

County Buildings  
Wellington Square  
AYR KA7 1DR  
Telephone No. 01292 612436



20 June 2024

**\*PLEASE NOTE THAT THE MEETING WILL BE RECORDED AND AVAILABLE TO VIEW AT A LATER DATE ON THE COUNCIL'S WEBSITE BUT WILL NOT BE LIVESTREAMED\***

**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, 26 June 2024 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the **Girvan Room**, County Buildings, Ayr on a hybrid basis for Elected Members and will be available to view at the Council's website at a later date.

**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 29 May 2024 (copy herewith).
4. Action Log and Work Programme (copy herewith).
- 5./

Internal Audit.

5. Annual Accounts 2023/24 – Submit report by the Chief Financial Officer (copy herewith) *Appendices 1 and 2 to follow.*
6. Internal Audit Annual Report 2023/24 – Submit report by the Chief Internal Auditor (copy herewith).
7. Riverside High Flats Audit - Management Response – Submit report by the Director of Housing, Operations and Development (copy to follow).
8. Corporate Lets – Submit report by the Director of Communities and Transformation (copy herewith).

External Audit.

9. External Audit Reports – Progress to 31 May 2024 – Submit report by the Chief Financial Officer (copy herewith).

Other Governance.

10. Treasury Management Annual Report 2023/24 – Submit report by the Chief Financial Officer (copy herewith).
11. Delivering Good Governance – 2023/24 Assessment – 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](mailto:committeeservices@south-ayrshire.gov.uk)  
[www.south-ayrshire.gov.uk](http://www.south-ayrshire.gov.uk)

**Webcasting**

Please note: this meeting may be filmed for subsequent broadcast via the Council's internet site. At the start of the meeting, it will be confirmed if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during this webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

By entering this public Council meeting you are consenting to the possibility that your image may be available for viewing online after this meeting, and video and audio recordings will be retained on Council Records. Further information on how we process your personal data can be found at: <https://south-ayrshire.gov.uk/59239>

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact [Committee.Services@south-ayrshire.gov.uk](mailto:Committee.Services@south-ayrshire.gov.uk)

**Copyright**

All webcast footage is the copyright of South Ayrshire Council. You are therefore not permitted to download footage nor upload it to another website nor take still photographs from this footage and distribute it without the written permission of South Ayrshire Council. Please be aware that video sharing websites require you to have the permission of the copyright owner in order to upload videos to their site.

**AUDIT AND GOVERNANCE PANEL.**

Minutes of a hybrid webcast meeting on 29 May 2024 at 10.00 a.m.

Present in  
County Hall: Councillors Brian McGinley (Chair), Alan Lamont, Cameron Ramsay and George Weir.

Present  
Remotely: Councillors Julie Dettbarn and Mary Kilpatrick.

Apologies: Councillors Kenneth Bell and Chris Cullen.

Attending in  
County Hall: M. Newall, Chief Executive; T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor; K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; G. Hunter, Assistant Director – Communities; D. Urquhart, Senior Investigations Officer; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending  
Remotely: K. Sharp, 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.

**1. 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.

**2. Call-ins from Cabinet.**

The Panel noted that there were no call-ins from Cabinet of 21 May 2024.

**3. Minutes of Previous Meetings.**

The Minutes of the meeting of 20 March 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).

Having heard a Member of the Panel, the Chief Financial Officer advised that he would revisit the proposed items to be considered towards the end of this year, to ensure there was an even spread of items being considered at forthcoming meetings.

The Panel

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

**Councillor Dettbarn joined the meeting during consideration of the above item.**

**Internal Audit**

**5. Corporate Fraud Team – Activity Report and 2022/23 National Fraud Initiative Update.**

There was submitted a report (issued) of 17 May 2024 by the Chief Internal Auditor advising of the Corporate Fraud Team's (CFT) activity from 1 October 2023 to 31 March 2024 and providing an update on the 2022/23 National Fraud Initiative exercise.

Having heard a Member of the Panel, it was noted that cross-matching of data was ongoing throughout the year.

A Member of the Panel enquired as to there being no reported cases of whistleblowing within the Council. The Senior Investigations Officer advised that although there had been no reported incidents, in many cases, incidents of this nature had not been reported as whistleblowing and often came from anonymous sources.

Following a Member of the Panel enquiring as to the mention in Appendix 3 of the reduction in the target number of investigations, the Chief Internal Auditor advised that targets were reviewed continuously.

After a Member of the Panel advised, that in his opinion, the report did not define the percentage of cases investigated which were actually fraudulent and subsequently that the success of the process could not be measured, the Senior Investigations Officer advised that individual cases were not mentioned in the report to ensure confidentiality but that he and the Chief Internal Auditor would look at how reporting could be improved.

A Member of the Panel asked for an update into the fraudulent activity relating to the Blue Badge Scheme in South Ayrshire. The Chief Internal Auditor advised of the work undertaken in this regard and that the Senior Investigations Officer and officers from the Ayrshire Roads Alliance teamed up to investigate any fraud issues.

The Panel, having considered the CFT activity for the six-month period to 31 March 2024

**Decided:** to note

- (1) the update on the 2022/23 National Fraud Initiative (NFI); and
- (2) that the 2024/25 NFI exercise is due to commence in October 2024 and updates on the exercise would be included within future CFT activity reports.

### **External Audit**

#### **6. External Review of Internal Audit Compliance with Public Sector Internal Audit Standards.**

There was submitted a report (issued) of 17 May 2024 by the Chief Internal Auditor providing an update on the outcome of the external assessment of the Internal Audit Service's compliance with the Public Sector Internal Audit Standards (PSIAS).

A Member of the Panel enquired if all the assessment areas, as identified in Appendix A of the report were seen as equally important. The Chief Internal Auditor advised that the standards set were what the Council complied with. The Panel Member then asked if there was any way of knowing how this Council performed in comparison to other authorities and was advised that comparisons with other Councils could be made but that there was no league tables in this regard as such, though the information was shared.

Having heard a Member of the Panel enquire as to the reviews being undertaken by the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) the Chief Internal Auditor advised of the current work being undertaken by this Group and this Council's involvement.

The Chief Executive and the Panel congratulated the Chief Internal Auditor and her team on the value and standard of work they undertook.

A Member of the Panel advised that, in his opinion, it would be helpful if the role of stakeholders in the report could be expanded upon in future reports of this nature.

The Panel

**Decided:**

- (1) to note the contents of the external assessment report as detailed in Appendix 1 of the report and resultant action plan, as detailed in Annex A of the report; and
- (2) to agree that the Chief Internal Auditor provided an update on progress of the actions to the meeting of this Panel scheduled for 4 September 2024 and every six months thereafter until the action plan was fully implemented.

## 7. **Best Value Action Plan – Progress Update.**

There was submitted a report (issued) of 17 May 2024 by the Depute Chief Executive and Director of Education providing an update on the progress toward delivering the Council's Best Value Action Plan.

The Assistant Director - Corporate Policy, Strategy and Performance advised that in relation to an action listed in the Appendix to the report "Agree revised structure for Sustainability and Climate Change Team to ensure support is available to policymakers" the due date should be 31 August 2024 and not 31 March 2024, as listed.

A Member of the Panel enquired as the Action in Appendix 1 of the report "As part of the Council's revised Transformation Process, specific workforce targets and expectations will be set, cascaded, and reported against" and it there was any plans to change the approach to performance measurement in this respect. The Assistant Director - Corporate Policy, Strategy and Performance advised that performance monitoring had changed over the last eighteen months with reporting done on a quarterly basis.

Having heard a Member of the Panel raise the Action detailed relating to "Arrange training with members of Audit and Governance and Service and Partnerships Performance Panel" it was noted that although this was marked as complete, monitoring would continue to be ongoing.

Following a Member of the Panel raising the Action "Agree monitoring process for Ward Capital Investment Process and outcomes" the Chief Executive advised that work relating to Ward Capital projects was progressing well and a subsequent clear indication of participatory budgeting in action.

A Member of the Panel advised that Best Value was important for the continuous improvement to Councils and enquired how this Council was performing in comparison to previous audits. Officers advised that this year's performance was an improvement on last years and that the Council was moving in the right direction and at pace.

Having scrutinised the content of the Best Value Action Plan update report, the Panel

**Decided:** to note

- (1) the progress through the narrative set out within Appendix 1 of the report; and
- (2) the additional actions added following the 2023/24 thematic audit on Workforce Innovation.

## **Other Governance**

### 8. **Audit and Governance Panel – 2023/24 Annual Report.**

There was submitted a joint report (issued) of 17 May 2024 by Chief Financial Officer and Chief Governance Officer providing the Audit and Governance Panel Annual Report for 2023/24.

A Member of the Panel advised that the process of assessing performance of the Panel that had been used was helpful, however he was disappointed that, as stated in the report, an officer considered that the Panel's understanding of tabled reports could, on occasion, be better. The Chief Financial Officer advised that he would ensure that this concern was taken on board.

Having considered the Audit and Governance Panel annual report for 2023/34, the Panel

**Decided:** to remit the report to Council on 27 June 2024 for its consideration.

The meeting ended at 11.00 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
			NOTHING TO REPORT			

## Audit and Governance Panel

### Work Programme 2024

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	<b>External Audit Reports – Progress to 31 May 2024</b>	Report to Panel	Chief Financial Officer	26 June 2024 (Quarterly)	Report to this Panel
2.	<b>Annual Accounts 2023/24</b>	Report to this Panel	Chief Financial Officer	26 June 2024 (Annually)	Report to this Panel
3.	<b>Delivering Good Governance – 2023/24 Assessment</b>	Report to Panel	Chief Governance Officer	26 June 2024 (Annually)	Report to this Panel
4.	<b>Riverside High Flats Audit – Management Response</b>	Report to Panel	Director of Housing, Operations and Development	26 June 2024	Report to this Panel
5.	<b>Internal Audit Annual Report 2023/24</b>	Report to Panel	Chief Internal Auditor	26 June 2024 (Annually)	Report to this Panel
6.	<b>Treasury Management Annual Report 2023/24</b>	Report to Panel	Chief Financial Officer	26 June 2024 (Annually)	Report to this Panel
7.	<b>Corporate Lets</b>	Report to Panel	Director of Communities and Transformation	26 June 2024 (Annually)	Report to this Panel
8.	<b>IJB Finance and Performance Report 2024 – Audit Scope</b>	Report to this Panel	Chief Financial Officer	4 September 2024 (Annually)	Not yet started
9.	<b>Internal Audit – Progress Report Quarter 1</b>	Report to this Panel	Chief Internal Auditor	4 September 2024 (Annually)	Not yet started
10.	<b>Strategic Risk Management</b>	Report to this Panel	Chief Governance Officer	4 September 2024 (Biannually)	Not yet started

## Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
11.	<b>External Audit Reports – Progress to 30 June 2024</b>	Report to this Panel	Chief Financial Officer	4 September 2024 (Quarterly)	Not yet started
12.	<b>Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)</b>	Report to Panel	Chief Internal Auditor	4 September 2024 (Annually)	Not yet started
13.	<b>Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25</b>	Report to Panel	Chief Financial Officer	4 September 2024 (Quarterly)	Not yet started
14.	<b>Annual Audit Report 2023/24</b>	Report to this Panel	Chief Financial Officer	September 2024 (Special - date TBC) (Quarterly)	Not yet started
15.	<b>Best Value Action Plan - Progress Report</b>	Report to this Panel	Director of Communities and Transformation	October 2024 (Quarterly)	Not yet started
16.	<b>Accounts Commission Annual Report 2022/23</b>	Report to this Panel	Chief Financial Officer	October 2024 (Annually)	Not yet started
17.	<b>Internal Audit Progress Report Quarter 2 (including Midyear Review)</b>	Report to this Panel	Chief Internal Auditor	November 2024 (Annually)	Not yet started
18.	<b>Audit and Governance Panel – 2024 Annual Self-Assessment Outcome</b>	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2024 (Annually)	Not yet started
19.	<b>Corporate Fraud Team - Activity Report and Update on National Fraud Initiative</b>	Report to this Panel	Chief Internal Auditor	December 2024 (Biannually)	Not yet started

## Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
20.	<b>Internal Audit – Progress Report Quarter 3</b>	Report to this Panel	Chief Internal Auditor	February 2025 (Annually)	Not yet started
21.	<b>Annual Audit Plan 2024/25</b>	Report to Panel	Chief Financial Officer	March 2025 (Annually)	Not yet started
22.	<b>Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter)</b>	Report to Panel	Chief Internal Auditor	March 2025 (Annually)	Not yet started
23.	<b>Audit and Governance Panel – 2023/24 Annual Report</b>	Report to this Panel	Chief Financial Officer/ Chief Governance Officer	May 2025 (Annually)	Not yet started

**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: Annual Accounts 2023/24**

---

**1. Purpose**

1.1 The purpose of this report is to present the unaudited Annual Accounts for the year ended 31 March 2024 ('the unaudited Accounts').

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 approves the accounting policies (contained in Appendix 1 (to follow)) used in preparing the 2023/24 Annual Accounts;**

**2.1.2 considers the unaudited Annual Accounts (Appendix 1 (to follow)), noting that all figures remain subject to audit;**

**2.1.3 considers the unaudited Charitable Trust Accounts (Appendix 2 (to follow)), noting that all figures remain subject to audit; and**

**2.1.4 requests the Chief Financial Officer to report back to the Panel following completion of the audit.**

**3. Background**

3.1 Each year, the Chartered Institute of Public Finance and Accountancy (CIPFA) issues new accounting guidance called the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). All local authorities use the Code in preparing their annual accounts.

3.2 Where appropriate, the accounting policies have been revised in line with changes required by 2023/24 Code.

3.3 The unaudited Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and were submitted to the Council's external auditors, Audit Scotland, before the statutory deadline of 30 June 2024.

3.4 A full and separate audit is also required for each registered charity where Members of South Ayrshire Council are sole trustees.

3.5 Notice has been given under Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 1985 to allow public inspection of the unaudited Accounts.

3.6 The Chief Internal Auditor's statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31 March 2024 is being provided to the members of the Audit and Governance Panel as a separate item on this agenda.

3.7 Members should note that the unaudited Accounts are currently subject to audit.

#### **4. Proposals**

4.1 A copy of the unaudited Accounts is attached to this report for information and consideration (please refer to Appendix 1 (to follow)).

4.2 Copies of the unaudited Charitable Trust Accounts are attached to this report for information and consideration (please refer to Appendix 2 (to follow)).

4.3 The audit of the Accounts will commence in July and will conclude with an Annual Audit report and Report to those Charged with Governance being presented to the Audit and Governance Panel in September 2024. The report will provide the independent auditor's report to Members of the Council, and will allow the auditor to communicate the matters raised during the audit to the Panel.

#### **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 None arising from this report.

#### **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 There are no risks associated with rejecting the recommendations.

#### **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 3.

## **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 As indicated at paragraph 3.3 above, the unaudited Accounts will be available for public inspection during the audit process.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, due to tight timescales to produce the report.

