grant claim.	Spaces and Places/Our Ageing Population	4	5	
21	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Social Work Locations.	The Promise/Our Ageing Population	4	10	
22	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Schools.	Live Work Learn/The Promise	4	10	
23	Stores	Obtain assurance that there are adequate controls in place to ensure Property Maintenance stock adjustments between the stock count and end and 31/3/2024 are correctly recorded.	Best Value/ Live, Work, Learn	14	5	80
Follow Up Reviews						
24	Directorates	Follow up of Actions from 2023/24 Audit Assignment - Waste Management.	-	5/15	7	
25	ICT Auditing	Follow up of Actions from 2023/24 Audit Assignment- Social Media.	-	5/13	5	
26	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls.	-	5/13	10	
27	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment- Participatory Budgets.	-	1/5/11	5	
28	Directorates	Follow up of Actions from 2023/24 Audit Assignment- Cash income at Leisure facilities.	-	4/5	5	
29	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Procurement - Framework Agreements.	-	4/5	5	37
Other Entities						
30	AVJB	To be approved by AVJB.	-	-	25	
31	IJB	To be approved by IJB.	-	-	25	50

No	Audit Area	Objectives	Link to Council Plan Priorities and Cross Cutting Themes	Link To Strategic Risk Register (as at 1/8/23)	Estimated Days	Total Estimated Days
Other						
32	Investigations	Allowance for investigations of irregularities.	-	4	25	
33	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	-	-	10	
34	Transformation Programme	Allocation of time to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.	-	3	30	
35	Contingency	Contingency budget for unplanned commitments arising during the year.	-	-	20	
36	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25.	-	-	55	
37	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	-	-	46	
38	Quality Improvement Assurance Programme (QAIP)	Annual self-assessment of compliance with PSIAS.	-	-	5	191
TOTAL						628

PROPOSED RESERVE LIST 2024/25

Rank*	Audit Area	Description	Estimated Days
1	Service Redesign-PDS/SPP Service	Review of new processes/procedures to obtain they include adequate controls	20
2	Direct Awards (non-framework)	Review non framework Direct Awards to confirm compliance with the Council's Standing Orders Relating to Contracts	10
3	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council for financial loss	20
4	Service Level Agreement	ARA - Obtain assurance of compliance with SLA, specifically in relation to performance reporting.	20
5	Rent Rebates/Rent Allowances	Obtain assurance that there are adequate anti-fraud controls around the award of rent rebates and rent allowances	15
6	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council for financial loss	20

*Ranked in order of risk assessment

**LINKS BETWEEN STRATEGIC RISK REGISTER (AS AT 1 AUGUST 2023) AND
2024/25 INTERNAL AUDIT PLAN**

Risk No	Risk Title	2024/25 Assignment
1	Decision making and governance	Ayrshire Growth Deal, Following the Public Pound, use of Consultants
2	External factors including contingency planning	-
3	Strategic planning	Support to Transformation Programme, review of controls within Oracle Fusion (Main Accounting), time to allow Internal Audit to respond to requests from services, Review of Scottish Housing regulator assurance statement and Performance information included in the Annual Return on the Charter
4	Integrity	NFI, Self-Assessment, Grant Audits, Continuous Auditing, Stores, Malicious Damage Invoice Process
5	Internal Audit Actions	Follow Up Assignments
6	Adult and Child Protection	Financial Intervention Orders/Corporate Appointeeship, CM 2000 review,
7	Public and Employee Protection	-
8	Sustainable Development and Climate Change	Climate Change
9	Financial Inclusion	Review the use of Pupil Equity Fund, follow up of Participatory Budgets
10	Ground Maintenance - Ash Tree Die Back	-
11	Financial Constraints	Review of controls within Oracle Fusion (Main Accounting, HR and Procurement),
12	Employee Absence	Review of controls within Oracle Fusion (HR)
13	ICT – Digital Resilience, Protection and Capability	Follow Up of Systems Access Controls, Access controls within schools, Review of Transport System, Review of CM 2000
14	Management of Assets	Follow Up of Systems Access Controls, Stores
1	Decision making and governance	Ayrshire Growth Deal, Following the Public Pound, use of Consultants

South Ayrshire Council Internal Audit Charter

1. Introduction

Under the Local Authority Accounts (Scotland) Regulations 2014 paragraph 7(1), a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. The standards and practices applied in the UK for all public sector internal audit providers, in-house, shared or outsourced, are the Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013 (updated in April 2017).

South Ayrshire Council has fully adopted the Public Sector Internal Audit Standards (PSIAS), which defines internal auditing as:

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.

PSIAS (Standard 1000), requires that the purpose, authority, and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter which is consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

The full Standards and Code of Ethics are available via this link: [PSIAS](#).

2. Core Principles

The Core Principles (PSIAS Section 5), taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focussed
- Promotes organisational improvement.

The *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards*, and the *Definition of Internal Auditing* are mandatory.

3. Roles and Definitions

The PSIAS (Standard 1000) requires the Council to define its interpretation of the following generic terms for the purposes of internal audit activity:

- 'The Board' – the Audit and Governance Panel
- 'The Chief Audit Executive' – the Chief Internal Auditor

- ‘Senior Management’ – the Executive Leadership Team

Other roles laid out in the PSIAS are defined in South Ayrshire Council as:

- ‘The Head of Paid Service’ – Chief Executive
- ‘The Monitoring Officer’ – Head of Legal and Regulatory Services
- ‘The Chief Financial Officer’ – Head of Finance, Procurement and ICT

4. Role of the Audit Committee

The Audit and Governance Panel acts as the Council’s audit committee. In that capacity it has the following responsibilities:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on Internal Audit performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations placed on the service.

5. Role of Senior Management

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance.

Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

6. Mission of Internal Audit

To enhance and protect organisational value, by providing risk-based and objective assurance, advice and insight.

7. Authority of Internal Audit

The authority of Internal Audit is contained in the Financial Regulations of the Council (updated December 2018) and Internal Audit reports administratively to the Depute Chief Executive and Director – People, and in line with PSIAS reports functionally to the Audit and Governance Panel.

Officers of Internal Audit have authority per the Financial Regulations, on production of identification, to:

- enter at all reasonable times any Council premises or land;
- have unrestricted access to all records, personnel, assets, documents and correspondence relating to any financial or other transaction of the Council;
- have access to all IT hardware/software running systems on behalf of South Ayrshire Council, including hardware/software owned by third party service providers;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee of the Council to produce cash, stores or any other Council property under his/her control.

8. Position of Internal Audit

Internal Audit is an independent review activity. It is not an extension of, or a substitute for, the functions of line management. Internal Audit must be independent and therefore remain free from undue influence or other pressures affecting its actions and reporting and to that end:

- Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee;
- the Chief Internal Auditor has unfettered access to the Executive Leadership Team;
- the Chief Internal Auditor meets regularly with the Chair of the audit committee;
- the Chief Internal Auditor attends all audit committee meetings; and
- all audit reports are issued directly by, and in the name of, the Chief Internal Auditor.

9. Responsibilities and Objectives of Internal Audit

A professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The main objectives of Internal Audit are:

- Examine, evaluate and report on the adequacy of internal controls as a contribution to the efficient, effective and economic use of resources;
- Follow up, on a sample basis, the implementation of audit action points;
- Maintain independence and integrity to permit the proper performance of the audit function;
- Prepare an annual evidence based opinion on the adequacy of the Council's internal control systems;
- Assist officers and members of the authority in the effective discharge of their responsibilities including the Council's Monitoring Officer and the Section 95 Officer; and
- To support the Chief Executive in discharging their overall responsibilities as Head of Paid Service.

The Chief Internal Auditor's annual report is presented to the Audit and Governance Panel and is used to support the Council's Annual Governance Statement.