**Background Papers**    **None**

**Person to Contact**    **Tim Baulk, Chief Financial Officer**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612620**  
**E-mail [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Date:**    **18 June 2024**

**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 Accounts 2023/24
Lead Officer (Name/Position/Email)	Tim Baulk, Chief Financial Officer– 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)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	Low
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	Low

<b>General Duty and other Equality Themes</b> <b>Consider the ‘Three Key Needs’ of the Equality Duty</b>	<b>Level of Negative and/or Positive Impact</b> <b>(High, Medium or Low)</b>
<b>Foster good relations</b> 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

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<input checked="" type="checkbox"/> <b>YES</b>  <input type="checkbox"/> <b>NO</b>
<b>Rationale for decision:</b>  <b>This report asks Members to consider the unaudited Annual Accounts for 2023/24. Their decision on this has no specific equality implications</b>	
<b>Signed :</b> Tim Baulk  <b>Date:</b> 17 June 2024	<b>Chief Financial Officer</b>

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: Internal Audit Annual Report 2023/24**

---

**1. Purpose**

- 1.1 The purpose of this report is to present to the Audit and Governance Panel the annual report on the internal audit activity during 2023/24, and to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems for the year ended 31 March 2024.

**2. Recommendation**

- 2.1 It is recommended that the Panel notes the contents of the report.**

**3. Background**

- 3.1 South Ayrshire Council's internal audit service is delivered within the context of the Public Sector Internal Audit Standards (PSIAS) (revised 1 April 2017), compliance with which is mandatory under Section 95 of the Local Government (Scotland Act) 1973.
- 3.2 PSIAS requires the Chief Internal Auditor to prepare an annual report on the activities of Internal Audit and which includes a view on the adequacy of the Council's governance, risk management and internal control frameworks.

**4. Proposals**

- 4.1 The Panel is asked to note the contents of annual report for financial year 2023/24, together with the statement on internal controls included at [Appendix 1](#).
- 4.2 The revised Internal Audit Plan for 2023/24 (approved by Panel on 22 February 2024) has been substantially completed, one assignment has not yet started (HSCP - Premises) and testing is currently being concluded on two assignments (Main Accounting, Fusion Controls and HR and Payroll Fusion Controls). The objective of these audit assignments is to obtain assurance that there are adequate system controls in place following the implementation of Oracle Fusion. Further assignments in these areas are included in the 2024/25 Internal Audit Plan to test the system controls are operating effectively. On reflection, in order to ensure we provide a complete assessment of these areas, we believe it would add more value to report the two assignments together. External Audit has confirmed this is a reasonable approach. Final audit reports have been issued for 17 assignments with

the remaining five draft reports at clearance stage. Their individual internal control assessments can therefore be included in the overall annual audit opinion.

## **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 Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation. A recommendation to consider whether the Directorate risk register requires to be updated to reflect issues raised within the report is also included in each audit report. In addition, quarterly meetings have been set up between Risk and Safety and Internal Audit to ensure new emerging risks are included in Council Risk Registers and the Annual Internal Audit Plan where required.

### ***8.2 Risk Implications of Adopting the Recommendations***

8.2.1 There are no risks associated with adopting the recommendations.

### ***8.3 Risk Implications of Rejecting the Recommendations***

8.3.1 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 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 Internal Audit supports the delivery of Council priorities. Therefor 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. Results of Consultation**

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

13.2 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**

[Revised Internal Audit Plan 2023-24](#)

[Public Sector Internal Audit Standards \(April 2017\)](#)

### **Person to Contact**

**Cecilia McGhee, Chief Internal Auditor**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612432**  
**E-mail [Cecilia.McGhee2@south-ayrshire.gov.uk](mailto:Cecilia.McGhee2@south-ayrshire.gov.uk)**

**Date: 17 June 2024**

## Internal Audit Annual Report 2023/24

### 1. Introduction

- 1.2 The purpose of this report is to provide an overview of the Internal Audit activity for 2023/24 and to provide an independent opinion on the adequacy and effectiveness of South Ayrshire Council's governance, risk management and internal control systems for the year ended 31 March 2024.

### 2. Background

- 2.1 Internal Audit 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.

- 2.2 The Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 (updated 1 April 2017), apply to all internal audit service providers within the public sector and set out the requirements in respect of professional standards for these services. Professional Standard 2450, Overall Opinions, states that "the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement". In South Ayrshire Council, the "chief audit executive" is the Chief Internal Auditor.

- 2.3 The PSIAS states that the annual report prepared by the chief audit executive must incorporate:

- the annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (*paragraph 10.1*);
- a summary of the information that supports that opinion (*paragraphs 5.4-5.9 and 6.5*);
- a disclosure of any impairments to scope and / or independence (*paragraph 11.1*);
- a statement of conformance with the PSIAS (*paragraph 3.1*); and
- the results of the quality assurance and improvement programme (relating to any EQAs and PSIAS self-assessments) and progress against any improvement plans (*paragraph 3.3*).

- 2.4 This Internal Audit Annual Report has been prepared on the basis of the requirements outlined above.

### 3. Compliance with PSIAS

- 3.1 During 2023/24 the Internal Audit Section operated in compliance with PSIAS.

- 3.2 PSIAS requires that a Quality Assurance and Improvement Programme (QAIP) is developed to provide assurance that internal activity is conducted in accordance with an Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations.

- 3.3 The Quality Assurance and Improvement Programme (QAIP) covers all aspects of Audit Services and includes both periodic internal self-assessments and five-yearly External Quality Assessments (EQA). Since the PSIAS came into effect in April 2013,

annual self-assessments have been performed by the Chief Internal Auditor. The latest EQA has been completed and was reported to the Council's Audit and Governance Panel on 29 May 2024. The results of the EQA were broadly in line with the 2023/24 self assessment. The overall conclusion was that Internal Audit fully conforms with 10 areas and generally conforms with 4 areas. There were no areas assessed as partially or not conforming. An action plan containing seven improvement actions in relation low priority areas was prepared and is currently being progressed by Internal Audit. The progress of the implementation of the EQA action plan will be included in the quarterly Internal Audit Progress Reports to the Audit and Governance Panel.

#### 4. Position and Resourcing of Internal Audit

- 4.1. Internal Audit is an independent review activity free from undue influence or other pressures affecting its independence and to that end Internal Audit and Corporate Fraud is situated within the Chief Executives department and has a direct reporting line to the Chief Executive and to the Council's Audit and Governance Panel in its role as the Council's audit committee.
- 4.2. Internal Audit operates within the Internal Audit Charter, most recently approved by the Audit and Governance Panel on 20 March 2024.
- 4.3. There are four professionally qualified posts (3.6 FTE) in Internal Audit. Corporate Fraud includes a further two posts (2 FTE), with the Senior Investigations Officer holding the Accredited Counter Fraud Specialist qualification.

#### 5. Internal Audit Activity 2023/24

- 5.1. Internal Audit activity during the year was undertaken in accordance with the revised internal audit plan. Progress reports have been provided to the Audit and Governance Panel quarterly throughout the year. Assignments included within the revised plan, approved by the Audit and Governance Panel in February 2024, have been substantially completed. Sufficient work has been carried out to enable an annual audit opinion on the adequacy of internal controls to be produced.
- 5.2. The 2023/24 internal audit plan estimated 610 direct audit days. The actual number of days achieved was 629 days. An analysis of audit days by type of audit as at 31 March 2024 is summarised in the following table:

Type of Audit	Planned Days (Revised) 2023/24	Actual Days 2023/24	Variance in days
Key corporate systems	63	17	-46
ICT auditing	15	23	+8
Governance and Best Value	95	57	-38
Directorates and other systems	100	123	+23
Other entities	50	75	+25
Regularity	72	35	-37
Follow Up Reviews	22	40	+18
Other	193	259	+66
<b>TOTAL</b>	<b>610</b>	<b>629</b>	<b>+19</b>

- 5.3. The overall variance of 19 additional days is as a result the Chief Internal Auditor being involved in more operational audits than had been originally planned. This was due to the need to provide training and support throughout the audit process to new members of staff. The variance recorded under “other” mainly relates to additional time being required to complete previous years audit work.
- 5.4. A total of 17 internal audit assignment (including two contingency assignments) have been concluded for South Ayrshire Council for 2023/24 and final reports issued. There are an additional 5 audit assignments from the revised plan which have been completed and the reports drafted, however they are not yet cleared and finalised with the service. (see summary at [Annex A](#)). As the fieldwork is completed, their conclusions can still be included in the overall opinion for 2023/24.
- 5.5. A diverse range of areas throughout the have been reviewed during the year including; Procurement reviews, Participatory Budgeting, Records Management, Social Media Accounts, Waste Management Procedure, Anti-Fraud arrangement within Housing Lets, the Ayrshire Growth Deal, Cash Collection at Leisure Facilities, the Attainment Scotland Fund, Grants Funds and Climate Change. In addition, five follow up assignments were completed and, internal control self-assessment toolkits were completed by Social Work locations and schools.
- 5.6. Of the total 17 South Ayrshire Council internal audit reports have been issued for 2023/24, eight audit opinions resulted in substantial assurance, six in reasonable assurance and three in limited. A further five audit reports are in draft with their fieldwork completed, one has a draft assessment of substantial assurance and four of reasonable assurance. Copies of final Internal Audit reports are shared with all Members via SharePoint.
- 5.7. A total of 74 improvement actions were raised within the final internal audit reports issued for 2023/24. Management agreed to implement all actions raised. Of these 74 actions, 21 were implemented by their due date of 31 March 2024, a further eight were completed ahead of their due date and the remaining 45 were not due as at 31 March 2024. An additional 18 actions from audit report issued prior to 1 April 2023 were outstanding at 31 March 2024, five of these actions were overdue. Management responses in relation to the actions raised in the draft Internal Audit reports are currently being agreed.
- 5.8. In addition to the deliverable assignments for South Ayrshire Council, a further five assignments were delivered for other entities, two assignments were completed for the South Ayrshire Integration Joint Board (SA IJB) and for two were completed for the Ayrshire Valuation Joint Board (AVJB) and one assignment was delivered for the Ayrshire Rural and Island Ambition Fund (ARIA).
- 5.9. Overall, the audit findings suggested that while some weaknesses were identified and certain elements of control were only partially in place, when taken with other findings they did not significantly impair the overall systems of internal control in the areas reviewed.

## **6. Performance Indicators**

- 6.1. Internal Audit reports against four key performance indicators:
  - Productivity/utilisation (see 6.2)
  - Percentage of reviews completed in audit plan (see 6.4)
  - Number of ad-hoc requests and investigations (see 6.5)



### *Productivity/Utilisation*

- 6.2. Internal Audit measures productivity on a regular basis throughout the year. This is classed as 'direct' audit time. The productivity level is shown in the following table:

	<b>Target 2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
Direct	83%	82%	83%	76%
Indirect*	11%	12%	10.1%	18%
Management	6%	6%	6.9%	6%

*\*e.g. administration, training and meetings*

- 6.3. Indirect time is slightly higher than the target for 2023/24 as a higher proportion of time was allocated to training and developing new members of staff.

### *Percentage of South Ayrshire Reviews Completed in Audit Plan*

- 6.4. The revised internal audit plan for 2023/24, approved by the Panel on 22 February 2024, included 23 deliverable assignments for South Ayrshire Council. Certain items in the plan do not have individual outputs (such as management and audit development time and National Fraud Initiative) and are therefore excluded from this indicator. A summary of the plan completion is included in the table below:

<b>Status</b>	<b>Number</b>	<b>Percentage</b>
Complete/Draft report issued	20	87%
Work in progress	2	9%
Not started	1	4%
	<b>23</b>	<b>100%</b>

### *Number of ad-hoc requests and investigations*

- 6.5. A total of 47 days was used from the 2023/24 Internal Audit Plan to complete investigations, contingency assignments and advice and guidance. Ten separate pieces of work were completed in the year to 31 March 2024.

- Two contingency assignments were completed by Internal Audit in 2023/24. One assignment involved a review of the grant award process within Thriving Communities and one involved procurement of training within Health and Social Care (HSC). Internal Audit reports were issued, and action plans agreed for both reviews. (14 days)
- Advice and guidance is provided throughout the year on an ad-hoc basis as required. Advice provided in the year to 31 March 2024 included advice on; safe checks, anti-fraud checks within the grant process in Thriving Communities, the treatment/recording of Museum archives, advice on proposed changes to employability grant procedures and the process to award grants to businesses impacted by the transport restrictions as a result of the former Ayr Station Hotel fire, the proposed guidance note, application form and operational procedures for the Communities Empowerment Fund and on financial limits and process for requesting budget virement. (9 days)
- There were three referrals for investigations received in 2023/24. One investigation was taken forward and concluded by the Service, this investigation related to a fraudulent attempt to change bank details which was not actioned by the service. Procedures were updated by the Service to strengthen

existing controls. The remaining two investigations were taken forward by Internal Audit. One investigation was in relation to cash collection, and one was in relation to the award of grants. Neither referral was substantiated. (24 days)

#### *Time taken to deliver audit assignments*

- 6.6. The total time taken to deliver audit assignments is monitored on a continual basis by the Chief Internal Auditor. A single indicator does not exist for this measure, 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 and to assign work within the team.

### **7. Counter Fraud Work**

- 7.1. The Corporate Fraud team report to the Chief Internal Auditor and has responsibility for investigating any alleged fraud or irregularity which has been highlighted to them. They also undertake pro-active work in identifying circumstances of fraud perpetuated against the Council (either from outwith the Council or from within). Assistance will be provided by Internal Audit in cases where a lack of internal controls has contributed to a fraud taking place however there were no such cases in 2023/24.
- 7.2. One Anti Fraud review (Housing Lets procedures) was included in the 2023/24 Internal Audit Plan. The draft report is currently being agreed with the service and has concluded in reasonable assurance being provided. This assignment is included in the statistics reported at paragraphs 5.4, 5.6 and 6.4.
- 7.3. The Corporate Fraud team completed 1,072 investigations in 2023/24, 988 of which related to investigation of National Fraud Initiative single person discount matches. Total financial savings of approximately £152,000 were identified through Corporate Fraud Team work.
- 7.4. Separate Corporate Fraud Team activity reports are provided to the Audit and Governance Panel for scrutiny on a six-monthly basis.

### **8. Other Responsibilities**

- 8.1. The Chief Internal Auditor of the Council is also the Chief Internal Auditor for the South Ayrshire Integration Joint Board (IJB) and the Ayrshire Valuation Joint Board (AVJB). In the interests of information sharing, the results of the IJB and AVJB audit work is shared with Members of the Council.

### **9. Internal Audit and Corporate Fraud Development**

- 9.1. 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, with the Chief Internal Auditor attending the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) and the Senior Auditor attending the Computer Audit Sub-Group of SLACIAG (CASG) and the Data Analytics user groups and the Senior Investigation Officer attending the Scottish Local Authorities Investigators Group (SLAIG). These meetings are a valuable source of training and sharing of information with counterparts across Scotland.
- 9.2. Pan-Ayrshire meetings are held with the other Chief Auditors for North and East Ayrshire Council.

9.3. Other opportunities for training and development are explored as and when they arise.

## **10. Audit Opinion**

10.1. The Internal Audit Opinion is that overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2024.

10.2. There is a formal requirement for the Chief Internal Auditor to prepare an annual assurance statement on the adequacy of internal control systems within the Council.

10.3. The internal audit annual statement on the adequacy of internal controls for 2023/24 is included in [Annex B](#).

## **11. Conclusion**

11.1. The 2023/24 internal audit plan was satisfactorily completed to deliver an annual opinion. There are no limitations of scope to the issued audit opinion.

## Internal Audit Reports Issued/Drafted 2023/24 For South Ayrshire Council

Report Ref	Description	Assurance	Actions Arising			
			High	Medium	Low	Total
2024-03	Procurement (Fusion Controls)#	Reasonable	0	3	4	7
2024-05	Ayrshire Growth Deal (Follow Up of 2022/23 Actions/testing of process changes)	100% Sufficiently Implemented	N/A			
2024-06	Procurement – Framework Agreements	Limited	2	3	0	5
2024-07	Participatory Budgets#	Reasonable	0	2	0	2
2024-08	Records Management#	Reasonable	0	2	1	3
2024-09	Social Media Accounts	Reasonable	5	8	2	15
2024-10	Waste Management Review	Reasonable	3	4	2	9
2024-11	Anti-Fraud Review – Housing Let#	Reasonable	2	1	3	6
2024-12	Attainment Scotland Fund (Strategic Equity Fund Review)	Substantial	0	0	1	1
2024-15	Climate Change Duty Return	Substantial	0	0	0	0
2024-16	Cash Collection Arrangements – Leisure Facilities	Reasonable	4	3	3	10
2024-17	Continuous Auditing#	Substantial	0	0	0	0
2024-19	Network Support Grant	Grant Claim Agreed	0	0	0	0
2024-20	Internal Control Self Assessment Toolkit – Schools	Reasonable	0	2	7	9
2024-21	Internal Control Self Assessment Toolkit – Social Work Locations	Reasonable	0	1	5	6
2024-22	Follow Up of actions from 2021/22 Audit Assignment - Museum Stores	100% Sufficiently Implemented	N/A			
2024-25	Follow up of Actions from 2022/23 Audit Assignment - Void repairs	100% Sufficiently Implemented	N/A			

Report Ref	Description	Assurance	Actions Arising			
			High	Medium	Low	Total
2024-26	Follow up of Actions from 2022/23 Audit Assignment - Fostering and Adoption	100% Sufficiently Implemented	N/A			
2024-27	Follow up of Actions from 2022/23 Audit Assignment - NDR Relief Review	100% Sufficiently Implemented	N/A			
2024-30	Follow up of Actions from 2022/23 Audit Assignment - Golf Club House Income Controls	77% Sufficiently Implemented	0	0	5	5
2024-36-02	Thriving Communities - grants	Limited	4	3	2	9
2024-36-01	Procurement of Training Service (HSC)	Limited	2	3	0	5

*#Assignments are complete and draft reports issued, the number of actions and risk rating may be subject to change following clearance with Services, but the assurance level is unlikely to reduce.*

## **Internal Audit Annual Statement on the Adequacy of Internal Controls**

### **To the Members and Chief Executive of South Ayrshire Council**

As Chief Internal Auditor for South Ayrshire Council, I am pleased to present my annual statement on the overall adequacy and effectiveness of the framework of governance, risk management and control of the Council for the year ended 31 March 2024.

### **Respective responsibilities of management and internal auditors in relation to governance, risk management and control**

It is the responsibility of the Council's senior management to determine, establish and maintain sound systems of governance, risk management and control to ensure that the organisation's resources are properly applied in a manner and on the activities intended and that these arrangements are sufficient to address the risks facing their services. This includes responsibility for the prevention and detection of fraud. Management is also charged with monitoring the continuing effectiveness of these arrangements and taking action as appropriate. It is the responsibility of the Chief Internal Auditor to provide an annual assessment of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

### **Sound internal controls**

The main objectives of the Council's internal control systems are to:

- ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- safeguard assets;
- ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- ensure compliance with statutory requirements.

Any system of control is designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations.

### **The work of internal audit**

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Internal Audit section operates in accordance with United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into force with effect from 1 April 2013 (and updated in March 2017). The requirements under PSIAS represent best practice and are mandatory.

The Chief Internal Auditor prepares an annual internal audit plan which outlines the programme of work to be undertaken. The plan is developed utilising a risk-based methodology and considers the requirement placed upon the Chief Internal Auditor to deliver an annual internal audit opinion. The plan needs to be flexible to reflect the changing risks

and priorities of the organisation. The plan, and any material changes to the plan during the year, are approved by the Audit and Governance Panel.

All internal audit reports are brought to the attention of management, including system weaknesses and/or non-compliance with expected controls, together with agreed action plans. It is management's responsibility to ensure that due consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. This includes management taking remedial action where appropriate or accepting that there may be a level of risk exposure if the weaknesses identified are not addressed for operational reasons. Internal Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Matters arising from internal audit work are reported to all Members, the Chief Executive, the Chief Financial Officer (as Section 95 Officer), the Chief Governance Officer (as Monitoring Officer) and external audit.

### **Summary of Internal Audit Activity 2023/24**

A total of 17 South Ayrshire Council internal audit reports have been issued for 2023/24. Eight audit opinions resulted in substantial assurance, six in reasonable assurance and three in limited. A further five audit reports are in draft with their fieldwork completed, one has an assessment of substantial assurance and four of reasonable assurance.

Many expected key controls were in place and operating effectively, however Internal Audit has also identified scope for improvement in some systems. A total of 74 improvement actions were raised in the areas covered by the 2023/24 internal audit plan. All action points raised in the final reports issued were accepted by management, 18 actions were implemented by their due date of 31 March 2024 and a further eight were implemented ahead of their due date. The remaining 45 were not due as at 31 March 2024. Implementation of all actions will result in continued improvement of the Council's governance, risk management and control environment. Steps have already been taken to address the issues raised within the draft reports which concluded in limited assurance.

### **Basis of Opinion**

The evaluation of the control environment is informed by a number of sources:

- the audit work undertaken by Internal Audit for the year to 31 March 2024;
- the audit work undertaken by Internal Audit in previous years and knowledge of any significant audit findings after the year end;
- the assessment of risk completed during the preparation of the annual audit plan;
- assessment of the general control environment within individual departments as completed by each Head of Service and Director;
- reports issued by the Council's external auditors and other review and inspection agencies;
- knowledge of the Council's governance, risk management and performance monitoring arrangements; and
- any other items brought to the attention of internal audit by whatever means which may warrant further investigation.

### **Opinion/**

## **Opinion**

On the above basis it is my opinion that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2024.

**Cecilia McGhee**  
**Chief Internal Auditor**  
**South Ayrshire Council**  
**31 May 2024**



**South Ayrshire Council**

**Report by Director of Communities and Transformation  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: Corporate Lets**

---

**1. Purpose**

1.1 The purpose of this report is to provide an annual update in relation to requests for discretion to be applied to let charges from 1 April 2023 to 31 March 2024.

**2. Recommendation**

**2.1 It is recommended that the Panel reviews the information in this report.**

**3. Background**

3.1 At Council in December 2019, it was agreed that officers could apply discretion to let charges, and a register of all discretionary lets would be held and reported on annually.

3.2 During the previous reporting period of 1 April 2022 to 31 March 2023, the number of applications for discretion to let charges was twenty-seven. Twenty-two applications were approved and five were declined.

3.3 During the current reporting period of 1 April 2023 to 31 March 2024, the number of applications for discretion to let charges increased to thirty-three. Twenty-five applications were approved and eight were declined. The register of discretionary applications is set out in [Appendix 1](#).

**4. Proposals**

4.1 It is proposed to continue to review requests for discretion on an annual basis.

**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 Applying the discretion has resulted in a net reduction of income to the Council, however the income targets for the Ayr Town Hall and Troon Concert and Walker Halls were met during the reporting period 2023/24.

6.2 When considering discretion applications, a range of factors are taken into consideration such as existing staffing levels within the building and any additional costs the let would incur, to ensure that there would be no additional expenditure for the Council. For many of the applicants the full let fee would have been cost prohibitive, therefore the activity would not have taken place, and we would have lost any associated income, albeit at a reduced discretionary rate.

## **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 There is a risk that rejecting the recommendations will mean that the Council misses the opportunity to scrutinise discretion applied to lets from external organisations.

## **9. Equalities**

9.1 This report provides an update on progress of a Panel report which was assessed for potential equality impacts, and the relevant documentation is attached within the report to South Ayrshire Council of 18 December 2019 – [Corporate Lets](#).

## **10. Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - An SEA has not been carried out.

## **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 2 of the Council Plan: Live, Work, Learn (Outcome 2: Work and economy – Everyone benefits from a local economy that provides opportunities for people and helps our businesses flourish) and Priority 3 of the Council Plan: Civic and Community Pride (Outcome 1: Pride in South Ayrshire – Everyone (residents, visitors and tourists) can enjoy attractive destinations and people are proud to live in our towns and villages and celebrate our culture and heritage).

## **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 Alec Clark, Portfolio Holder for Tourism, Culture and Rural Affairs, and Councillor Brian Connolly, Portfolio Holder for Sport and Leisure, and the contents of this report reflect any feedback provided.

**Background Papers**    **Report to Audit and Governance Panel of 28 June 2023 – [Corporate Lets](#)**

**Person to Contact**    **Laura Kerr, Service Lead – Destination South Ayrshire  
Carnegie Library, 12 Main Street, Ayr, KA8 8EB  
Phone 01292 616421  
E-mail [laura.kerr4@south-ayrshire.gov.uk](mailto:laura.kerr4@south-ayrshire.gov.uk)**

**Date:** 17 June 2024

**Approved Discretion Applications**

<b>NAME OF ORGANISATION/GROUP</b>	<b>REASON FOR LET</b>	<b>VENUE REQUESTED</b>	<b>FREQUENCY OF LET</b>	<b>LEVEL OF DISCRETION REQUESTED</b>	<b>REASON FOR DECISION</b>	<b>AMOUNT OF DISCRETION APPLIED</b>
Ayr Community Gospel Choir	Choral Concert for Charity	Ayr Town Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Fundraising</li> <li>• Free entry</li> </ul>	£430.00
Ayr Community Gospel Choir	Choral Concert for Charity	Ayr Town Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Fundraising</li> <li>• Free entry</li> </ul>	£430.00
Ayrshire Area Support Team, North Ayrshire Council working in partnership with Children's Hearings Scotland and South and East Ayrshire Council.	South Ayrshire Children's Panel training evenings	Ayr Town Hall	Regular let (Weekly/monthly)	100%	<ul style="list-style-type: none"> <li>• Partnership meetings</li> </ul> <p>(Move to community venue for future meetings)</p>	£120.00 per let
RNIB Scotland	Charity information sharing day	Ayr Town Hall	One off let/Annual let	£75	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free event</li> </ul>	£75.00
Charity – OiR – Town Hall Talks – fortnightly, Ayr Town Hall	OiR Talks	Ayr Town Hall	Regular let (Weekly/monthly)	50% off - £30 per let	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free event</li> </ul>	£30 per let
Ayr Concert Series	Ayr Concert Series of professional orchestral concerts.	Ayr Town Hall	4 lets	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free tickets for targeted local schools</li> </ul>	£246 per let

NAME OF ORGANISATION/GROUP	REASON FOR LET	VENUE REQUESTED	FREQUENCY OF LET	LEVEL OF DISCRETION REQUESTED	REASON FOR DECISION	AMOUNT OF DISCRETION APPLIED
School Mock Court Case Project SCIO	Mock Court Trial for Junior Pupils	Ayr Town Hall	One off	100%	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>Free entry</li> <li>Education for young people</li> </ul>	£36.00
Ayrshire Music Festival	To hold the Ayrshire Music Festival	Ayr Town Hall	5 Day Event	Anything above £4,000	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>Low entry free</li> <li>Education for young people</li> </ul>	£2,193.00
Ayr Development Trust	Trust Meeting	Ayr Town Hall	One off let	100%	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>One off meeting</li> </ul> <p>(Move to community venue for future meetings)</p>	£40.00
Ayrshire Fiddle Orchestra	Rehearsal and Concert	Ayr Town Hall	One off	£303	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>Education for young people</li> <li></li> </ul>	£303.00
Monkton Community Council	Cosy Places VASA	Carvick Webster Hall - Monkton	Regular let (Weekly/monthly)	Did not specify amount	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>Free entry</li> <li>Targeted group</li> </ul>	£77 per let
Forehill After School Club Ltd	Children's holiday club (out of school care service)	Forehill Primary School	One off	50%	<ul style="list-style-type: none"> <li>Childcare provision in local community</li> </ul>	£60 per let –
NHS Ayrshire & Arran Orthoptic department	NHS Pre-school Orthoptic visual screening	Marr College	3 lets	Did not specify amount	<ul style="list-style-type: none"> <li>Charity / Not for Profit Org</li> <li>Free healthcare in the local community</li> </ul>	£159.50

<b>NAME OF ORGANISATION/GROUP</b>	<b>REASON FOR LET</b>	<b>VENUE REQUESTED</b>	<b>FREQUENCY OF LET</b>	<b>LEVEL OF DISCRETION REQUESTED</b>	<b>REASON FOR DECISION</b>	<b>AMOUNT OF DISCRETION APPLIED</b>
Royal British Legion Maybole Branch	Remembrance Sunday	Maybole Town Hall	One off let	Did not specify amount	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free entry</li> </ul>	£100.00
Maybole Indoor Carpet Bowling Group	Carpet Bowling	Maybole Town Hall	Regular let (Weekly/monthly)	£12/hour	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Low cost entry</li> <li>• Targeted group</li> <li>• Venue specific</li> </ul>	£26 per let
Maybole Community Council	Celebrating the refurbishment of the Town Hall.	Maybole Town Hall	One off	Did not specify amount	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Fundraising</li> </ul>	£162.50
Dundonald Toddlers	Baby and toddler group	Montgomerie Hall, Dundonald	Regular let (Weekly/monthly)	Anything above £12 p/h	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Low entry fee</li> <li>• Targeted group</li> <li>• Rural area</li> </ul>	£10 per let
Ayrshire Federation of the Scottish Women's Institute	To hold a Federation Inter Institute quiz	Troon Concert & Walker Hall	One off	50%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Low entry fee</li> <li>• Targeted group</li> </ul>	£70.00
West of Scotland Brass Band Association (SBBA)	Brass Band Entertainment Festival/Contest	Troon Concert & Walker Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free for children to attend</li> </ul>	£660.75
Glasgow Taxi Outing Fund	Glasgow Taxi Outing Fund trip to Troon	Troon Concert & Walker Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free entry</li> <li>• Targeted Group</li> </ul>	£775.00
Police Service of Scotland	Police Control Room for Police led Annual Operation	Troon Concert & Walker Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Partnership initiative</li> </ul>	£400.00

<b>NAME OF ORGANISATION/GROUP</b>	<b>REASON FOR LET</b>	<b>VENUE REQUESTED</b>	<b>FREQUENCY OF LET</b>	<b>LEVEL OF DISCRETION REQUESTED</b>	<b>REASON FOR DECISION</b>	<b>AMOUNT OF DISCRETION APPLIED</b>
Hart of the Community	Sale of second hand goods	Troon Concert & Walker Hall	One off	Did not specify amount	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free entry</li> <li>• Fundraising</li> </ul>	£150.00
Ballroom Dancing @ Troon	Ongoing ballroom dancing	Troon Concert & Walker Hall	Regular let (Weekly/monthly)	Previous discretion	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Low entry fee</li> <li>• Targeted group</li> <li>• Venue specific</li> </ul>	£61.25 per let
RNLI Fundraising Branch Troon	RNLI Christmas Fayre	Troon Concert & Walker Hall	One off	100%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Free entry</li> <li>• Fundraising</li> </ul>	£367.50
Ayrshire Federation Scottish Women's Institute	To hold a Federation Inter Institute quiz	Troon Concert & Walker Hall	One off	50%	<ul style="list-style-type: none"> <li>• Charity / Not for Profit Org</li> <li>• Low cost entry</li> <li>• Fundraising</li> <li>• Targeted Group</li> </ul>	£70.00