10. Independence and Objectivity

Internal Audit is completely independent of all financial systems operating within the Council. Internal Audit will determine its priorities with those charged with governance.

Senior management is responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services. Line management is responsible for maintaining internal control, including the maintenance of proper accounting records and other management information suitable for running the affairs of the Council.

Internal Audit will not be responsible for the development or implementation of any activity which it would normally review. Staff of Internal Audit will not assume responsibility for the design, installation, operation or control of any procedures within directorates. Internal Audit can however advise on the internal control implications of any proposed systems changes, including new systems being introduced. Internal Audit should be informed by management of all proposals for new systems and major alterations to current systems. Internal Audit will work with relevant managers to ensure that appropriate mechanisms are incorporated to minimise control risks.

The internal audit team will ensure that independence and objectivity are maintained in line with the PSIAS (Standards 1100-1130) including where non-audit work is undertaken. Internal auditors will have no operational responsibilities. Internal Auditors are required to complete an annual Declaration of Independence and an objectivity register is in place to ensure an accurate and up to date register of all potential conflicts is maintained.

Internal auditors will treat as confidential the information they receive in performing their duties. There must not be any unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of an audit will not be used to effect personal gain.

11. Planning

Internal Audit's primary task will be to review the systems of internal control operating throughout the Council. The responsibility for the production and execution of the risk based audit plan and subsequent audit activities rests with the Chief Internal Auditor.

The Chief Internal Auditor will:

- prepare an annual audit plan which will be regarded as flexible and will be continually amended and updated in the light of experience gained from audit work conducted, emerging risks to the Council and the changing environment in which audit work is conducted.
- agree the annual plan with the Chief Executive;
- seek elected members approval of the plan via the Audit and Governance Panel in its role as the Council's Audit Committee; and
- present a report each year to members outlining the actual audit work undertaken in the previous financial year and also giving an overall opinion on the adequacy of the systems and controls operated by the Council. This will include a statement confirming internal audit's compliance with PSIAS.

12. Arrangements for Appropriate Resourcing

As stated in the CIPFA Application Note, *"No formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the minimum level of coverage is that required to give an annual evidenced-based opinion. Local factors within each organisation will determine this minimum level of coverage."*

The annual audit plan is based on the number of audit resources available for the year with the objective of giving an evidence based opinion. High risks identified during the audit planning process are accommodated. Different areas of key financial systems are audited on an annual basis scheduled over a multi-annual cycle to ensure coverage of the whole systems.

If during the risk assessment at the planning stage a shortfall in resources available is identified, the Chief Internal Auditor will advise the Chief Executive followed by the Executive Leadership Team and Audit and Governance Panel as required to assess the associated risks or to recommend additional resources are identified.

Internal audit work is prioritised according to risk, through the judgement of the Chief Internal Auditor, informed by the Council's risk registers and in consultation with the Corporate Leadership Team.

Should circumstances arise, during the year, that resources fall or appear to be falling below the minimum level required to provide an annual evidence based opinion the Chief Internal Auditor will advise the Chief Executive, the Executive Leadership Team and the Audit and Governance Panel.

13. Assurance Services

Internal Audit work covers all Council activities, systems and processes and includes (but is not limited to):

- examining and evaluating the adequacy of the Council's system of internal control, including those pertaining to the deterrence, detection and investigation of fraudulent or illegal acts;

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- appraising the economy and efficiency with which resources are employed;
- reviewing the identification and assessment of risk by management;
- reviewing aspects of the control environment affected by significant changes to the organisation's risk environment;
- reviewing the Council's procedures and activities in relation to best value;
- co-ordinating Internal Audit activities with the work of the external auditors and assisting the external auditors as required;
- recommending, in consultation with management, appropriate solutions to identified systems weaknesses;
- ensuring management has confirmed action has been taken to implement audit recommendations; and
- in line with the principles of Following the Public Pound Internal Audit shall review, appraise and report on all services and other activities for which the Council is responsible or accountable, whether delivered directly or by third parties through contracts, partnerships or other arrangements.

14. Consultancy Services

The PSIAS defines consulting services as follows:

“Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.”

Consultancy and advice services, including work on fraud related matters may be undertaken from time to time at the request of senior management. A provision is included in the annual audit plan for this type of work.

When undertaking such work auditors will not take on management responsibility for the project. Ultimate responsibility for the decisions taken within the area under review remains with senior management. Acceptance of any assignment will be dependent on available resources, the nature of the assignment and any potential impact on future assurances. The objectivity of individual audit staff will be managed in assigning any subsequent assurance work. Auditors involved in consultancy work will not audit that area for a minimum of one year after the completion of the consultancy work.

Significant consultancy assignments will be reported separately to the audit committee. Any significant consulting exercise, not included in the annual audit plan, should have the approval of the audit committee. Significant is defined as any single assignment equivalent to 5% of annual planned days.

15. Non Audit Work – Counter Fraud

Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption.

The Corporate Fraud Team who sit within the remit of the Chief Internal Auditor will assist management in the effective discharge of this responsibility and will also undertake proactive work to identify potentially fraudulent activity.

Any evidence or reasonable suspicion of irregularities should be dealt with in accordance to the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy. It is the responsibility of each member of the Corporate Leadership Team to promote awareness of and adherence to these procedures.

In accordance with the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy the Chief Internal Auditor will be notified of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.

The Corporate Fraud Team activity will be reported to the Audit and Governance Panel twice yearly separately from the Internal Audit progress against plan.

16. Other Parties Out with the Council

The Chief Internal Auditor is responsible for presenting an annual statement on the adequacy and effectiveness of the internal control system of the Ayrshire Valuation Joint Board (AVJB). The Chief Internal Auditor has also been appointed as the Chief Internal Auditor of the South Ayrshire Integration Joint Board (IJB).

The spirit of this Internal Audit Charter will also apply to the IJB and AVJB.

17. Quality Assurance and Improvement Programme (QAIP)

The Chief Internal Auditor will develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity. This includes both internal and external assessments.

All audit work is subject to in-house quality control procedures whereby each audit review is subject to peer review. The audit service will undertake an annual self-assessment using the PSIAS checklist.

An external assessment will be conducted at least once every five years by a suitably qualified, independent assessor and may be a full assessment or validation of a self-assessment in line with the PSIAS (Standard 1300). The results of these assessments will be communicated to the Audit and Governance Panel with exception reporting of outstanding action points thereafter.

The feedback of the Chief Executive and the Chair of the Audit and Governance Panel will be sought during the performance appraisal of the Chief Internal Auditor.

18. Approval

This Charter was submitted for approval to the Audit and Governance Panel, in its role as the Council's audit committee, on 20 March 2024. It will be subject to annual review and update as required. All amendments will be subject to approval by the Audit and Governance Panel.

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Proposed Internal Audit Plan 2024/25
Lead Officer (Name/Position/Email)	Cecilia McGhee, Chief Internal Auditor - Cecilia.McGhee2@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	No
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No
Sex – (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	Low	Low
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	Low	Low
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	Low	Low
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	Low	Low
Socio-economic Background – social class i.e. parent's education, employment and income	Low	Low

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	No
Advance equality of opportunity between people who share a protected characteristic and those who do not	No
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	No
Increase participation of particular communities or groups in public life	No
Improve the health and wellbeing of particular communities or groups	No
Promote the human rights of particular communities or groups	No
Tackle deprivation faced by particular communities or groups	No

5. Summary Assessment

<p>Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)</p>	<p>YES <input type="checkbox"/></p> <p>NO <input checked="" type="checkbox"/></p>
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Rationale for decision:

This report seeks approval of Members for the internal audit plan for 2024/25. Their decision on this has no specific equality implications.