## Declined Discretion Applications

NAME OF ORGANISATION/GROUP	REASON FOR LET	VENUE REQUESTED	FREQUENCY OF LET	LEVEL OF DISCRETION REQUESTED	REASON FOR DECISION
Ayr Development Trust	Trust Monthly Meeting	Ayr Town Hall	Regular let	100%	<ul style="list-style-type: none"> <li>Not a Town Hall event - signposted to community venues.</li> </ul>
Epilepsy Scotland	Epilepsy Get Together	Ayr Town Hall	Regular let	£288	<ul style="list-style-type: none"> <li>Not a Town Hall event - signposted to community venues.</li> </ul>
Bruce 750/NCCBC	Burns Supper	Maybole Town Hall	One off	£500	<ul style="list-style-type: none"> <li>Charging high entry fee</li> <li>Not fundraising</li> </ul>
North Carrick Community Benefit Company/Bruce 750	Quiz Night	Maybole Town Hall	One off	£100	<ul style="list-style-type: none"> <li>The kitchen and hall charges have been combined which reduces the hire fee for all lessees moving forward.</li> </ul>
AILN	Sharing awareness to community support and self employment opportunities	Maybole Town Hall	Regular let	Anything above £10 p/h	<ul style="list-style-type: none"> <li>Not a Town Hall event - signposted to community venues.</li> </ul>
Maybole Regeneration Project -SAC	Public consultation	Maybole Town Hall	One off	Not specified	<ul style="list-style-type: none"> <li>Not a Town Hall event - signposted to community venues.</li> </ul>
Pro2 Wrestling	Entertainment Show	Troon Concert & Walker Hall	One off	£200	<ul style="list-style-type: none"> <li>For profit company with large income from event.</li> </ul>
The Dance Depot	Dance Showcase	Troon Concert & Walker Hall	One off	Not specified	<ul style="list-style-type: none"> <li>For profit company with large income from event.</li> </ul>



**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: External Audit Reports – Progress to 31 May 2024**

---

**1. Purpose**

1.1 The purpose of this report is to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions.

**2. Recommendation**

**2.1 It is recommended that the Panel scrutinises the progress against the Council’s external audit improvement actions as presented in this report.**

**3. Background**

3.1 The Final Report on the 2022/23 Audit was presented to the Audit and Governance Panel (AGP) of 27 September 2023 (Special). This report covers progress against the three recommended improvement actions from that report.

**4. Proposals**

4.1 Progress to 31 May 2024 is summarised below:

Status of External Audit Actions as at 31 May 2024	Completed since 31 December 2023	On Target	Not on Target	Total
Annual Report on 2022/23 Audit – Sept 23	2	-	1	3
<b>Overall</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>3</b>

4.2 During the reporting period, two actions from the 2022/23 External Audit report were closed. The one remaining action is nearing its conclusion but requires an extension to 31 August 2024 to allow full completion of the action. The latest update against these actions is provided in [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 None.

## **7. Human Resources Implications**

7.1 None.

## **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 may impact on the reputation of the Council.

## **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 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 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**    **Report to Audit and Governance Panel of 9 November 2022 –**  
**[Best Value Action Plan 2021/22 - Update](#)**

**Person to Contact**    **Tim Baulk, Chief Financial Officer**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612620**  
**Email [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Date: 17 June 2024**

## External Audit Reports – Actions now complete and still to be completed

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2022/23 Final Report on the 2022/23 Audit	<p><b>Recommendation:</b> The council should undertake a thorough assessment of the fixed asset register to ensure its accuracy. Going forward, there should be clearer communication between Estates and Finance to ensure that necessary updates are reflected in the fixed asset register.</p> <p><b>Management Response:</b> A review of the asset register is already underway and new protocols and procedures will be introduced to ensure its accuracy. Regular meetings are being planned between the Estates and Finance teams to maintain a clear route for communication of required changes.</p>	30-Jun-2024	Tim Baulk; Tom Burns	03-Jun-2024 Significant progress has been made in recent months with a number of discussions taking place between Finance and Estates Colleagues. New protocols and procedures have been developed and agreed and have been introduced for the 2023-24 year end process	✓	100%		03-Jun-2024
EA2022/23 Final Report on the 2022/23 Audit	<p><b>Recommendation:</b> The council should consider a matrix approach to valuations whereby a percentage of each class of asset is revalued each year. The council should ensure that all assets are included in this future programme.</p> <p><b>Management Response:</b> Discussions have already taken place between Estates and Finance teams with the aim of moving the revaluation methodology to a matrix approach for 2023/24 and beyond. Further work on this will continue in advance of the 2023/24 year end.</p>	30-Jun-2024	Tim Baulk	03-Jun-2024 Following a number of discussions between Estates and Finance colleagues, new protocols and procedures agreed have been agreed and introduced in the 2023-24 year end process to transition the council to the new matrix approach for valuing council assets.	✓	100%		03-Jun-2024
EA2022/23 Final Report on the 2022/23 Audit	<p><b>Recommendation:</b> The council should ensure formal procedures are in place to validate staff on the payroll. Responsible officer:</p> <p><b>Management Response:</b> An annual rolling programme will be implemented and undertaken by the HR team. Oracle Fusion introduced an automated task for</p>	31-Mar-2024	Wendy Wesson	07-Jun-2024 Establishment and Vacancy report is complete. Managers have received guidance on access and instructions to complete the validation exercise. An MS Teams form must be completed to confirm the payroll validation has been completed. Some services are in the process of completing their returns. An extension is		90%		

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
	managers to confirm when an employee does not commence employment to ensure they are not set up on the payroll system. Officers will consider if staff validation can be automated via Oracle Fusion.			requested to 31 August 2024 to allow the process to reach its conclusion.				

**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: Treasury Management Annual Report 2023/24**

---

**1. Purpose**

- 1.1 The purpose of this report is to present, in line with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the annual report of treasury management activities for 2023/24 (as attached at [Appendix 1](#)) and seek Members' consideration of its contents.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

- 2.1.1 considers the Annual Treasury Management Report 2023/24, as attached at [Appendix 1](#); and**
- 2.1.2 remits the Annual Treasury Management Report to Council on 10 October for approval.**

**3. Background**

- 3.1 The Council is required through regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury report reviewing treasury management activities and prudential and treasury indicators. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 3.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 3.3 The Chief Financial Officer also confirms that the Council has complied with the requirements under the Code, to give prior scrutiny of treasury management reporting to the Council's Audit and Governance Panel prior to submitting the report to Council.

3.4 Treasury management in this context is defined as:

***‘The management of the local authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.***

#### 4. Proposals

4.1 The Treasury Management Annual Report for 2023/24 is submitted to the Panel, as Audit and Governance Panel, in accordance with the requirements of the CIPFA Code of Practice on Treasury Management, for consideration and thereafter remit to the Council meeting on 10 October for approval.

#### 4.2 **Executive Summary**

During 2023/24, the Council complied with its legislative and regulatory requirements. The key prudential indicators detailing the impact of capital expenditure activities during the year, with previous year comparators, are shown below.

<b><i>Actual Prudential and Treasury Indicators</i></b>	<b><i>2022/23 Actual £'000</i></b>	<b><i>2023/24 Actual £'000</i></b>
Capital Expenditure	<b>119,064</b>	<b>99,362</b>
Total Capital Financing Requirement (including other long-term liabilities)	484,608	534,483
PPP and Finance Lease	(91,951)	(88,023)
<b>Underlying Borrowing Requirement</b>	<b>392,657</b>	<b>446,460</b>
Gross External Debt	355,385	387,659
Under (Over) Borrowed	37,272	58,801
Cash/Investments	(43,155)	(26,384)
<b>Net External Debt</b>	<b>312,230</b>	<b>361,275</b>

4.3 The table above shows that the Council has an under-borrowed position on 31 March 2024 of £58,801m, c13.17%. This means the Council has used internal borrowing from cash/reserves to fund an element of its current capital expenditure requirements. It does not indicate that borrowing for the capital programme has not been undertaken; only that internal cash resource has been used as funding, opposed to external borrowing.

4.4 Although this is a prudent position in the current interest rate environment given the cost of external borrowing compared with cash investment rates, the Council's under-borrowed position is 13.17% of its overall under-lying borrowing requirement and is therefore manageable within the current strategy. The strategy for 2024/25 is expected to maintain an under-borrowed position whilst closely monitoring longer term PWLB and market rates in considering new borrowing.

4.5 Other prudential and treasury indicators are included in [Appendix 1](#) to this report. The Chief Financial Officer also confirms that any borrowing was only undertaken for capital purpose and the statutory borrowing limit (the authorised limit) was not breached during 2023/24.

4.6 The financial year 2023/24 remained a challenging environment due to volatile interest rates with several rate increases in the first two quarters and then remained at a high level for the rest of the year.

## 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 General Services

6.1.1 **Interest on Revenue Balances Held** – the Council originally budgeted to receive £0.965m in interest income (based on a return of 4.00%) to the General Fund in 2023/24. Interest rates for investment increased throughout 2023-24, with the strategy outperforming budget return resulting in an investment surplus.

Investment income to the General Fund out turned at £1.510m, a surplus of £0.546m. Interest was also received to the Council's Repairs and Renewals Fund and Capital Fund to the value of £0.056m.

6.1.2 **Capital Financing Costs** - the Council originally budgeted £15.583m for financing costs and expenses on debt for 2023/24. This budget consisted of £6.271m in loan principal, £9.128m in interest and £0.184m in expenses. During 2023/24, a pragmatic approach was taken when considering the borrowing requirements to fund capital expenditure. However, even with this the borrowing strategy during 2023/24 resulted in an overspend as under-noted:

	Budget £'000	Out-turn £'000	Variance £'000
Principal	6,271	6,261	10
Interest	9,128	11,179	(2,051)
Expenses	184	312	(128)
<b>Capital Financing costs</b>	<b>15,583</b>	<b>17,752</b>	<b>(2,169)</b>
<b>Investment income</b>	<b>(965)</b>	<b>(1,510)</b>	<b>545</b>
<b>Total Debt charges</b>	<b>14,618</b>	<b>16,242</b>	<b>(1,624)</b>

The borrowing strategy undertaken in 2023/24 resulted in an overall overspend to the General Services of £1.624m. This is due to the increase in interest rates throughout 2023/24 due to high inflation rates, cost of living crisis and war in Ukraine and the Middle East. This is discussed further in the Economic Commentary. The overall overspend was reduced due to the investment strategy overperforming.

6.2/



## 6.2 Housing Revenue Account (HRA)

6.2.1 **Interest on HRA Revenue Balances Held** – the HRA budgeted to receive investment income of £0.200m on its revenue balances in 2023/24 based on achieving an interest rate of 4.00%. Like the General Fund the investment strategy was able to out-perform both budget and benchmark resulting in a return of £0.386m in investment income a surplus of £0.186m.

6.2.2 **Capital Financing Costs** - the HRA budgeted £4,463m for financing costs on debt for 2023/24. This consisted of £1.674m in loan principal, £2.729m in interest and £0.066m in expenses.

	Budget £'000	Out-turn £'000	Variance £'000
Principal	1,674	1,674	0
Interest	2,729	3,177	(448)
Expenses	60	88	(28)
Capital Financing costs	4,463	4,939	(476)
Investment income	(200)	(386)	186
	4,263	4,553	(290)

The borrowing strategy undertaken in 2023/24 resulted in an overall overspend to the HRA of £0.290m.

6.3 In total, net debt financing costs were overspent by £2,646m, and when added to an over achievement in interest income of £0.732m resulted in an overall deficit of £1.914m which was reflected in the Council and HRA financial position at 2023/24.

## 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 If the recommendations are rejected, then the Council will be non-compliant with the requirements contained in both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## 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 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 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**     **CIPFA Code of Practice for Treasury Management in Local Authorities**

**Report to South Ayrshire Council of 1 March 2023 - [Treasury Management and Investment Strategy 2023-24](#)**

**Report to Cabinet of 16 January 2024 – [Treasury Management and Investment Strategy Mid-year Report 2023-24](#)**

**Person to Contact**     **Tim Baulk, Chief Financial Officer**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612620**  
**Email [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Date: 17 June 2024**

**South Ayrshire Council**  
**Treasury Management Annual Report 2022/23**

**Introduction**

In accordance with the requirements of the CIPFA Code of Practice on Treasury Management in the Public Services, this report covers the following:

- Section 1 - The Council's Capital Expenditure and Financing 2023/24.
- Section 2 – The Council's overall borrowing need.
- Section 3 – Treasury Position as of 31 March 2024.
- Section 4 – The Strategy for 2023/24.
- Section 5 – The Economy and Interest Rates
- Section 6 – Borrowing Rates 2023/24
- Section 7 – Borrowing Outturn 2023/24
- Section 8 – Investment Outturn 2023/24
- Section 9 – Other Issues

**Section 1 The Council's Capital Expenditure and Financing 2023/24**

1.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which have no resultant impact on the Council's borrowing need; or
- if insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing requirement.

1.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual expenditure, how this was financed and the resulting borrowing requirement.

**Table 1**

<i>Item</i>	<i>2022/23 Actual £'000</i>	<i>2023/24 Estimate per Strategy</i>	<i>2023/24 Actual</i>
General Fund capital expenditure	90,749	99,145	53,677
HRA capital expenditure	28,315	75,740	45,685
<b>Total</b>	<b>119,064</b>	<b>174,885</b>	<b>99,362</b>
Resourced by:			
Government Grant & Other	(22,818)	(27,917)	(23,910)
Other funding identified	(23,369)	(38,890)	(15,791)
<b>Borrowing:</b>	<b>72,877</b>	<b>108,078</b>	<b>59,661</b>

- 1.3 The reason for the movement between planned expenditure/funding and actual out-turns for 2023/24 can be found in the General Services and HRA 2023/24 capital monitoring reports presented to Leadership Panel throughout 2023/24. The largest examples (by value) of reprofiling of spend in to 2024/25 being:
- Troon Early Years – £1.75m
  - Girvan P.S. - £1.5m
  - Girvan PS and All-Weather Pitch - £1.75m
  - Green Waste/Household Recycling - £0.750m
  - Cemeteries/Crematoria - £0.775m
  - Girvan Regeneration - £0.750m
  - Hourstons Development - £2m
  - Citadel Refurbishment – £1.2m
  - Ayrshire Growth Deal - £23.6m
  - Various Ward Projects - £1.97m
  - Hangar Space - £2.7m
  - End User Computing - £1m
  - HRA Major component replacement programme - £8.5m
  - HRA Structural & Environmental - £3.4m
  - HRA New Builds – Various sites - £16.3m
  - HRA Window Replacement Programme - £0.75m

## Section 2 The Council's overall Borrowing Need

- 2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure (Table 1), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 2.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service manages the Council's cash position to ensure that sufficient cash is available to meet not only the capital plans but also to manage the daily cash flow requirements of funding its revenue commitments of payroll, suppliers, benefits etc.
- 2.3 This borrowing for capital expenditure may be sourced through external bodies such as the Government, through the Public Works Loan Board [PWLB] or the money markets) or utilising temporary cash resources within the Council (internal borrowing).
- 2.4 **Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the scheduled debt amortisation as a loan

repayment, to reduce the CFR. This is effectively a repayment of the borrowing need and differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge. The Council's 2023/24 prudent repayment policy, (as required by Scottish Government), was approved as part of the Treasury Management Strategy Report for 2023/24 on 4 March 2023.

2.5 The Council's CFR for the year is shown below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

On 15 December 2022, the Council agreed a report on PPP Service Concession Arrangement Flexibilities.

***Finance Circular 10/2022 (FC 10/2022) replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered prior to 1 April 2022.***

The reprofiling of the debt liability repayments increased the Capital Financing Requirement (CFR) by £21.718m as at 1 April 2022. The Council made this adjustment in the financial year 2022/23. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period. This has now been incorporated into the revised Prudential indicators as appropriate.

The undernoted table shows the Council's underlying borrowing requirement, inclusive of PPP and Finance lease arrangements, as of 31 March 2024.

**Table 2**

<b><i>Capital Financing Requirement</i></b>	<b>31 Mar 2023 £'000</b>	<b>31 Mar 2024 £'000</b>
<b><i>Opening Balance</i></b>	<b>399,006</b>	<b>484,608</b>
Add unfinanced capital expenditure	72,877	59,661
Add new OLTL obligations (PPP)	0	0
Retrospective PPP adjustment	21,718	0
Less loans fund repayment	(7,238)	(7,935)
Less PPP/ finance lease repayment	(1,755)	(1,851)
<b><i>Closing Balance</i></b>	<b>484,608</b>	<b>534,483</b>

The borrowing activity is constrained by prudential indicators for gross borrowing, CFR, and by the authorised limit. The increasing CFR position reflects the Council's capital programme expenditure in 2023/24 and the resulting borrowing requirements to fund this investment.

- 2.6 **Gross Borrowing and the CFR** - to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs 2023/24. The table below highlights the Council's gross borrowing position against the CFR.

**Table 3**

<i>Item</i>	<b>31 March 2023</b> <i>£'000</i>	<b>31 March 2024</b> <i>£'000</i>
Capital Financing Requirement (CFR)	484,608	534,483
Gross External Borrowing Position (including PPP and finance Lease)	447,336	475,682
<b>Net Under/ (Over) Borrowed Position</b>	<b>37,272</b>	<b>58,801</b>

The table above shows the CFR in an under-borrowed position on 31 March 2024 of £58,801m. This means the Council has used internal borrowing from cash/ reserves to fund an element of its current capital expenditure requirements.

This is a prudent position in the current interest rate environment given the cost of external borrowing compared with cash investment rates. The current strategy for 2023/24 is expected to maintain this under-borrowed position whilst closely monitoring longer term PWLB and market rates and consideration of potentially re-financing some of the temporary loan debt with longer term.

## 2.7 **Borrowing Prudential Indicators**

- **The Authorised Limit – Table 4** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.
- **The Operational Boundary – Table 4** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

- **Actual Financing Costs as a Proportion of Net Revenue Stream – Table 5** - this indicator identifies the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream of the Council.

**Table 4**

<i>Item</i>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Authorised Borrowing Limit External Debt</b>	<b>635,929</b>	<b>600,336</b>
Borrowing	355,385	387,659
Other Long-Term Liabilities	91,951	88,023
<b>Total</b>	<b>447,336</b>	<b>475,682</b>
<b>Operational Boundary External Debt</b>	<b>511,125</b>	<b>547,683</b>
Borrowing	355,385	387,659
Other Long-Term Liabilities	91,951	88,023
<b>Total</b>	<b>447,336</b>	<b>475,682</b>

**Table 5**

<i>Ratio of Financing Costs to Net Revenue Stream</i>	<b>Actual 2022/23</b>	<b>Estimated 2023/24</b>
General Services	5.44%	6.48%
HRA	10.97%	12.99%
<b>Total</b>	<b>6.04%</b>	<b>7.26%</b>

### **Section 3 Treasury Position as of 31<sup>st</sup> March 2024**

3.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

At the end of 2023/24 the Council's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

**Table 6/**

**Table 6**

	<b>Borrowing position as at 31 March 2023</b>		<b>Borrowing position as at 31 March 2024</b>		<b>Change in year</b>
	<b>£'000</b>	<b>Average interest rate %</b>	<b>£'000</b>	<b>Average interest rate %</b>	<b>£'000</b>
<b>Long Term Borrowing</b>					
Public Works Loans Board	211,185	3.13	239,459	3.64	28,274
Market – Fixed	28,000	2.33	44,000	3.72	16,000
LOBO (Option Loans)	41,200	4.52	33,200	4.52	(8,000)
<b>Total Long-Term Borrowing</b>	<b>280,385</b>		<b>316,659</b>		<b>36,274</b>
Short Term Borrowing	75,000	2.36	71,000	4.92	(4,000)
<b>Total External Borrowing</b>	<b>355,385</b>	<b>3.09</b>	<b>387,659*</b>	<b>3.96</b>	<b>32,274</b>
CFR (underlying borrowing need)	392,657		446,460		53,616
Over (Under) Borrowing	<b>(37,272)</b>		<b>(58,801)</b>		<b>21,342</b>
Investments	<b>(43,155)</b>	<b>1.35</b>	<b>(26,384)</b>	<b>5.37</b>	

\* The carrying amount of loans on the Council's balance sheet as of 31 March 2024 is £388.472m. The difference between this figure and the external borrowing shown in Table 6 above is £0.813m of equivalent interest rate accounting adjustments required by the Code of Practice on local authority accounting.

3.2 **Table 7** below details the profile of the Council's loan maturity periods as of 31 March 2024.

**Table 7**

<b>Maturity analysis of Debt Outstanding at 31 March 2024</b>	<b>PWLB £'000</b>	<b>Market £'000</b>	<b>LOBO (Option) £'000</b>	<b>Temp Borrowing</b>	<b>Total £'000</b>
Maturing within 1 year	1,986	10,000	0	71,000	82,986
Maturing 1 to 2 years	2,419	29,000	0	0	31,419
Maturing 2 to 5 years	7,160	5,000	0	0	12,160
Maturing 5 to 10 years	33,587	0	3,000	0	36,587
Maturing 10 to 20 years	43,637	0	5,500	0	49,137
Maturing 20 to 30 years	44,004	0	10,000	0	54,004
Maturing 30 to 40 years	39,166	0	9,700	0	48,866
Maturing 40 to 50 years	67,500	0	0	0	67,500
Maturing > 50 years	0	0	5,000	0	5,000
<b>Total</b>	<b>239,459</b>	<b>44,000</b>	<b>33,200</b>	<b>71,000</b>	<b>387,659</b>



3.3 **Loans fund** - where a local authority has a Housing Revenue Account, the HRA should be reported separately from the General Fund. The reporting on the commitment to repay loans fund advances is for repayments only and does not include any interest costs. The Loans Fund balances are set out in Table 8 and Table 8(a) below:

**Table 8 – Loans Fund Advances to General Fund**

<b>Loans Fund</b>	<b>31 March 2023 (£'000)</b>	<b>31 March 2024 (£'000)</b>
Opening Balance	226,125	289,526
Add advances	69,290	31,501
Less repayments	(5,889)	(6,261)
<b>Closing Balance</b>	<b>289,526</b>	<b>314,766</b>

**Table 8(a) – Loans Fund Advances to HRA**

<b>Loans Fund</b>	<b>31 March 2023 (£'000)</b>	<b>31 March 2024 (£'000)</b>
Opening Balance	74,601	76,839
Add advances	3,587	28,160
Less repayments	(1,349)	(1,674)
<b>Closing Balance</b>	<b>76,839</b>	<b>103,325</b>

## **Section 4 Strategy for 2023/24**

4.1 Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.

Starting in April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in the summer of 2024.

The upward yield curve that continued throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, while balancing this with the need to maintain cashflow for liquidity purposes.

With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some market rallies from time to time including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most local authority investment strategies, particularly given Money Market Funds have also provided decent returns close to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful

measure of depth, forcing short-term investment rates above 7% in the last week of March.

While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with a stressed market and economic conditions.

## Section 5 Economy and Interest Rates

### 5.1 UK. Economy

Against a backdrop of inflationary pressures, the Russian invasion of Ukraine, and war in the Middle East, UK interest rates have continued to be volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2023/24.

Markets have sought an end to central banks' on-going phase of keeping restrictive monetary policy in place on at least one occasion during 2023/24 but to date only the Swiss National Bank has cut rates and that was at the end of March 2024.

United Kingdom (UK), Euro-Zone (EZ) and United States (US) 10-year yields have all stayed stubbornly high throughout 2023/24. The table below provides a snapshot of the conundrum facing central banks: inflation is easing, albeit gradually, but labour markets remain very tight by historical comparisons, making it an issue of fine judgment as to when rates can be cut.

	UK	Eurozone	US
<b>Bank Rate</b>	5.25%	4%	5.25%-5.5%
<b>GDP</b>	-0.3%q/q Q4 (-0.2%y/y)	+0.0%q/q Q4 (0.1%y/y)	2.0% Q1 Annualised
<b>Inflation</b>	3.4%y/y (Feb)	2.4%y/y (Mar)	3.2%y/y (Feb)
<b>Unemployment Rate</b>	3.9% (Jan)	6.4% (Feb)	3.9% (Feb)

The Bank of England made no changes in their March meeting, leaving interest rates at 5.25% for the fifth time in a row and, despite no Monetary Policy Commission (MPC) members no longer voting to raise interest rates, it retained its relatively cautious guidance. The Bank's communications suggest the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that "the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labour market and is bearing down on inflationary pressures", conversely it noted that key indicators of inflation persistence remain elevated, and policy will be "restrictive for sufficiently long" and "restrictive for an extended period".

Of course, the UK economy has started to perform a little better in Q1 2024 but is still recovering from a shallow recession through the second half of 2023. Indeed, Q4 2023 saw negative Gross Domestic Product (GDP) growth of -0.3% while y/y growth was also negative at -0.2%.

It is a recession with varied characteristics. Unemployment is currently sub 4%, against a backdrop of still over 900,000 of job vacancies, and annual wage inflation is running at above 5%. With gas and electricity price caps falling in April 2024, the Consumer Price Index (CPI) measure of inflation - which peaked at 11.1% in October 2022 – is now due to slide below the 2% target rate in April and to remain below that Bank of England benchmark for the next couple of years, according to Capital Economics. The Bank of England is awaiting upcoming inflation and employment releases before taking further decisions on interest rate decreases. It is noted that core CPI was still at 4.5% in February and, ideally, needs to fall further.

Consumer spending was reasonable despite the unusually wet weather in February, whilst rising real household incomes should support retail activity throughout 2024. Furthermore, the impact of higher interest rates on household interest payments is getting close to its peak, even though fixed rate mortgage rates on new loans have shifted up a little since falling close to 4.5% in early 2024.

From a fiscal perspective, the further cuts to national insurance tax (from April) announced in the March Budget will boost real household disposable income by 0.5 - 1.0%. After real household disposable income rose by 1.9% in 2023, Capital Economics forecast it will rise by 1.7% in 2024 and by 2.4% in 2025. These rises in real household disposable income means GDP growth of 0.5% is envisaged in 2024 and 1.5% in 2025. The Bank of England is less optimistic than that, seeing growth struggling to get near 1% over the next two to three years.

As for equity markets, the Financial Times Stock Exchange (FTSE) 100 has risen to nearly 8,000 and is now only 1% below the all-time high it reached in February 2023. The modest rise in UK equities in February was driven by strong performances in the cyclical industrials and consumer discretionary sectors, whilst communications and basic materials have fared poorly.

Despite its performance, the FTSE 100 is still lower than the Standard & Poor's 500 (S&P 500), which has been at an all-time high for several weeks.

### **USA Economy.**

Despite the markets willing the Federal Open Market Committee (FOMC) to cut rates as soon as June 2024, the continued resilience of the economy, married to sticky inflation, is providing a significant headwind to a change in monetary policy. Markets currently anticipate three rate cuts this calendar year, but two or less would not be out of the question. Currently, policy remains flexible but primarily data driven.

In addition, the Federal Reserve (Fed) will want to reduce the \$16 trillion balance sheet in the future. The \$ is the world's foremost reserve currency (China owns over \$1 trillion) but the US must deal with the budget deficit. The mix of inflation and significant treasury issuance is keeping treasury yields high. The 10 year stands at 4.4%.

As for inflation, it is currently a little above 3%. The market is not expecting a recession, but whether rates staying high for longer is uncertain, hence why the consensus is for rate cuts this year and into 2025.

### **EZ Economy.**

Although the Euro-zone inflation rate has fallen to 2.4%, the European Central Bank (ECB) will still be mindful that it has further work to do to dampen inflation expectations. However, with growth moving slowly (GDP flatlined in 2023), a June rate cut from the current 4% looks probable.

## Section 6 Borrowing Rates in 2023/24

### 6.1 PWLB Borrowing Rates -

#### HIGH/LOW/AVERAGE PWLB RATES FOR 2023/24

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.54%	4.99%	4.97%	5.34%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid, then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by levels of persistent inflation that are exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

Link Group Interest Rate View	24.05.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>BANK RATE</b>	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

Link Group Interest Rate View 08.01.24		Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>		5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings		5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings		5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings		5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB		4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB		4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB		5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB		5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

## 6.2 Borrowing strategy and control of interest rate risk

During 2023/24, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2024 and 2025 as inflation concerns are dampened. The Council has sought to minimise the taking on of long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years) as appropriate.

Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

## Section 7 Borrowing Outturn

7.1 During 2023/24 the Council funded part of the capital borrowing requirement in the short-term market, with temporary borrowing of £71.000m, in March 2024. However, additional long-term borrowing (PWLB) of £31.000m was also undertaken, taking advantage of lower interest rates and gaps in the borrowing maturity profile. The Council were in an under-borrowed position of £58,801m for 2023/24. The Council has not borrowed more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed.

7.2 During 2024/25 focus will be on monitoring longer term rates and looking to borrow longer term to meet the CFR when appropriate and at the same time consider some short-term borrowing where rates are suitable.

7.2 During 2023/24 the actual borrowing and repayments of external debt transacted are shown in Table 10 below. This shows temporary borrowing slightly decreased and

mid-term borrowing has increased. Longer-term borrowing has been undertaken when rates have allowed, a prudent position in the current interest rate environment. The Council's policy is to ensure that not more than 25% of long-term loans are due to mature within any financial year. The indicator for maturing debt of 22% (within one year) is 3% below the maturity limit indicator.

**Table 9**

Loan Type	Borrowed 2023/24 £'000	Repaid 2023/24 £'000	Net £'000
PWLB	31,000	(725)	30,275
Market Loans	19,000	(3,000)	16,000
Temporary borrowing	71,000	(76,000)	(5,000)
	<b>121,000</b>	<b>(79,725)</b>	<b>41,275</b>

7.3 **Debt Re-scheduling** – no external debt was re-scheduled during 2023/24 as the average differential of 1% between PWLB new borrowing rates and premature redemption rates made early repayment of loans expensive and unviable due to the premiums that would be payable.