Signed : Cecilia McGhee, Chief Internal Auditor

Date: 14 February 2024

South Ayrshire Council

**Report by Chief Governance Officer
to Audit and Governance Panel
of 20 March 2024**

Subject: Strategic Risk Management

1. Purpose

1.1 The purpose of this report is to update Members on the reviewed Strategic Risk Register (Appendix 1) in line with the agreed reporting framework.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers; and

2.1.2 notes the 14 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks.

3. Background

3.1 The Strategic Risk Register is reported in accordance with the framework within the Corporate Risk Management Strategy.

3.2 The Strategic Risk Register was reported to the Audit and Governance Panel of 6 September 2023 for scrutiny and to Cabinet on 26 September 2023 for endorsement.

3.3 Risk Management is also undertaken at Directorate level, within the Health and Social Care Partnership and by leads undertaking complex projects.

4. Proposals

4.1 The Strategic Risk Register has been reviewed by Chief Officers / Risk Owners and updates provided on progress against implementation of proposed risk mitigations. Risks are referenced against the themes of Governance, Protection and Resources. 14 Strategic Risks are being managed and these are listed as follows:

	<i>Risk</i>	<i>Risk Rating</i>	<i>Theme</i>
1.	Decision Making and Governance	8	Governance
2.	External Factors including Contingency Planning	10	Governance

	Risk	Risk Rating	Theme
3.	Strategic Planning	8	Governance
4.	Integrity	8	Governance
5.	Internal Audit Actions	6	Governance
6.	Child and Adult Protection	10	Protection
7.	Public/ Employee Protection	10	Protection
8.	Sustainable Development and Climate Change	12	Protection
9.	Financial Inclusion	12	Protection
10.	Ash Tree Die Back	10	Protection
11.	Financial Constraints	16	Resources
12.	Employee Absence	9	Resources
13.	ICT – Digital Resilience, Protection and Capability	8	Resources
14.	Management of Assets	6	Resources

- 4.2 Full detail of strategic risk management arrangements is provided within the register (Appendix 1). Ownership is assigned to ensure there is clear accountability and responsibility in terms of risk management. The cause, potential effect, risk score and current mitigations are also recorded.
- 4.3 Unless considered ‘ongoing’ throughout the life of the risk register, proposed risk mitigations have a target completion date, and their progress is outlined by use of a percentage completion bar in the report. A status icon is also included which indicates whether or not the specific initiative is on target.
- 4.4 Members are requested to note that the Health and Social Care Partnership (HSCP) provide information on the risk management of Child and Adult Protection within the Council’s Strategic Risk Register. HSCP also develop and report on wider Partnership risk issues within their own bespoke Strategic Risk Register which is presented to the HSCP Performance and Audit Panel on a 6 monthly basis for scrutiny. A link to the most recent HSCP risk register and related reports is provided on page 8 of Appendix 1.
- 4.5 It has also been considered appropriate in risk management terms to make reference to the Ayrshire Growth Deal (AGD). It is currently undergoing a scheduled mid-Programme Review exercise which is being taken forward by the regional Programme Management Office (PMO) and Lead Authority partners, in consultation with UK and Scottish Government grant funders. This is subject to AGD governance processes set out in the AGD Grant Offer agreement and AGD Governance document. The review is expected to conclude by summer 2024.
- 4.6 There are financial, legal and reputational risks to the Council in progressing development and delivery of AGD projects which are carefully monitored through regular review and monthly reporting via internal Council governance arrangements and those agreed by the regional AGD partners. As a result of commercial sensitivities relative to the Space and Aerospace projects information cannot be shared publicly.

- 4.7 There has been a risk rating increase for Sustainability and Climate Change. Previously 4 (critical) x 2 (possible) = 8 (medium). It has been felt appropriate to increase this to 4 (critical) x 3 (likely) = 12 (high). Slippage has occurred in terms of progress to achieve proposed mitigations. The development and implementation of a refreshed strategy has been hampered by both a rapidly changing national picture and staffing vacancies within the service with the responsibility for progressing this work.
- 4.8 Ongoing significant challenges around funding arrangements and budgeting have also resulted in a risk rating increase on the risk relating to Financial Constraints, previously 4 (critical) x 3 (likely) = 12 (high) but now 4 (critical) x 4 (very likely) = 16 (high). This is acknowledged to be caused by UK and Scottish Government reductions in funding over a number of years and the impact of inflation on the Council cost base. This is the highest rated risk on the current Strategic Risk Register and is being carefully monitored at Chief Officer level.
- 4.9 Members are also requested to note that Chief Officers regularly consider new or emerging risks and there is a process whereby significant operational risks, managed at directorate level, can be elevated to strategic level as required.
- 4.10 It is anticipated that Members will consider the strategic risk management arrangements outlined within this report and be assured that there is a robust system in place for identifying and managing those threats which could have a significant impact on the successful delivery of the Council's objectives.

5. Legal and Procurement Implications

- 5.1 The recommendations in this report are consistent with legal requirements.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 There are no cost implications associated with the recommendations in this report.

7. Human Resources Implications

- 7.1 There are no human resource implications associated with the recommendations in this report.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 Risks have been identified and assessed in line with the Council's Risk Management process. This report seeks to confirm that risk mitigation at Strategic level is ongoing and that risks are being managed in line with an agreed approach and methodology.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 Rejecting the recommendations may give rise to external criticism, breach of statute or legal challenge.

9. Equalities

- 9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the delivery of all Council strategic objectives.

13. Results of Consultation

- 13.1 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.




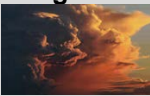










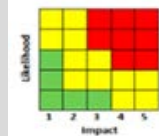
Background Papers **None**

Person to Contact **Carol Boyd – Service Lead – Risk and Safety**
River Terrace
Phone 01292 613090
E-mail carol.boyd@south-ayrshire.gov.uk

Date: **6 March 2024**

SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft - updated February 2024) Appendix 1

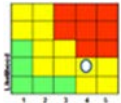

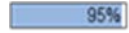
The following risks of strategic significance have been identified by Chief Officers in line with the themes of Governance, Protection and Resources.

Governance	Protection	Resources																												
1. Decision Making and Governance $4 \times 2 = 8$ 	6. Adult and Child Protection $5 \times 2 = 10$ 	11. Financial Constraints $4 \times 4 = 16$ 																												
2. External Factors including Contingency Planning $5 \times 2 = 10$ 	7. Public and Employee Protection $5 \times 2 = 10$ 	12. Employee Absence $3 \times 3 = 9$ 																												
3. Strategic Planning $4 \times 2 = 8$ 	8. Sustainable Development and Climate Change $4 \times 3 = 12$ 	13. ICT – Digital Resilience, Protection & Capability $4 \times 2 = 8$ 																												
4. Integrity $4 \times 2 = 8$ 	9. Financial Inclusion $4 \times 3 = 12$ 	14. Management of Assets $3 \times 2 = 6$ 																												
5. Internal Audit Actions $3 \times 2 = 6$ 	10. Grounds Maintenance - Ash Tree Die Back $5 \times 2 = 10$ 	<table border="1" style="font-size: small;"> <thead> <tr> <th colspan="2">Risk Rating</th> <th colspan="2">Impact v Likelihood</th> </tr> <tr> <th>Impact</th> <th>Likelihood</th> <th>1</th> <th>2</th> </tr> </thead> <tbody> <tr> <td>1 Minor</td> <td>1 Unlikely</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> </tr> <tr> <td>2 Moderate</td> <td>2 Possible</td> <td style="background-color: #FFFF00;"></td> <td style="background-color: #FFFF00;"></td> </tr> <tr> <td>3 Major</td> <td>3 Likely</td> <td style="background-color: #FFA500;"></td> <td style="background-color: #FFA500;"></td> </tr> <tr> <td>4 Critical</td> <td>4 Very Likely</td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>5 Catastrophic</td> <td>5 Almost Certain</td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> </tbody> </table> 	Risk Rating		Impact v Likelihood		Impact	Likelihood	1	2	1 Minor	1 Unlikely			2 Moderate	2 Possible			3 Major	3 Likely			4 Critical	4 Very Likely			5 Catastrophic	5 Almost Certain		
Risk Rating		Impact v Likelihood																												
Impact	Likelihood	1	2																											
1 Minor	1 Unlikely																													
2 Moderate	2 Possible																													
3 Major	3 Likely																													
4 Critical	4 Very Likely																													
5 Catastrophic	5 Almost Certain																													

Input is provided by Risk Owners identified at Strategic level to ensure clear responsibility in terms of their management. Detail is provided on risk mitigations – both current and proposed. Target dates are recorded in respect of the achievement of the proposed mitigations, unless agreed as ‘ongoing’. The successful mitigation of these risks will support the delivery of the Council Plan.

SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft - updated February 2024) Appendix 1



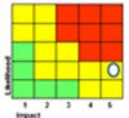
Risk 1	Risk Title – Decision Making and Governance			Risk Theme - Governance		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal and Regulatory Services	1. There is a risk that key decisions are taken on behalf of the Council which may contradict agreed Council Plan objectives or increase risk exposure to the organisation.	Updates to Government legislation and advice. Changes to political structure. Levels of scrutiny on information made available or provided.	Lack of compliance. Failure to meet statutory requirements. Poor best value audit. Financial Impact Reputational damage.	 4 x 2 = 8	1. Members are supported by a range of training programmes to ensure effective Panel participation and good decision making. 2. Service Leads ensure there is full consultation with PFH's on Panel reports. 3. Webcasting/live broadcasting allows both hybrid meetings and public access. External public website has an area dedicated to this where meetings are live streamed, the future meeting schedule is visible and recordings of the meeting archive can be viewed. 4. Reports outline key headings on legal, procurement, financial, HR, risk, equalities and sustainable development implications of decision making. 5. The new Council Plan is complete and approved, as are the associated Service Plans across all Directorates. (Cross reference - Risk 3 - Strategic Planning).	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Members are supported to deliver good decision making through training and briefings. Officers in conjunction with Members felt that Members would benefit from further training on scrutiny and two training sessions were delivered on scrutiny of business cases by the Improvement Service. Both new and more experienced Members of the Service and Performance and Audit and Governance Panels felt this improved their understanding of scrutiny. A & G Panel also undertook a self-assessment and officers are implementing the recommendations identified by the Panel. Specific recommendations were previously made for one-to-one meetings with Members to assess training needs and produce an individualised plan. These take place by request from Members utilising the Improvement Service's Political Skills Self- Assessment tool and this allows Members to consider particular areas that they would benefit from training on. Further steps are being taken by the leads of Democratic Governance and Organisational Development to analyse this process and to fine tune the personal development process for Members. Members' briefings are available online and group officers encourage Members to access these, as well as maintaining records on uptake for future audit purposes. (June 2024)						 Increased from 90%




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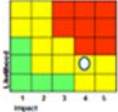

Risk 2 **Risk Title – External Factors including Contingency Planning** **Risk Theme - Governance**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal and Regulatory Services	There is a risk that a range of external factors out with the Council’s control such as pandemic, Brexit, Ukraine, cost of living crisis, inflation, industrial action, disruptive weather or other, may adversely impact on ability to fulfil Council objectives and deliver critical services.	Adverse incidents or Civil Emergencies. Factors imposed upon the Council such as legislative change, Government policy change, cost-of-living crisis, implications of Brexit, Ukraine, political change nationally or locally. Unanticipated updates to Government legislation and advice.	Requirement to re-allocate resources, failure to deliver services to an acceptable level or drive desired improvements. Restrictions on budget, reputational damage.	 5 x 2 = 10	<ol style="list-style-type: none"> 1. Continued Horizon scanning to anticipate and respond to risks – four main civil contingencies risks identified for Ayrshire. 2. Watching brief and continual discussion on funding requirements for any unanticipated emergencies. 3. Dissemination of information to Officers and Members around CoSLA and Chartered Institute of Public Finance and Accounting (CIPFA) briefings. 4. The Ayrshire Civil Contingencies Team (ACCT) supports the Ayrshire Local Resilience Partnership (ALRP). Chief Executive attends Strategic ALRP. 5. The level of interaction between Health / Councils and partners has increased and allows for more efficient collaboration in emergency planning. The HSCP Risk and Resilience Forum is well established. 6. 24/7 on call service in place via Civil Contingencies for response and assistance in coordinating the Council emergency input to major incidents. 7. Staffing and resourcing arrangements are in place to support those individuals and families arriving in South Ayrshire from Ukraine. 8. <i>Cross reference to mitigations at Risk 9 – Financial Inclusion.</i>

Proposed Mitigations (with dates)	Status	Progress Bar
1. Practitioner Ayrshire Local Resilience Partnership (ALRP) and Strategic Ayrshire Local Resilience Partnership meet with required frequency to co-ordinate individual responses from all agencies to major incidents or adverse events. Ayrshire wide Tactical Groups are established where circumstances dictate. Additionally, the Ayrshire ALRP identifies and manages 4 concurrent civil contingencies risks to support an Ayrshire response. These are 1. Pandemic or Emerging Infectious Diseases, 2. Marauding Terrorist Attack, 3. Disruptive Weather and 4. National Electricity Transmission System (NETS) Failure (Power Resilience/Black Start) (ongoing)		<i>Ongoing</i>
2. Risk and Safety Team and the Ayrshire Civil Contingencies Team continue to support SAC civil contingency and business continuity arrangements. SAC Civil Contingencies Response Plan is reviewed annually and Council Incident Officer training has been rolled out to key Chief Officers, operational Service Leads and Coordinators. Council Managers undertake a rolling review of Service Business Continuity Plans on a 6 monthly basis. Civil Contingencies exercises to test plans continue to be developed and rolled out (ongoing).		<i>Ongoing</i>
3. The Council is anticipating new legislation (Martyn’s Law) governing public safety at events. A business case has been prepared outlining the preliminary indicative resourcing required to demonstrate compliance. Future work in this regard will also allow for the establishment of a bespoke South Ayrshire Council Safety Advisory Group. (target date TBC)		<input style="width: 50px;" type="text" value="0%"/>

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Risk 3		Risk Title – Strategic Planning			Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Service Lead – Policy and Performance	1. There is a risk that the Council fails to fulfil agreed strategic objectives in light of the cost-of-living crisis, staffing, budgetary or external pressures and therefore current service, financial and resource planning is not aligned. 2. There is an associated risk that corporate and service targets and performance measures may be adversely impacted.	Recent pressures may have contributed to delays in Corporate and Directorate Planning processes.	Failure to deliver on Corporate and Directorate Plans or achieve priority outcomes. Failure to meet expectations of the public, partners, service users, local businesses. Reputational damage	 4 x 2 = 8	1. Existing Council Plan with clearly defined priorities is in place, as are the individual Service Plans. Governance is included and underpinned by the enhanced requirement for performance measures and targets. 2. Plans have been developed by each Council Service Lead to take account of future operational delivery models. These include workforce planning considerations. 3. Delivering Good Governance framework and reporting in place. 4. Robust financial governance, linked to the Council Plan and priorities, is in place. 5. The Future Operating Model has been implemented and the Council is now operating its new ways of working.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Council Plan actions are reported to the Service and Partnerships Panel over 2023/24 as part of the Council Plan 23-28 Performance Management Framework. Performance against the Council Plan is also subject to an annual report to Council. (next due June 2024)						<i>Ongoing</i>
2. Quarterly budget monitoring continues and is reported by Financial Services in order to measure impact. (ongoing)						<i>Ongoing</i>
3. Service Planning session taking place with service leads in Feb 24 and new service planning guidance will be made available to support planning and improvement. (March 2024)						 <i>New</i>

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Risk 4

Risk Title – Integrity

Risk Theme - Governance

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal and Regulatory Services	1. There is a risk that the integrity of the Council is breached through a range of failures such as Information / Asset Security, Cyber Crime, non-compliance with the General Data Protection Regulations (GDPR), CCTV Governance, Procurement Fraud, Contractual Failures, Vetting or Financial Irregularities. 2. There is a risk of failure to maintain sources of assurance and levels of scrutiny.	Existing Council Policy or systems may be ineffective or inconsistently implemented. Lack of ownership, training or communication. Difficulty to respond timeously to FOI and GDPR requests. Additional levels of Cybercrime and Fraud because of external global events.	Reputational damage, financial loss, fines, prosecution, civil liability.	<p>4 x 2 = 8</p>	1. Current policies / encryption / firewalls, specifically mandatory online Data Protection training, robust processes for reporting and dealing with data breaches. 2. Adherence to the Records Management Plan that has been agreed with the Keeper and is being implemented. 3. Standing Orders relating to Contracts and to Meetings, Scheme of Delegation, Financial Regulations, Council Procurement Policy. 4. SAC Code of Conduct, range of HR, H&S, Fleet policies, employee vetting processes. 5. Fraud Officers, Fidelity Guarantee Insurance Policy and National Fraud Initiative. 6. Internal Audit activity. 7. Establishment of Integrity Group / management of Integrity Group Risks. 8. Additional Communications with Staff and Public with advice re Cyber Crime and Fraud. 9. CCTV governance is set out in established policy. Duty Holders in relevant premises are responsible for compliance with GDPR as it relates to CCTV.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. The actions referred to above are progressed by an Integrity Group, which monitors existing risks and identifies any new and emerging risks for SAC. The Group monitors and develops appropriate mitigations. The Chief Executive chairs the group and officers responsible for each key heading report on the risks. Various Service Leads attend and report on their operational areas as they relate to integrity. (ongoing).						<i>Ongoing</i>
2. The reporting process of the risks from Integrity Group to Members has been reviewed. Reporting mechanisms include regular briefings from relevant Chief Officers or Service Leads on pertinent integrity matters to assist in Member awareness and further support good decision making. This is considered to be an ongoing mitigation through the life of the integrity group. (ongoing)						<i>Ongoing</i>

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Risk 5		Risk Title – Internal Audit Actions			Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Chief Internal Auditor and Service Leads	<p>There is a risk that actions identified by Internal Audit are not progressed within agreed timeframes and improvements to the control environment not achieved.</p> <p>The position at 22/02/24 was as follows;</p> <p>a/ 5 overdue actions.</p> <p>b/. 13 actions due for completion in next 6 months – (cross ref IA Progress Report).</p> <p>c/. Extension to due date requested for 3 actions, all agreed by IA, no 3rd extensions requested.</p>	<p>Staffing resources</p> <p>Delays in implementation of corporate systems eg. oracle fusion</p>	<p>Service Governance arrangements are compromised.</p> <p>Depending on the significance of the outstanding action the Council may be exposed to risks relating to statutory compliance, public or employee safety, financial loss, reputational damage, legal challenge.</p>	<p>3 x 2 = 6</p>	<p>1 The Audit Plan is formulated on an annual basis. There is also a mid-year review and approval is sought from Audit and Governance Panel for any changes.</p> <p>2. Follow up Audits are undertaken for all 'red' reports as well as a sample of 'amber' reports, where resources permit. These include testing to confirm the service has evidence to support the completion of internal audit actions.</p> <p>3. The Chief Internal Auditor is able to grant 2 extensions to 'due dates' for actions.</p> <p>4. Progress against actions is included in Internal Audit update reports the Audit and Governance Panel.</p>	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Service Leads are required to attend Audit and Governance Panel to explain any 'red' reports, any overdue or outstanding actions from these and further explanation of requests for more than 2 extensions to due dates. They may be required to bring a formal report to Panel if deemed appropriate. (Ongoing)						<i>Ongoing</i>
2. Through the dissemination of Audit reports, Service Leads are reminded to ensure relevant risk registers are updated to reflect risks highlighted in the Audit reports where required. Managers are required to record progress against implementation of all actions in Ideagen (Pentana) and this is the information that is included within the Internal Audit update reports to the AGP. (Ongoing)						<i>Ongoing</i>

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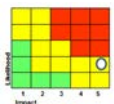
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Risk 6





Risk Title - Adult and Child Protection

Risk Theme – Protection

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
<p>Accountable – ELT</p> <p>Responsible - CLT</p> <p>Risk Owner – Director of Health and Social Care and Chief Social Work Officer (CSWO).</p>	<p>1. There are increased levels of hidden harm in our community as a result of a range of external factors leading to more complex family and adult needs.</p> <p>2. There is a risk of failure to provide adequate protection and the necessary level of support to vulnerable adults and children.</p> <p>3. There are additional risks facing the HSCP and these are being managed, monitored and reviewed via the HSCP Performance and Audit Panel. (link to latest reports – October 2023 – below).</p>	<p>Deprivation, cost of living crisis, changing demographic and challenges in the care sector.</p>	<p>Potential harm to clients and vulnerable service users.</p> <p>Potential for litigation, financial loss or reputational damage.</p>	 <p>5 x 2 = 10</p>	<p>1. There are quarterly Chief Officer Group (COG) meetings.</p> <p>2. There are quarterly Public Protection subgroups (Child Protection; Adult Protection; Violence Against Women/Criminal Justice and Alcohol and Drugs Partnership) reporting into COG that are monitoring the operational context and responding in a coordinated way to issues.</p> <p>3. HSCP Directorate Management Team meets regularly to provide leadership and oversight.</p> <p>4. Established governance in place via Clinical and Care Governance, Social Work Governance and Adult Governance Groups.</p> <p>5. APC and CPC meet regularly and review business plans</p> <p>6. Multi Agency Public Protection Arrangements (MAPPA) including Management Oversight Group and Strategic Oversight Group) are in place and report quarterly to COG.</p> <p>7. The Community Services Oversight Group supports in house and commissioned services and provides assurance on a range of issues to key local and national stakeholders.</p> <p>8. Initial Referral Data (IRD) activity is now audited to provide scrutiny and assurance in relation to this key activity. There are now annual Child Protection ‘Trend Analysis’ produced for the CPC and COG to reflect on the changing culture in South Ayrshire towards Child Protection and to invite scrutiny of annual data.</p> <p>9. Adult Support Protection Lead Officer engages first line managers in developing our response to vulnerable adults.</p> <p>10. CSWO engages with operational staff in relation to complex cases in both adult and children’s services where there are complex risk factors.</p> <p>11. Care First implemented across all children and adult social work teams.</p> <p>12. CPC/APC subgroup structure is now established and the Policy and Performance Subgroup is leading this review work and reports progress at each meeting</p> <p>13. Governance on new policy and procedure is via CPC/APC through to COG.</p> <p>14. Development of Practice Standards in Social Work is in progress to support the policy framework.</p> <p>15. The quality assurance framework is operational providing triangulated information to the Community Services Oversight Group from a range of sources in order to ensure minimum standards are met across all commissioned services.</p> <p>16. HSCP strategic and operational risk registers are complete and approved by HSCP Performance and Audit Committee.</p> <p>17. New Adult Services structure fully implemented.</p> <p>18. Learning reviews implemented in relation to ADP, Public Protection and Adult Social Work services.</p>