## Section 8 Investment Out-turn, and Policy in 2023/24

8.1 The Council's investment policy is governed by Scottish Government investment regulations, which have been implemented in the annual investment strategy approved by the Council on 4 March 2024. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

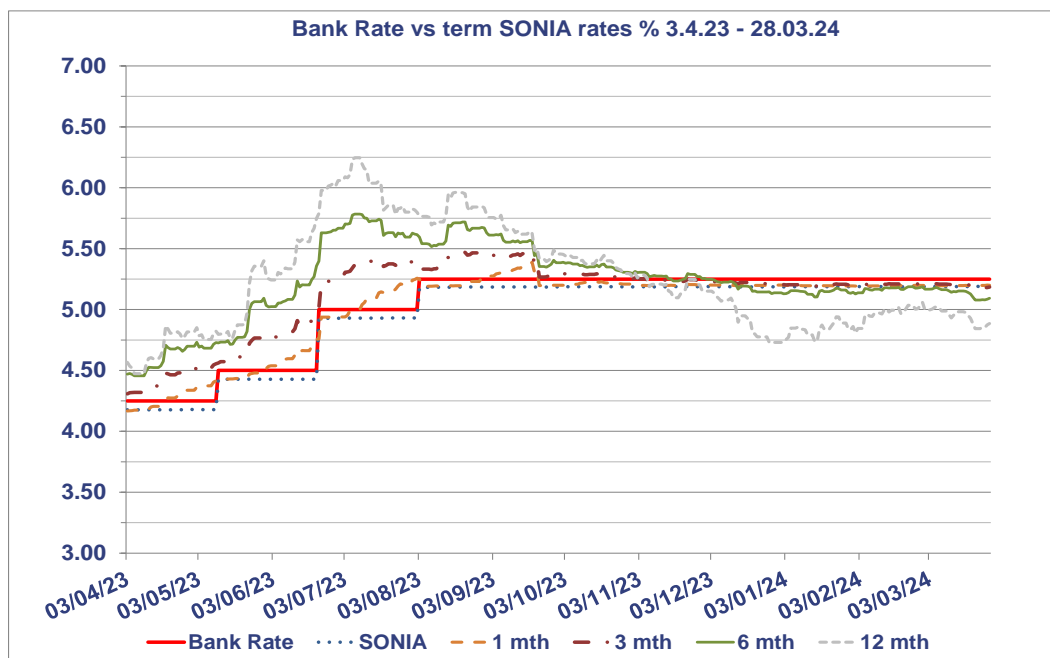
8.3 **Investment Out-turn** – the Council maintained an average balance of £51.506m of internally managed investment funds. The internally managed funds earned an average rate of return of 4.51%.

The comparable performance indicator is the 180d backward Sterling Overnight Index Average (SONIA) compounded rate which was 4.09%.

**Table 10**

	<b>Average Value of Investments Held</b>	<b>Rate of Return</b>	<b>Benchmark Return*</b>
Investments	£51,506m	4.51%	4.09%

\*The benchmark return used is the SONIA compounded rate of 4.09%.



8.4 **Investment Policy** – the Council’s investment policy is governed by Scottish Government investment regulations which have been implemented in the Annual Investment strategy approved by the Council on 4 March 2024. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year met with the approved strategy, and the Council had no liquidity difficulties.

### 8.5 Current Council Investments held on 31 March 2024

Table 11

Class	Type	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal £000
Deposit	Fixed	08/01/24	06/01/25	Lancashire County Council	Maturity	5.75%	5,000
<b>Fixed Total</b>							<b>5,000</b>
Deposit	MMF	01/12/17	-	Federated Prime Rate Sterling Liquidity 3		5.29%	6,400
Deposit	MMF	30/06/20	-	Aberdeen Liquidity Fund - Sterling Fund Class L-1		5.27%	1,000
<b>MMF Total</b>							<b>7,400</b>
Deposit	VNAV	27/04/23	-	Federated Sterling Cash Plus Fund GBP 3 Acc		5.20%	29
<b>VNAV Total</b>							<b>29</b>
Deposit	Variable	10/05/2016	-	Bank of Scotland (Call A/c)	Variable	5.20%	13,955
<b>Call Total</b>							<b>13,955</b>
<b>Overall Total</b>							<b>26,384</b>

## Section 9 Other Issues

- 9.1 **Sources of borrowing** - Although PWLB remains a low-risk source of long-term borrowing, due to recent rate changes and the ongoing consultation with local authorities on the future of PWLB borrowing other borrowing institutions may be looked at to remove the reliance on PWLB for long-term borrowing needs.
- 9.2 **Changes in risk appetite** - The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. South Ayrshire Council has a low-risk appetite and as such would look at all aspects before making any changes to the current strategy and members would be made fully aware of any such changes.
- 9.3 **IFRS 16** - The implementation of IFRS 16 bringing currently off-balance sheet leased assets onto the balance sheet is being implemented during 2024/25. Work has begun in this area in 2023/24 and will be progressing throughout 2024/25.



## 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. See information here: [Interim Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018.

### 1. Policy details

Policy Title	<b>Treasury Management Annual Report 2023/24</b>
Lead Officer (Name/Position/Email)	Tim Baulk, Chief Financial Officer <a href="mailto:Tim.Baulk@south-ayrshire.gov.uk">Tim.Baulk@south-ayrshire.gov.uk</a>

**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 – gender identity (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? (Fairer Scotland Duty). Consideration must be given particularly to children and families.**

<b>Socio-Economic Disadvantage</b>	<b>Negative Impacts</b>	<b>Positive impacts</b>
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	No	No
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	No	No
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	No	No
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent’s education, employment and income	No	No

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

<b>General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty</b>	<b>Level of Negative and/or Positive Impact (High, Medium or Low)</b>
Eliminate unlawful discrimination, harassment and victimisation	Low Impact
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low Impact
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 Impact
Increase participation of particular communities or groups in public life	Low Impact
Improve the health and wellbeing of particular communities or groups	Low Impact
Promote the human rights of particular communities or groups	Low Impact
Tackle deprivation faced by particular communities or groups	Low Impact

**5. Summary Assessment**

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<b>YES</b> <input type="checkbox"/> <b>NO</b> <input checked="" type="checkbox"/>
<b>Rationale for decision:</b> This report presents to the Panel the annual report of treasury management activities for 2023/24 Their decision on this has no specific equality implications.	
<b>Signed:</b> Tim Baulk	Chief Financial Officer
<b>Date:</b> 21 May 2024	

**South Ayrshire Council**

**Report by Chief Governance Officer  
to Audit and Governance Panel  
of 26 June 2024**

---

**Subject: Delivering Good Governance – 2023/24 Assessment**

---

**1. Purpose**

1.1 The purpose of this report is to invite Members to review the 2023/24 year-end assessment against the Council's Delivering Good Governance Framework.

**2. Recommendation**

2.1 **It is recommended that the Panel reviews and agrees the 2023/24 year-end assessment as set out in [Appendix 1](#) to this report.**

**3. Background**

3.1 Since the 2022/23 year-end assessment was reviewed and agreed by Audit and Governance Panel Members on 28 June 2023 work has progressed to address the associated improvement actions.

**4. Proposals**

4.1 This report provides updates on those improvement actions set within the context of the principles of the Framework in line with CIPFA recommendations – see [Appendix 2](#); provides a year end assessment on the effectiveness of the updated Framework – see [Appendix 1](#); and identifies a prioritised set of improvement actions to further strengthen the Council's governance arrangements – see [Appendix 3](#).




4.2 [Appendix 2](#) details progress against the improvement actions agreed for 2023/24. There were 8 Improvement Actions in all. It shows that:

- 4 are complete;
- 1 is progressing on target (timescale previously extended beyond the year-end);
- 3 haven't progressed as planned, these are:
  - Governance through reporting by Officers to ensure consultation data and findings are published. Officers are collating the annual log of consultations. (Implementation will take place during 2024)
  - Revision of the Council's Land and Property Asset Management Plan. This was delayed during 2023/24, it will be submitted to Cabinet in June 2024. (Implementation will take place during 2024)
  - Review of the Health and Social Care Partnership Adult Mental

Health Strategy. The Review of the Strategy was delayed due to staff resource constraints within Community Health and Care Services (Implementation will take place by the end of 2024).

4.3 Where slippage has occurred which is material to the effectiveness of the governance arrangements, then this has been factored into year-end assessment presented at [Appendix 1](#). Similarly, if any of the continuing or outstanding actions are regarded as being significant in the context of the framework, then these have been included within the Improvement Plan for 2024/25 in [Appendix 3](#).

4.4 [Appendix 1](#) reflects any developments to the Framework that occurred between April 2023 and the year-end sign off as at 31 March 2024. It also includes an assessment of the effectiveness for each of the 21 sub-principles by the lead officers identified for the aspects that they have responsibility for / knowledge of on the following three-point scale:

	Effective		Effective but scope for improvement		Requiring improvement
---	-----------	---	-------------------------------------	---	-----------------------

<b>Delivering Good Governance 2023-24 Year End Assessment - Summary</b>	
Behaving with integrity	
Demonstrating strong commitment to ethical values	
Respecting the rule of law	
Openness	
Engaging comprehensively with institutional stakeholders	
Engaging with individual citizens and service users effectively	
Defining outcomes	
Sustainable economic, social and environmental benefits	
Determining actions	
Planning actions	
Optimising achievement of intended outcomes	
Developing the Council's capacity	
Developing the capability of the Council's leadership	
Managing risk	
Managing performance	
Robust internal control	
Managing data	
Strong public financial management	
Implementing good practice in transparency	
Implementing good practices in reporting	
Assurance and effective accountability	

4.5 Based on this assessment the lead officers were then asked to identify any specific actions they felt would be desirable to improve the current arrangements and any actions they felt were essential to improve the current arrangements. The resultant actions were then reviewed and prioritised by the Corporate Leadership Team, to produce a rationalised and proportionate set of Improvement Actions for 2024/25, as set out in [Appendix 3](#).

4.6 A summary version of the framework is available on the [Council's website](#), with hyperlinks to allow Members, officers and the public to access all of the supporting detail of the Council's current governance 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. 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 may impact on the reputation of the Council.

## 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 as [Appendix 4](#).

## 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 the Council's cross cutting theme 'Reporting and Governance'.

## **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.



**Background Papers**      **Report to Audit and Governance Panel of 28 June 2023 - [Delivering Good Governance - 2022/23 Assessment](#)**




**Person to Contact**      **Catriona Caves, Chief Governance Officer**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612556**  
**E-mail [catriona.caves@south-ayrshire.gov.uk](mailto:catriona.caves@south-ayrshire.gov.uk)**

**Date: 17 June 2024**

## Appendix 1: DGG 2023-2024 Year End Assessment

### Core Principle A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Behaving with integrity</b>		2023-24 Year End Assessment: 
<p>1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (Nolan Principles).</p> <p>3. Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</p> <p>4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</p>	<ul style="list-style-type: none"> <li>• Both our <a href="#">Councillor's Code of Conduct</a> and our <a href="#">Code of Conduct for Employees</a> identify that behaving with integrity is a key principle that must be followed. The principles within the Councillors' Code are explained as part of the induction training for all new councillors, the Employees Code is issued with all contracts of employment for adherence/acceptance</li> <li>• We maintain a register of interests for each councillor published on the Council's website accessible by <a href="#">Councillor</a> together with a register of the gifts and hospitality received by councillors.</li> <li>• Employees declare any private interests or memberships that might cause a conflict of interest to their line manager. Any gifts or hospitality offered to them (other than those of token value) are recorded in directorate registers.</li> <li>• In keeping with our <a href="#">Standing Orders Relating to Meetings</a>, Panel and Council Meetings are conducted with respect. Declarations of interest are <a href="#">made and minuted</a><a href="https://www.south-ayrshire.gov.uk/article/60810/South-Ayrshire-Council-7-December-2023">https://www.south-ayrshire.gov.uk/article/60810/South-Ayrshire-Council-7-December-2023</a> at the start of each of these meetings, to avoid any conflict of interest arising during the conduct of those meetings.</li> </ul>	<p>SL Democratic Governance</p> <p>Chief HR Officer</p>
<b>Demonstrating strong commitment to ethical values</b>		2023-24 Year End Assessment: 
<p>5. Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</p> <p>6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p> <p>7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p> <p>8. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Audit and Governance Panel</a> promotes and maintains high standards of conduct by all Councillors, including consideration of the management and operation of ethical standards as set out in the Councillor's Code of Conduct. It recommends to Council any additional protocols, training or support required by Councillors in relation to ethical standards or other matters.</li> <li>• We demonstrate through the pursuit of <a href="#">Equalities and Diversity</a> and in setting and delivering our Shared Equality Outcomes, as agreed by the Ayrshire Equality Partnership, <a href="#">mid-term progress report</a> that we are fully committed to the principles of fairness, equality and human rights. The <a href="#">Equality Outcomes and Mainstreaming Progress Report</a> sets out how equalities have been further mainstreamed through our organisation. We apply these principles in all we do as a community leader, service provider and employer.</li> </ul>	<p>SL Democratic Governance</p> <p>SL Performance, Policy and Community Planning</p> <p>SL Procurement</p>

Key:	 Effective	 Effective but scope for improvement	 Requiring improvement
------	---	---	--

## Appendix 1: DGG 2023-2024 Year End Assessment



### Core Principle A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law




	<ul style="list-style-type: none"> <li>Our <a href="#">Procurement Strategy</a> identifies that where ethically traded goods and services are available, we will work with all relevant stakeholders and take a Best Value approach when applying fair and ethically trading principles in procurement activities.</li> </ul>	
<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Respecting the rule of law</b>	<b>2023-24 Year End Assessment:</b>	
<p>9. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>10. Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>11. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</p> <p>12. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>13. Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> <li>All <a href="#">reports to Panel and Council</a> are required to confirm that the recommendations they contain are consistent with legal requirements and reflect appropriate advice from our Legal Services.</li> <li>The Chief Governance Officer, acting as Monitoring Officer, ensures the Council observes its <a href="#">Scheme of Delegation</a>, its <a href="#">Standing Orders</a> and operates legally. This includes reporting on the legality of matters, mal-administration, and the conduct of councillors and officers.</li> <li>Members on decision making panels such as the Regulatory Panel, Local Review Body (LRB) and Licensing Board receive training and briefings on the legal aspects of their decision making. A training briefing on Planning and Short Term Lets was provided to Members in June 2023. Induction training for the Regulatory Panels (Licensing and Planning) and the LRB was provided to a new Elected Member in October 2023.</li> <li>Our <a href="#">Anti-Fraud and Anti-Bribery Strategy</a> outlines the measures taken by the Council to protect itself against malpractice through either fraud or corrupt practice.</li> <li>Our <a href="#">Procedure for reporting concerns at work</a> outlines how employees can report what they believe to be serious wrongdoing in the Council or information regarding malpractice, such that matters can be expedited thoroughly, discreetly and in a confidential way.</li> </ul>	<p>SL Legal and Licensing</p> <p>SL Democratic Governance</p> <p>Chief HR Officer</p>

Key:		Effective		Effective but scope for improvement		Requiring improvement
------	--	-----------	--	-------------------------------------	--	-----------------------







**Appendix 1: DGG 2023-24 Year End Assessment**  
**Core Principle B. Ensuring openness and comprehensive stakeholder engagement**