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Risk 6	Risk Title - Adult and Child Protection (Continued)	Risk Theme – Protection	
		Status	Progress Bar
Proposed Mitigations (with dates)			
1.The ADP Is developing a framework in relation to risk around drug related deaths. The Framework is being subsumed within the national drug death taskforce work implementing a residential rehabilitation pathway in South Ayrshire. (Gary Hoey) (31.03.2024)			<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #0070c0; margin-right: 5px;"></div> 90% </div> <p style="color: red; font-size: x-small; margin-top: 2px;"><i>No change</i></p>
2.The implementation of the transformational work within Children and Families which has been supported by the Council. Belmont family support has commenced and the implementation of Signs of Safety is progressing in partnership with the National Signs of Safety organisation. (Gary Hoey) (June 2024).			<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #0070c0; margin-right: 5px;"></div> 100% </div> <p style="color: red; font-size: x-small; margin-top: 2px;"><i>Increased from 85%</i></p>
3.The Adult Protection Self Evaluation Improvement Plan is reviewed regularly and a review of the impact of actions implemented in response to the Adult Support and Protection Inspection (Oct-Dec 2021) (Gary Hoey) (March 2024)			<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #0070c0; margin-right: 5px;"></div> 100% </div> <p style="color: red; font-size: x-small; margin-top: 2px;"><i>Increased from 50%</i></p>
Further explanation on progress to date in terms of implementation of the above mitigations can be found by cross-referencing to the Health and Social Care Strategic Risk Register Performance and Audit Committee - 3rd October 2023 - Health and Social Care Partnership (south-ayrshire.gov.uk) . Additional information is also provided within this document on a range of other risks being managed by the Partnership including; Climate Change & Sustainability, Communication and Reputation, External Factors including Contingency Planning, Financial Position, Good Governance, Strategic Planning and Business Resilience, ICT, Population, Premises, Provider Organisations,Service Quality, Workforce Protection and Workforce Capacity and Capability.			

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Risk 7

Risk Title - Public and Employee Protection

Risk Theme – Protection

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owners - Service Lead – Risk and Safety and Service Lead – Asset Management	1. There is a risk of failure to provide the agreed standards of protection to the Public and Council Employees in line Health and Safety Executive and Scottish Fire and Rescue Service legislation and guidance. 2. There is a risk that health & safety risk assessments in some areas may not currently identify adequate mitigations to safeguard employees / service users from hazards such as Violence and Aggression. 3. There is a risk that proposals by Scottish Fire and Rescue Service to reduce response to fire alarms will impact people safety and property protection.	Staffing resourcing pressures. Budget constraints across Services. Ambiguity around responsibilities or inconsistent application of policy	Accident, incident, injury or ill health to employees /service users. Prosecution and Civil litigation. Damage to Council's reputation. Financial impact of claims, increased premiums or fines.	<p style="text-align: center;">5 x 2 = 10</p>	1. Existing H&S Policies and procedures. H&S Guidance prepared and issued. Range of resources, information, links and training on H&S CORE page and Learn Pro platform. Sample H&S Risk Assessments developed for Service use. 2. Central H&S team undertake H&S Audits and Fire Risk Assessments (FRAs) over a 1,2 and 3-year rolling programme. Risk Assessment self-evaluation process rolled out. 3. The PDR process allows for identification of key H&S training requirements for all Council employees. 4. Risk Assessment Training & Support, plus Council Standard and a range of courses on Management of Actual or Potential Aggression, Dealing with Difficult Behaviour, De-escalation etc. 5. V&A measures across services including a range of security systems, Campus Police Officers, '2 to attend' protocols, panic buttons in offices, modifications to office design. 6. Review of causes of 'Unwanted Fire Alarm Signals' (UFAS) complete – processes in place to tackle via FRA programme. 7. Revised guidance has been issued along with new online training modules to reflect the changes implemented by SFRS on 1 July 2023.	
Proposed Mitigations (with dates)						
1. Review and refresh a range of health and safety policies, guidance, sample risk assessments and work procedures. Development of new online health and safety training modules for managers / employees. (December 2024)					▶	<p style="text-align: right; color: red;">Increased from 40%</p>
2. Asset Management team continue to review and action, based on risk priority, compliance and/or property related issues raised through Fire Risk Assessments, Health and Safety Audits and Vacant Property Inspections. (ongoing).					▶	Ongoing
3. All duty holders / building managers monitoring and updating outstanding H&S actions via Pentana (ongoing)					▶	Ongoing
4. Continue to utilise self-evaluation method to ensure all Services have identified significant hazards and fully developed their H&S risk assessments – (Internal Audit Action). (Ongoing)					▶	Ongoing
5. In light of revised SFRS protocols Asset Management team is rolling out bespoke fire panel training to all Council Duty Holders. (June 2024)					▶	<p style="text-align: right; color: red;">Increased from 30%</p>

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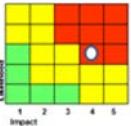

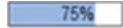
Risk 8 **Risk Title - Sustainable Development and Climate Change** **Risk Theme - Protection**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner/s; Service Leads – Policy and Performance, Asset Management (buildings) and Neighbourhood Services (for Fleet)	There is a risk of failure to meet climate change duties, reduce emissions and support the community to adapt and mitigate risks in relation to climate change. Risk of failure to ensure a just transition and a green recovery.	Services do not necessarily recognise the role they need to play, lack of input and accountability by services leaving key areas inadequately addressed. Decisions and infrastructure while meeting short term goals are currently not fit for the future. Actions in place are currently not fully coordinated across services.	Reduction in emissions not achieved to 1.5 degrees scenario therefore accelerating the pace of climate change. United Nations Sustainable Development Goals not adequately addressed. South Ayrshire may not be resilient. Effect may be further detriment to those already disadvantaged, increasing inequalities and exacerbating deprivation. Communities may be unprepared for a low carbon future.	 4 x 3 = 12	1. Council approved Sustainable Development and Climate Change Strategy 2. Baseline data on Sustainable Development and Climate Change now assembled to allow future progress to be measured. 3. Proposals endorsed by the MOWG agreed at Cabinet and assigned for implementation. 4. Carbon budgeting in place. 5. Green recovery communications plan and climate literacy training plan in place.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Fully implement Climate Change Strategy (target date 2024, at which point strategy will be reviewed). Review to be pursued to ensure delivery of strategy outcomes in a changed landscape with increased national targets and new duties and supporting the new Local Outcome Improvement Plan (LOIP) being developed in 2024. (Revised to Dec 2024).		 <i>No change</i>
2. Review the means of 'cross cutting' the Strategy by embedding within Council policy making, as well as service planning. This is now going forward as part of the integrated impact assessment led by Performance, Policy and Community Planning with further climate literacy and service planning work required and likely to be included in the refreshed strategy. (Revised to Dec 2024).		 <i>Increased from 30%</i>
3. Investigation of scope 3 accounting methodologies for Council procurement emissions to develop existing carbon budgeting process. A final decision on this has been deferred pending the outcome of national research which may influence the course of action. Forward pathway now likely to be set out in refreshed strategy. (Revised to December 2024)		 <i>Increased from 10%</i>
4. A Net Zero Estate Strategy review was completed in November 2021. Following this a Net Zero Board group was established in 2022 to drive forward this agenda. The Board has 6 agreed workstreams (noted in Cabinet log) and progress is being against each of these in order that the Council can meet both its own and SG's commitment to 'net zero' in 2045 (ongoing to 2045)		<i>Ongoing</i>
5. Adopt fleet decarbonisation strategy in line with targets and duties alongside ULEV (Ultra Low Emission Vehicles) infrastructure for both fleet (SAC) and public charging (ARA). Current position on small SAC vehicles reflects a position where 60 of 80 are now electric. NS continue to implement charging points for staff access and are investigating a charging 'hub' at a location within the vicinity of County Buildings. Ongoing progress is captured as part of Service Plan Improvement Action for NS and forms part of Service Plan Performance Reports to Council.		 <i>Increased from 20%</i>

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 Risk 9						Risk Title – Financial Inclusion	Risk Theme – Protection
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations		
Accountable – ELT Responsible - CLT Risk Owner - Assistant Director of Strategic Change and Communities	There is a significant risk that the cost-of-living crisis, rising inflation and the current economic climate is having a detrimental impact on the local community, both public and employees.	Rising energy and food costs. Economic uncertainty. War in Ukraine.	Specific low-income groups are hardest hit. Current crisis is bringing unaccustomed hardships to groups who have previously managed financially. Impact on lowest paid Council staff.	 4 x 3 = 12	<p>Measures in place at National level; Withdrawal of the National Insurance increase.</p> <p>Measures in place at Scottish Government level; Increasing the Scottish Child Payment to £25 per week from 14 November 2022 Winter Heating Payments. Rent Freeze Bill - 'Protecting Tenants during Cost-of-Living Crisis Bill' temporary powers to protect tenants and landlords. Bridging Payments. Best Start Grants. 'One stop shop' website to help those struggling financially. National media campaign. Funding for Scottish Welfare Fund (Crisis Grants & Community Care Grants) and Discretionary Housing Payments</p> <p>Measures in place at local level; The Community Planning Partnership has a Financial Inclusion Strategic Delivery Group (SDP) who provide direction, identify any gaps in support and direct resources to areas of most need and demand. They consider themes linked to food, energy, money and community wellbeing.</p> <p>A range of Council services provide support to people most affected by the cost of living crisis. These include Thriving Communities, Housing Services, the Information and Advice Hub and Revenues and Benefits. Cabinet approved a report on 23 May 2023 Financial Inclusion - Cost of Living Crisis which outlined trends identified and the provision of current help available across all Council Services to support residents. There was also a Cabinet paper in January Food Pantries and then again in May Food Pantries that provided information on the food pantries and projects that SAC has funded.</p> <p>A Member Officer Working Group for the Cost-of-Living Crisis has been established to consider the activities being undertaken by the Council to mitigate the impact of the cost-of-living crisis</p>		
Proposed Mitigations (with dates)						Status	Progress Bar
On 23 May 2023, Cabinet approved the development of a Strategy and Action Plan to address the agenda on Financial Inclusion - Cost of Living Crisis. This work is aligned to the Member / Officer Working Group and reports to Cabinet £1.055m was identified to support Financial Inclusion projects. Service Leads have been asked to complete requests for funding and a report will be presented at Cabinet in March 2024 once proposals have been considered by the Members / Officers working group. (March 2024)							 Increased from 50%

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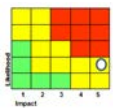
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Risk 10

Risk Title - Ash Tree Dieback

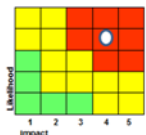

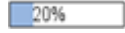

Risk Theme - Protection

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Assistant Director - Housing and Operations	There is a risk of injury / damage to SAC residents and infrastructure as a result of Ash Dieback – a disease proliferating through SAC woodland. Disease has been identified and is spreading.	Principle cause is the spread of Ash Dieback throughout South Ayrshire /Scotland. Neighbourhood Services is currently not resourced to manage the extent of Ash Die Back.	Potential for fatality / injury to residents / employees. Potential for damage to property, listed structures, headstones, power / phone lines. Potential of falling Ash trees/limbs on roads/pavements/ footpaths within public open space and schools and associated obstruction to roads. Increased liability to Council in respect of above potential incidents. Financial pressure in terms of significant increased expenditure to mitigate risk including costs for replanting, cost of recruiting skilled operatives. Availability of skilled operatives likely to be restricted by market demand - this is a national problem. Potential for increased flooding risks for changes in waterways eg. banking failures due to tree failure. Loss of Ecosystems- air quality, biodiversity loss, increases in noise levels adjacent to roads, loss of visual screens. Increased liability and insurance premiums for residents due to property risks. Risk to European protected species (roosts/ food source). Loss of biodiversity of species dependant on Ash.	 5 x 2 = 10	1.Survey of trees within lands managed by Neighbourhood Services has commenced. 2.Communication with ARA has taken place and regular meetings have been set up. 3.An Ash Dieback Plan has been developed and approved by Cabinet. This includes an inspection programme and cost projections for full implementation. 4.Year 1 delivery of plan almost complete. Yearly target exceeded.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. SAC is collaborating with recognised arboricultural bodies on managing this disease. A communication plan is being developed to reflect the SAC Ash Dieback plan. Proposed text is with the Tree Council and the Forestry Commission for review and will form the basis of standard text to be used by a number of authorities. Awaiting feedback on this. Communications team involved. (May 2024).						 60% <i>Increased from 50%</i>
2.Funding for Year 2 of Ash Dieback Plan approved by Cabinet in January 2024, commences April 2024-March2025. A second survey to determine rate of progression will be undertaken this year and is due for completion in November 2024.						 0% <i>Not due to start</i>

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Risk 11	Risk Title – Financial Constraints			Risk Theme – Resources		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Head of Finance, ICT and Procurement	1. There is a risk that current, planned or expected levels of service cannot be delivered.	UK and Scottish Government reductions in funding over a number of years. Impact of inflation on Council cost base.	Failure to deliver key services or meet change in service demands.	 4 x 4 = 16	1. Annual 2023/24 budget prepared and approved in March 2023. 2. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups. 3. Updated five year Medium Term Financial Plan approved by Cabinet in November 2023 4. Annual Treasury Management Strategy prepared and approved by Council March 2023. Details credit and counterparty risk. Next update due in March 2024. 5. Treasury Management Practices (TMP's) updated annually to reflect Treasury risk such as credit and counterparty risk management, liquidity risk management, interest rate risk management and exchange rate risk management. 6. £2.5m Inflation reserve established in February 2023 to mitigate inflationary impact during 2023-24	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Lobby Scottish Government through discussions via CoSLA, Directors of Finance and Solace to ensure required funding continues to be made available to Local Government (ongoing).						<i>Ongoing</i>
2. Rolling annual update of new five-year Medium Term Financial Plan to be implemented (next update due November 2024)						 <i>Increased from 50%</i>
3. Assess the impact/outcomes from the new deal between Local Government and the Scottish Government signed in June 2023 (Verity House Agreement) and the associated new Fiscal Framework is being developed. (March 2024).						 <i>Increased from 0%</i>
4. Seek Council agreement of a programme of future activity as part of the 2024-25 budget proposals to commence immediately following approval of the budget in order to address the significant budget gaps expected in the medium term (timescale TBC)						 <i>Not due to start</i>