<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Openness</b>		<b>2023-24 Year End Assessment:</b> 
<p>14. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</p> <p>15. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p> <p>16. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>17. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Communications Strategy</a> (2023-28) ensures that information about what we do, why we do it and how we do it is provided to our residents, customers, tenants, businesses, Councillors, staff, partners and other stakeholders in the most effective way. The strategy underlines the responsibility that each Elected Member, manager and officer has in delivering this.</li> <li>• All Panel and Council Meetings are open to the public with all papers discussed in open session, other than those containing confidential information. Remote and hybrid Panel and Council meetings are <a href="#">live webcast</a> and recordings are available for the public to view for 24 months on Council website.</li> <li>• <a href="#">Minutes are taken of all Panel and Council Meetings</a>, showing a clear record of how decisions were reached. These are published on the Council's website along with <a href="#">Press Releases</a> which cover all the major decisions that are taken by the Council.</li> <li>• Our Panel report template enables decisions to be communicated accurately and timeously by our Communications Team in line with Panel meeting dates.</li> <li>• Our <a href="#">Communications Strategy</a> reinforces the responsibility of Service Leads to take a strategic approach to communications, ensuring service owned campaigns and plans are in place and that information is shared timeously with the Communications Team</li> <li>• All Panel and Council reports set out the 'results of consultation' providing an outline of how their recommendations have been informed by consultation and engagement.</li> </ul>	<p>SL Organisational Development and Customer Services</p> <p>SL Democratic Governance</p>
<b>Engaging comprehensively with institutional stakeholders (other organisations)</b>		<b>2023-24 Year End Assessment:</b> 
<p>18. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <p>19. Developing formal and informal partnerships to allow for resources to be used more9 efficiently and outcomes achieved more effectively.</p> <p>20. Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit.</p>	<ul style="list-style-type: none"> <li>• The Council engages with its main 'institutional stakeholders' through the <a href="#">Community Planning Partnership</a>, which is underpinned by a Community Planning Board supported by a Strategic Delivery Partnership Chairs Executive, comprising the key partners responsible for facilitating effective community planning as defined in community empowerment legislation. Governance arrangements are in place to ensure the Community Planning Partnership is focused on its agreed priorities. The annual <a href="#">Local Outcomes Improvement Plan</a> (LOIP) progress report provides further information on joint progress against outcomes. During 2023/2024 work has taken place to develop a new LOIP for the period 2024-2029.</li> <li>• Our partnerships are underpinned by formal operating agreements, such as with NHS Ayrshire &amp; Arran for our <a href="#">Health and Social Care Partnership</a> (governed through the <a href="#">Integration Joint Board</a>); with East Ayrshire Council for the <a href="#">Ayrshire Roads Alliance</a> (governed by the <a href="#">Ayrshire Shared Services Committee</a>) and with South Carrick Community Leisure for the <a href="#">Quayzone in Girvan</a> (overseen by our <a href="#">Service and Performance Partnerships Panel</a>). A review of these formal operational agreements is taking place during 2024/25.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>Chief Governance Officer</p>

<b>Key:</b>		Effective		Effective but scope for improvement		Requiring improvement
-------------	---	-----------	---	-------------------------------------	--	-----------------------


**Appendix 1: DGG 2023-24 Year End Assessment**  
**Core Principle B. Ensuring openness and comprehensive stakeholder engagement**




<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Engaging with individual citizens and service users effectively</b>		2023-24 Year End Assessment: 
<p>21. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>22. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>23. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>24. Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p> <p>25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>26. Taking account of the impact of decisions on future generations of tax payers and service users.</p>	<ul style="list-style-type: none"> <li>• The Council has a <a href="#">Community Engagement Strategy</a> that provides direction for services over how to conduct effective consultation.</li> <li>• <a href="#">Six Locality Planning Groups</a> are in place to help inform the thinking and approach of the Health and Social Care Partnership. Key developments relating to <a href="#">Locality Planning</a> are reported to the Strategic Planning Advisory Group.</li> <li>• The Participatory Budgeting process gives residents the opportunity to decide where public money is spent in their communities. Annual updates on Participatory Budgeting progress are reported to <a href="#">Service and Partnerships Performance Panel</a>.</li> <li>• We use the <a href="#">South Ayrshire 1000 Citizens' Panel</a> to get the views of South Ayrshire residents, their feedback helping to improve and develop public services.</li> <li>• Services have access to Microsoft 365 which gives them the ability to create their own surveys and engage with the public using the M365 Forms application via the Council's <a href="#">consultations</a> web page.</li> <li>• We use our website to publicise <a href="#">current consultation exercises</a> and to report back on their findings e.g. <a href="#">Community Learning and Development Plan 2024-2027</a>, <a href="#">Budget Consultation 2024-25</a></li> <li>• <a href="#">Equality Impact Scoping Assessments</a> including The Fairer Scotland Duty are prepared for each Panel and Council report, to give clarity over the impact that the recommended decision will have, including details of what involvement, engagement or consultation took place. The introduction of a new online integrated impact assessment (IIA) was approved by <a href="#">Cabinet</a> in September 2023. Following approval, the IIA was launched as a pilot for testing within the Strategic Change and Communities Directorate.</li> <li>• Our <a href="#">digital community engagement platform</a> allows open, transparent and democratic engagement between the community and the Council.</li> </ul>	<p>SL Thriving Communities</p> <p>Health and Social Care Partnership Facilitator</p> <p>SL Performance, Policy and Community Planning</p> <p>SL Transformation</p>

Key:		Effective		Effective but scope for improvement		Requiring improvement
------	---	-----------	---	-------------------------------------	--	-----------------------

## Appendix 1: DGG 2023-24 Year End Assessment


### Core Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits




<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Defining outcomes</b>	<b>2023-24 Year End Assessment:</b> 	
<p>27. Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions</p> <p>28. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <p>29. Delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>30. Identifying and managing risks to the achievement of outcomes</p> <p>31. Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</p>	<ul style="list-style-type: none"> <li>• The Council's vision and values have been in place since 2019 and are embedded. Our vision is that we want to serve South Ayrshire 'by making a difference every day'</li> <li>• The <a href="#">Council Plan 2023-28</a> identifies key areas of focus over the next 5 years. The Plan provides a common framework for services and partners to work collaboratively to achieve improved outcomes and wellbeing for our communities. Service Plans supporting the new Council Plan were approved by Council in June 2023 (for year one of the Council Plan). In February 2024 the service planning process began to develop council plan actions for year two of the Council Plan (2024-2025).</li> <li>• These plans help to inform the resourcing requirements of the Council and at the same time should reflect the realities and constraints around resource availability. We have been working during 2023-24 to improve ties between our plans and our resource strategies, covering <a href="#">Finance</a>, our <a href="#">Workforce</a> and <a href="#">Asset Management</a>. <a href="#">Revision of the Council's Land and Property Asset Management Plan will reflect the Council's management structure and the Council Plan 2023-28</a> and <a href="#">Community Asset Transfer</a>.</li> <li>• Our <a href="#">Corporate Workforce Plan</a> (2022-2025) was approved in November 2022. A standardised approach, developed in conjunction with the Local Government Association model has been adopted in developing our workforce planning activities. Workforce planning is now embedded within the 2024 Service Plan template. Our recent external audit (which focused on the theme of workforce innovation) was viewed as positive by Audit Scotland.</li> <li>• Our <a href="#">Strategic Risk Register</a> helps us to manage the overarching elements of risk that are critical to the achievement of our desired outcomes, with risk management arrangements also in place at Directorate level.</li> </ul>	<p style="text-align: center;">SL Performance, Policy and Community Planning</p> <p style="text-align: center;">SL Corporate Accounting</p> <p style="text-align: center;">SL Asset Management and Community Asset Transfer</p> <p style="text-align: center;">SL Organisational Development and Customer Services</p> <p style="text-align: center;">SL Risk and Safety</p>

Key:		Effective		Effective but scope for improvement		Requiring improvement
------	---	-----------	---	-------------------------------------	--	-----------------------

## Appendix 1: DGG 2023-24 Year End Assessment



### Core Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits




<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Sustainable economic, social and environmental benefits</b>		<b>2023-24 Year End Assessment:</b> 
<p>32. Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</p> <p>33. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>34. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>35. Ensuring fair access to services</p>	<ul style="list-style-type: none"> <li>• Currently all Panel and Council reports are required to consider 'Sustainable Development and Climate Change Implications' to highlight the environmental impact of proposed policies and plans. This is complimented by any accessibility, health, well-being and deprivation impacts being spelt out through the <a href="#">Equality Impact Scoping Assessment</a> process. The Council's online integrated impact assessment introduced during 2023/24 will allow several key national and local priorities to be considered as part of our decision-making process. Topics include Climate Change, The Fairer Scotland Duty, The Promise and Children's Rights.</li> <li>• The Council is committed to Inclusive Growth and Environmental Impact which are at the core of the <a href="#">Strategic Economic Plan: Vision 2030</a> and the new South Ayrshire Inward Investment Strategy 2024. This is also demonstrated through progressing specific projects, service planning and commitment to the <a href="#">Ayrshire Regional Economic Strategy</a>.</li> <li>• Fairer Scotland Duty has been incorporated into the <a href="#">Equality Impact Assessment</a> process which forms part of the Council's integrated impact assessment. This prompts officers to carefully consider and reflect on how they comply with the legal responsibility placed on the Council to actively consider ('pay due regard' to) how it can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>Assistant Director - Communities</p>

Key:	 Effective	 Effective but scope for improvement	 Requiring improvement
------	---	---	--

## Appendix 1: DGG 2023-24 Year End Assessment


### Core Principle D. Determining the actions necessary to optimise the achievement of the intended outcomes




<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Determining actions</b>		<b>2023-24 Year End Assessment:</b> 
<p>36. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</p> <p>37. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<ul style="list-style-type: none"> <li>• All Panel and Council reports set out the details of any 'Options Appraisal' carried out together with the 'Results of Consultation'. An options appraisal is required to be undertaken where 'it aids the consideration and appraisal of a number of alternative courses of action to ensure that desired outcome can be achieved in the most economic, effective and efficient way possible; and it allows for new initiatives to be carefully appraised in relation to all potential costs and benefits and their financial sustainability before being approved by the Council/Panel'.</li> <li>• The Strategic Change Executive, which oversees the Council's Change Programme, has been replaced with wider transformation governance arrangements including the establishment of the Transformation Fund and Transformation Board which meets quarterly. Reports providing updates on the success of the Change Programme were delivered to Cabinet in <a href="#">June 2023</a> and Service and Partnerships Performance Panel in <a href="#">January 2024</a>.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>Director – Communities and Transformation</p>
<b>Planning actions</b>		<b>2023-24 Year End Assessment:</b> 
<p>38. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> <p>39. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> <p>40. Considering and monitoring risks facing each partner when working collaboratively, including shared risks</p> <p>41. Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</p> <p>42. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</p>	<ul style="list-style-type: none"> <li>• Our planning and control cycle is set out within the Council's <a href="#">Performance Management Framework</a> for 2023-2028.</li> <li>• Services develop plans with clear targets that are based around the Council's priorities with quarterly reporting to <a href="#">Service and Partnerships Performance Panel</a> and the Council's Leadership Team.</li> <li>• Service Plans allow for team plans and <a href="#">Personal Development Review</a> (PDR) to connect directly into the Council's 3 Council Plan Priorities and Outcomes - Spaces and Places; Live, Work, Learn; and Civic and Community Pride.</li> <li>• Plans are managed and assessed in terms of progress against their actions and performance measures through our performance management system (<a href="#">Pentana</a>) with the contribution of the workforce towards their achievement being assessed through our PDR process. It is managers' responsibility to ensure their staff achieve their objectives. A review of the PDR process is scheduled to be carried out in 2024.</li> <li>• Our PDR template reflects our Purpose, Vision and Values and includes discussion on the <a href="#">Employee Deal</a> with each employee.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>SL Organisational Development and Customer Services</p>

<b>Key:</b>	 Effective	 Effective but scope for improvement	 Requiring improvement
-------------	---	---	--

## Appendix 1: DGG 2023-24 Year End Assessment



### Core Principle D. Determining the actions necessary to optimise the achievement of the intended outcomes




<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Planning actions (cont'd)</b>		
<p>43. Ensuring capacity exists to generate the information required to review service quality regularly</p> <p>44. Preparing budgets in accordance with objectives, strategies and the medium term financial plan</p> <p>45. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</p>	<ul style="list-style-type: none"> <li>• Council Services completed self-evaluation as part of the Service Planning Process in February 2024. The Council has adopted the <a href="#">Public Sector Improvement Framework (PSIF)</a> for self-evaluation and this framework was used as part of the self-evaluation exercise</li> <li>• In March 2024, the CLT undertook the self-assessment for the leadership theme. The results of the self-assessment were analysed by the PSIF team at the Improvement Service and two workshops were then held with the CLT to plan for improvement going forward.</li> <li>• Our <a href="#">annual budget setting exercise</a> is undertaken within the context of the <a href="#">Council Plan 2023-28</a>. Throughout 2023/24, including the 2024/25 budget setting process, a continued focus has been the impact on current and future resource constraints, including inflationary pressures.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>SL Corporate Accounting</p>
<b>Optimising achievement of intended outcomes</b>		<b>2023-24 Year End Assessment:</b> 
<p>46. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p> <p>47. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p> <p>48. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</p> <p>49. Ensuring the achievement of 'social value' through service planning and commissioning</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Financial Strategy 2020 to 2030</a> and <a href="#">Medium Term Financial Plan 2024-25 to 2028-29</a> are key to ensuring the achievement of the Council's strategic objectives and are about making sure sufficient resources are available to support their delivery. They will provide assistance in identifying where and when resources will become stretched and encourage the identification of a more prioritised approach to future planning with regard to financial constraints.</li> <li>• We are committed to maximising both the contractual and voluntary <a href="#">Community Benefits</a> from our procurement activities. Evidence of the increase in Community Benefit achieved is published in the Council's <a href="#">Annual Procurement Report</a>.</li> <li>• <a href="#">Commissioning Plans</a> are in place to deliver on the Health and Social Care Partnership's (HSCP) Adult Mental Health and Adult Learning Disability Strategies and the Adult and Older People Service Plan. These tie in the HSCP Financial Plan to the <a href="#">HSCP Strategic Plan 2021 to 2031</a>. Review of the Adult Mental Health Strategy has commenced and the Strategy will be published later in 2024.</li> </ul>	<p>SL Corporate Accounting</p> <p>SL Procurement</p> <p>Head of Community Health and Care Services</p>

<b>Key:</b>		Effective		Effective but scope for improvement		Requiring improvement
-------------	---	-----------	---	-------------------------------------	--	-----------------------

## Appendix 1: DGG 2023-24 Year End Assessment

### Core Principle E. Developing the Council's capacity, including the capability of its leadership and the individuals within it