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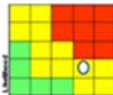
Risk 12		Risk Title – Employee Absence			Risk Theme - Resources	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Chief HR Adviser	1. There is a risk that employee absence levels fall below the standards which can be sustained by the organisation. 2. There is a risk that the cost of staff absence significantly increases the financial risk and budgetary constraints already impacting on the achievement of Council objectives. In 2020/21 – for LGE - the direct ‘cost of absence’ was £3,851,547 (50% more than 2019/20 when the cost of absence was £2,550,800. In 2021/22 – for Teachers - the direct ‘cost of absence’ was £1,224.774 (71% more than 2020/21 when absence cost was £714,310) In 2022/23 – overall absence levels decreased by 28% from 9.59 days in 21/22 to 7.25 days in 22/23. The overall cost of absence also decreased on the previous year by £492,964. 3. There is a risk that the impact of employee absence creates an unsustainable burden and significant extra pressure on colleagues at all levels who are required to assume additional workloads as a result. 4. There is a risk that employee absence has an adverse effect on workforce planning arrangements.	Key reasons reported for employee absence; Psychological Musculoskeletal Respiratory Impact of employee ‘culture’ Further statistical information via report to S&P Employee Absence 22/23	Additional risk to Service Users, gaps in Service delivery, slippage on achievement of targets. Additional cost of temporary, agency, supply staff or other additional unbudgeted spend. Adverse impact on health of ‘attending’ employees.	 3 x 3 = 9	1. Maximising Attendance Framework 2. Occupational Health Support 3. Counselling Services including Cognitive Behavioural Therapies 4. Physiotherapy Services 5. Employee Self-Referral Options to ‘Access to Work’ – fully funded initiative for non-medical intervention, support & sign posting. 6. Range of flexible working and family friendly HR policies. 7. Access for managers and employees to Mentally Healthy Workplace training online.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Review of maximising attendance framework and related policies in conjunction with Service leads and TU colleagues. Roll out mandatory training for managers in managing absence. This area of work has re-commenced as it had been put on hold due to the implementation of Oracle Fusion. The Framework is currently being reviewed based on the feedback provided from services and trade unions. (June 2024).					▶	 Increased from 20%
2. Cross reference to work activity progressing via other services; Trauma Informed Officer rolling out Mental Health First Aid training and linked initiatives, re-introduction of Employee Lifestyle Screening via Risk and Safety, Workforce Planning Strategy with managers’ toolkit should support employee experience. (March 2024).					▶	 Increased from 20%
3. HR, in conjunction with Trauma Informed Officer, is developing a Staff Wellbeing Strategy. Research is currently being undertaken in this area to benchmark wellbeing strategies (June 2024)					▶	 Increased from 15%

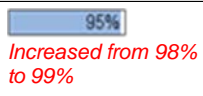



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Risk 13 **Risk Title – ICT Digital Resilience, Protection and Capability** **Risk Theme - Resources**

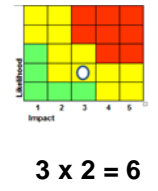

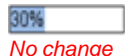

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner/s – Service Leads - ICT	There is a risk that major or widespread ICT failure will adversely affect delivery of Council services. ICT failure risks include non-compliance, failure of business systems, cyber-attack, and failure of ICT equipment.	Lack of corporate ICT planning in a robust and consistent manner. Cyber intrusion. Outdated / obsolete equipment and systems. The Business Continuity Plans of some Services may lack effective arrangements for ICT loss.	Inability to provide key services and recover quickly. Reputational damage, financial loss, litigation.	 4 x 2 = 8	1. Resilient infrastructure in place with dual data centres, duplicated network communication paths, internet links, and server hardware. 2. External contracts established with service providers for technical support and expertise across critical technologies. 3. SAC Data Centre's services will be migrated to cloud data centres, with the first phase completed in April 2023. 4. A bespoke ICT Risk Register in place, which is subject to review as part of standard operating practice. 5. The Integrity Group meets regularly to consider cyber security issues and develop further mitigations as required. 6. Compliance standards established as part of technology and process governance framework. 7. Service BC plans include some level of 'manual work around' for resilience in respect of ICT failure. Updates to all BC plans are requested on a 6 monthly basis. 8. ICT Asset Management function established to ensure currency of technology assets is maintained. Additional capacity created. Rolling replacement plans are now in place for technology towers.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Live services being moved to McCall's Avenue Data Centre, which has enterprise facilities management services, with County Buildings being used for resilience purposes. Work is 99% complete in terms of live services being moved from County Buildings to McCall's Avenue, with low volume items remaining which have longer term timelines. (August 2024)		
2. Works are underway to migrate services to a Cloud Data Centre with phase 1 completed in April 2023. Planning works for phase 2 have commenced and migration is scheduled to be completed by December 2024.		
3. Reaccreditation process in progress for PSN. External health check complete and remedial actions being worked on prior to submission of application. Egress Defend and Protect fully operational. ICT will continue to work with a Cyber Security partner to assess and improve the overall security of the Council's ICT infrastructure as new threats and technologies emerge. (ongoing).		
4. In light of services migrating to a cloud data centre, work is required with all services to redefine the ICT element of their Business Continuity Plans. Engagement from ICT will take place to define priority applications which align to future plans for application rationalisation/replacement based on off-premises data centre provision. This engagement has not occurred and requires to form part of the workplan for 2024. (target date March 2025).		

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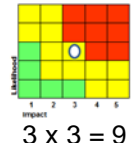

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Risk 14	Risk Title – Management of Assets			Risk Theme – Resources		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Service Leads – Asset Management and Professional Design Services	1. Delivery of the agenda linked to Transforming the Estate may be impacted by a range of factors which could delay any resulting financial gains. 2. There is a risk of delay to projects within the General Services capital programme due to inflation of construction costs which could impact on deliverability of the programme.	Decisions re asset rationalisation, delays on asset disposal, staff placing logistics. Inflation Cost of Living Crisis	Impact on efficient recovery of Council services. Failure to deliver Asset Management Plan. Project delay or additional costs. Adverse incidents and compliance failure. Damage to Council's reputation.		1. The Transforming the Estate project is underway and has superseded the former Asset Management Plan. 2. Professional Design Services continue to monitor construction costs and contractor's ability to progress and deliver works.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. The Asset Management Plan (AMP) has been superseded by the 'Transforming Our Estate' Project. The proposed approach to the rationalisation of Council assets was approved by Cabinet on 23 May 2023. It has been agreed to note the strategic recommendations following conclusion of an external consultant's review and undertake further work to review the proposals for each asset type and validate cashable benefits and costs for the Council. Progress is being made on the delivery of an outline work plan and a report outlining the achievements will be taken to Cabinet in June 2024.						
2. A new Capital Plan will be taken to Council on 29 February, 2024, covering the twelve financial years 2024/25 through to 2035/36. Quarterly Capital Monitoring Reports will be presented to Cabinet (August & October 2024, February & June 2025), and will include any issues required to be highlighted and any adjustments to be requested.						<i>Ongoing</i>

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SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft - updated February 2024) Appendix 1 Guidance - Recording Risks

Risk No. x		Risk Title - xxxxx		Risk Theme – Resources / Protection / Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Who is accountable and responsible for managing the risk?	What could go wrong?	What may have caused this risk?	Possible outcomes or adverse effects?	 P	What is already in place to manage the risk?
S				A	
M				L	
E					
Proposed Mitigations (with dates)				Status	Progress Bar
1. What is planned to mitigate the risk further? (and when it is due to be completed) <enter date>					<input type="text" value="33%"/> <i>Increased from...?</i>

A status icon (Figure 3) is displayed along with a calculation from Risk Owners on percentage completion of the mitigating actions. This information is closely scrutinised by Chief Officers via CLT and Elected Members through the Audit and Governance Panel and Cabinet and this assists in determining decisions on reducing or increasing risk ratings utilising the matrix at Figure 1.

New risk identification is considered against a broad range of risk types and these are represented at Figure 2.

Risk types are cross-cutting and not considered in isolation.






Further explanation of SAC Council Risk Management Methodology is available within the Corporate Risk Management Strategy [RM Strategy](#)

Fig 1

Risk Themes			
Governance	Protection	Resources	
Risk Rating			
Impact	x	Likelihood	
1	Minor	1	Unlikely
2	Moderate	2	Possible
3	Major	3	Likely
4	Critical	4	Very Likely
5	Catastrophic	5	Almost Certain

Fig 2



Fig 3	Status
	Completed
	On Target
	Not on target – some concerns
	Not on target – major concerns
	Not yet started