<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Developing the Council's capacity</b>		<b>2023-24 Year End Assessment:</b> 
<p>50. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p> <p>51. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</p> <p>52. Recognising the benefits of partnerships and collaborative working where added value can be achieved</p> <p>53. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<ul style="list-style-type: none"> <li>• The Council's Service Review process was designed to systematically review the options for delivering services to ensure they represent best value. Council approved a new approach to transformation in <a href="#">March 2024</a> including four priority areas and the establishment of the Transformation Board to ensure the appropriate level of governance is in place for the Strategic Change Programme.</li> <li>• Service re-design process and approach is being reviewed by the Council's Transformation Service</li> <li>• A review and evaluation of the Council's approach to <a href="#">Future Operating Model</a> identified implications for operational performance and use of assets. This was presented to Strategic Change Executive and was the subject of an Elected Member's Briefing in June 2023. Transition to the Future Operating Model is complete.</li> <li>• Benchmarking activity includes use of the <a href="#">Local Government Benchmarking Framework</a> measures to help evaluate our performance, which are reported annually to Members.</li> <li>• A <a href="#">Corporate Workforce Plan</a> is in place which includes a comprehensive action plan that will be taken forward by key, identified services. Workforce Planning is now a subject included in the Leadership Development Programme.</li> <li>• Information from <a href="#">workforce planning</a> and <a href="#">succession planning</a> templates informed detailed workforce planning reports which were issued to all Directors, and highlighted a range of workforce considerations, maturity levels, risks, and critical role analysis. These reports will also inform the Directorate workforce planning groups.</li> </ul>	<p style="text-align: center;">Director – Communities and Transformation</p> <p style="text-align: center;">SL Performance, Policy and Community Planning</p> <p style="text-align: center;">SL Organisational Development and Customer Services</p>
<b>Developing the capability of the Council's leadership and other individuals</b>		<b>2023-24 Year End Assessment:</b> 
<p>54. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>55. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p> <p>56. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of</p>	<ul style="list-style-type: none"> <li>• Role Profiles set out the generic responsibilities of all Members, together with specific ones for the Leader of the Council, Provost, Portfolio Holders and the Chairs of Standing Scrutiny Panels, Regulatory Panel and Other Panels. Role Profiles will be revised and updated in 2024/25.</li> <li>• Job descriptions are in place for the Chief Executive, Directors, Assistant Directors/Chief Officers and Senior Officers.</li> <li>• The Council's <a href="#">Scheme of Delegation</a> is regularly updated, setting out what powers are exercised by Council, what are delegated to Panels and what are delegated to officers.</li> <li>• The Chief Executive is appraised by the Leader of the Council and other senior Members at the Chief Officers Appointments / Appraisal Panel.</li> </ul>	<p style="text-align: center;">SL Democratic Governance</p> <p style="text-align: center;">Chief HR Officer</p> <p style="text-align: center;">SL Organisational Development and Customer Services</p>

<b>Key:</b>	 Effective	 Effective but scope for improvement	 Requiring improvement
-------------	---	---	--

## Appendix 1: DGG 2023-24 Year End Assessment

### Core Principle E. Developing the Council's capacity, including the capability of its leadership and the individuals within it

services and other outputs set by members and each provides a check and a balance for each other's authority	<ul style="list-style-type: none"><li>• Chief Officers are appraised against our Leadership Competency Framework.</li></ul>	
--	---	--

Key:		Effective		Effective but scope for improvement		Requiring improvement
------	---	-----------	---	-------------------------------------	--	-----------------------



## Appendix 1: DGG 2023-24 Year End Assessment



### Core Principle E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it




<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Developing the capability of the Council’s leadership and other individuals (continued)</b>		
<p>57. Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by ensuring:</p> <ul style="list-style-type: none"> <li>• access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• they have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and that they are able to update their knowledge on a continuing basis</li> <li>• personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul> <p>58. Ensuring that there are structures in place to encourage public participation</p> <p>59. Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p> <p>60. Holding staff to account through regular performance reviews which take account of training or development needs</p> <p>61. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>	<ul style="list-style-type: none"> <li>• A comprehensive induction programme was provided for Members in May / June 2022.</li> <li>• An ongoing programme of Member Briefings provides updates and discussion on emerging issues/areas of interest, this is available in a hybrid format and can be accessed as recordings where members are unable to attend. Corporate Leadership Team agreed that senior management can now attend Member Briefings.</li> <li>• We have a suite of development and training opportunities for Members including CPD, briefings and political skills self-assessment.</li> <li>• Welcome pages are in place as part of the <a href="#">Future Operating Model</a> to support new employees who are joining on different workstyles e.g. homeworking.</li> <li>• A new <a href="#">Leadership Development Programme</a> is in place, including a range of Leadership Engagement Events.</li> <li>• Our senior officers and managers have Personal Development Plans arising from our Performance and Development Review process.</li> <li>• The Council’s <a href="#">Community Engagement Strategy</a> sets out the role of Community Empowerment in the active involvement of people and communities within South Ayrshire in the work of the Council.</li> <li>• Training in partnership with the Consultation Institute has been delivered to Elected Members and Officers to understand the requirements for consultation. During 2023/24 we continued to upskill the workforce on consultation, a consultation reference group was set up to coordinate consultations and details of consultations published.</li> <li>• Our workforce participate in an annual <a href="#">Performance Development Review</a> process, which ties into the Council’s corporate vision and values of the <a href="#">South Ayrshire Way</a>. Managers are responsible for ensuring PDRs are carried out effectively and meaningfully in their area.</li> <li>• The health and well-being of our workforce is of the utmost importance to the Council, as recognised through the implementation of the Workforce Planning Strategy and the Wellbeing Strategy. These Strategies identify a range of workstreams relating to employee wellbeing which cut across several Council Services..</li> </ul>	<p>Lead officers</p> <p>SL Democratic Governance</p> <p>SL Organisational Development and Customer Services</p> <p>SL Thriving Communities</p> <p>SL Corporate Planning and Improvement</p> <p>Chief HR Officer</p>

Key:	Effective	Effective but scope for improvement	Requiring improvement
------	-----------	-------------------------------------	-----------------------

## Appendix 1: DGG 2023-24 Year End Assessment


### Core Principle F. Managing risks and performance through robust internal control and strong public financial management




<i>Behaviours and actions that demonstrate good governance in</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Managing risk</b>		<b>2023-24 Year End Assessment:</b> 
<p>62. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p> <p>63. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p> <p>64. Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<ul style="list-style-type: none"> <li>• A <a href="#">risk management strategy</a> that sets out the overall arrangements for assessing, managing and reviewing risk across the operation of the Council.</li> <li>• Strategic and directorate risk registers in place, with a regular review and reporting regime, to ensure risks are managed to a tolerable level.</li> <li>• 6 monthly agreement of the Council's Strategic Risk Register by the <a href="#">Audit and Governance Panel</a> and <a href="#">Cabinet</a>, following specific training for Members.</li> <li>• All Panel and Council reports include 'Risk Implications of Accepting or Rejecting Recommendations'</li> </ul>	SL Risk and Safety
<b>Managing performance</b>		<b>2023-24 Year End Assessment:</b> 
<p>65. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</p> <p>66. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p> <p>67. Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p> <p>68. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p> <p>69. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</p>	<ul style="list-style-type: none"> <li>• Plans are managed and assessed in terms of progress against their actions and performance measures through our performance management system (<a href="#">Pentana</a>).</li> <li>• Scrutiny of these performance reports takes place at the Service and Partnerships Performance Panel. The Council Plan Quarter 2 performance report was submitted to Panel in <a href="#">November 2023</a>. The <a href="#">Annual Performance Report 2022/23</a> was taken to full Council in December 2023. To aide this scrutiny, Members can directly access the performance information held within Pentana.</li> <li>• Throughout 2023/24, the Council's Strategic Change Programme ensured a project approach to the delivery of key outcomes. The programme was underpinned by a governance framework focusing on benefit realisation and effective reporting. The Strategic Change Executive received bi-monthly updates on the Change Programme.</li> <li>• In March 2024, proposals to take forward a new strategic vision for delivering transformation activity, Shaping our Future Council, were approved by <a href="#">Full Council</a>. The new vision includes new governance and reporting framework as well as a transformation fund that Services can utilise to deliver strategic priorities.</li> <li>• Revenue Budgetary Control reports are presented to Members at <a href="#">Cabinet</a> every three months, to provide a financial overview of the General Services Revenue Account, Housing Revenue Account and Common Good Accounts. Plans are currently being developed to increase the frequency of budgetary control reports to Cabinet to five per annum.</li> </ul>	SL Performance, Policy and Community Planning  Director – Communities and Transformation  SL Corporate Accounting

<b>Key:</b>	 Effective	 Effective but scope for improvement	 Requiring improvement
-------------	---	---	--

## Appendix 1: DGG 2023-24 Year End Assessment



### Core Principle F. Managing risks and performance through robust internal control and strong public financial management




<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Robust internal control</b>	<b>2023-24 Year End Assessment:</b> 	
<p>70. Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>71. Evaluating and monitoring risk management and internal control on a regular basis</p> <p>72. Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>73. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>74. Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> <li>• provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>• that its recommendations are listened to and acted upon</li> </ul>	<ul style="list-style-type: none"> <li>• As described under 'managing risk' we have a risk management strategy aligned to the Council Plan and Risk Registers which management evaluate and monitor on a 6-monthly basis</li> <li>• As described under 'managing performance' we have internal controls (our <a href="#">Performance Management Framework</a>) designed to help deliver our objectives, which includes review by management on progress achieved, on a 6-monthly basis.</li> <li>• As described under 'Respecting the rule of law' we have counter fraud and anti-corruption arrangements, together with a <a href="#">Corporate Fraud Team</a> that reports to the Audit and Governance Panel on a <a href="#">6 monthly basis</a>. The Council also participates in the biennial National Fraud Initiative exercises.</li> <li>• Our Internal Audit team develop their <a href="#">annual plan</a> linked to risk register and Council Plan. It is focused on areas where Internal Audit can effectively contribute to the effectiveness and efficiency of governance, risk management and control processes. Progress is <a href="#">reported quarterly</a>, together with an <a href="#">annual statement of assurance</a>.</li> <li>• Our Audit and Governance Panel, whose chair and vice chair are independent of the ruling political administration, is responsible for considering the overall adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements, including the associated anti-fraud and anti-corruption arrangements. The work of the Panel is conducted in line with our <a href="#">Audit Committee Handbook</a>, and <a href="#">CIPFA Guidelines</a>.</li> <li>• Regular updates are provided to the Audit and Governance Panel on progress against <a href="#">Internal Audit</a> improvement actions together with progress against <a href="#">External Audit Reports</a>.</li> <li>• The Panel also administers the 'Call-In' process, where decisions of the Cabinet can be 'called in' by other Members, to allow further scrutiny to take place.</li> </ul>	<p>SL Risk and Safety</p> <p>SL Performance, Policy and Community Planning</p> <p>SL Internal Audit</p> <p>SL Democratic Governance</p>



Key:		Effective		Effective but scope for improvement		Requiring improvement
------	---	-----------	---	-------------------------------------	--	-----------------------




## Appendix 1: DGG 2023-24 Year End Assessment

### Core Principle F. Managing risks and performance through robust internal control and strong public financial management

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>	Lead officers
<b>Managing data</b>		2023-24 Year End Assessment: 
<p>75. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>76. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p> <p>77. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Records Management Plan</a> sets out proper arrangements for the management of both electronic and physical records across all Council service areas, in compliance with the Public Records (Scotland) Act 2011.</li> <li>• Our <a href="#">Data Protection Policy</a> sets out our arrangements to ensure that we are fully compliant with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. Data Protection training was provided to Services in January 2024.</li> <li>• We have <a href="#">guidance over sharing of data</a> and a specific <a href="#">Ayrshire and Arran Protocol</a> regulating the sharing of data with the Police Service for Scotland and Scotland Fire &amp; Rescue. An <a href="#">information sharing protocol</a> is in place between South Ayrshire Council, East Ayrshire Council, North Ayrshire Council, NHS Ayrshire and Arran and the Health and Social Care Partnership Service Integration Joint Boards.</li> </ul>	SL Democratic Governance
<b>Strong public financial management</b>		2023-24 Year End Assessment: 
<p>78. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</p> <p>79. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Financial Strategy 2020 to 2030</a> and <a href="#">Medium Term Financial Plan 2024-25 to 2028-29</a> are key to ensuring the achievement of the Council's strategic objectives. Our planning at <a href="#">Service and Improvement Plan</a> level continues to be linked to budgets available to services. Links exist between our 'financial' and 'performance' reporting including reference in the financial reports to the impact on service performance for context.</li> <li>• Work continues to improve the flow of financial management information as budget holders become more directly involved in the budgeting and forecasting of spend. A new Enterprise Resource Planning solution, which is predicated on adopting best practice in this area and will ultimately inform future improvement work, became operational during April 2023. Following a period of 'bedding-in', work is ongoing to review the new processes and controls associated with the system to help ensure that stakeholders' needs are addressed through effective operation of the system.</li> </ul>	SL Corporate Accounting







Key:	 Effective	 Effective but scope for improvement	 Requiring improvement
------	---	---	--




Behaviours and actions that demonstrate	Current arrangements in South Ayrshire that support those behaviours and actions.....	Lead officers
<b>Implementing good practice in transparency</b>		2023-24 Year End Assessment: 
<p>80. Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>81. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<ul style="list-style-type: none"> <li>• Our <a href="#">Council website</a> offers the public easy access to up to date information. We now comply with the <a href="#">Public Sector Bodies Accessibility Regulations</a> with regards to the accessibility of the documents we publish. We also use a <a href="#">range of social media</a> to ensure that we appeal to and engage with a broad range of audiences. We offer translations and alternative formats for our printed publications.</li> <li>• Our social media profile continues to increase with over 63,000 followers across all of our corporate platforms. We publish quarterly editions of our SAC Live Magazine, providing residents with information on our services and the work of the Council. We also use tools such as public facing TVs to inform the public.</li> <li>• Our <a href="#">Annual Accounts</a> feature a reader-friendly 'management commentary' covering our administration, financial management and performance over the course of the last year, providing a concise outline of progress, illustrated with examples and infographics.</li> </ul>	<p>SL Transformation</p> <p>SL Organisational Development and Customer Services</p> <p>SL Corporate Accounting</p>
<b>Implementing good practices in reporting</b>		2023-24 Year End Assessment: 
<p>82. Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</p> <p>83. Ensuring members and senior management own the results reported</p> <p>84. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</p> <p>85. Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework</p>	<ul style="list-style-type: none"> <li>• Our approach to <a href="#">public performance reporting</a> includes our <a href="#">Annual Performance Report</a>, and annual reports for high profile services including <a href="#">Educational Services</a>, <a href="#">Housing</a> and the <a href="#">Health and Social Care Partnership</a></li> <li>• Council decisions are taken by Members and these are <a href="#">minuted and published</a>.</li> <li>• Our <a href="#">Council's Annual Performance Report</a> and analysis of <a href="#">benchmarking data</a> allows the public to assess performance across all the main areas of Council service provision. Our <a href="#">Public Performance webpage</a> allows people to find out more about how the Council and Community Planning Partnership are performing.</li> <li>• We will continue to update evaluation procedures for this Framework, maintaining the robustness of our existing approach, where the <a href="https://www.south-ayrshire.gov.uk/media/4935/Item-10-Delivering-Good-Governance/pdf/Item_10_AGP220622_Delivering_Good_Governance.pdf?m=637904756629200000">initial officer assessment https://www.south-ayrshire.gov.uk/media/4935/Item-10-Delivering-Good-Governance/pdf/Item_10_AGP220622_Delivering_Good_Governance.pdf?m=637904756629200000</a> is scrutinised by the <a href="#">Audit and Governance Panel</a>, the findings and improvement actions then being reflected in the Council's Annual Governance Statement within our Annual Accounts.</li> <li>• We look for the principles of good governance, rather than this Framework itself, to be evident wherever we work in partnership. For example, our Health and Social Care Partnership publish their <a href="#">detailed governance arrangements on their website</a>.</li> </ul>	<p>SL Performance, Policy and Community Planning</p> <p>SL Democratic Governance</p>

Key:		Effective		Effective but scope for improvement		Requiring improvement
------	---	-----------	---	-------------------------------------	--	-----------------------







## Appendix 2 - Delivering Good Governance – 2023/24 Improvement Actions – Update on progress to 31 March 2024

<b>KEY:</b>		Completed		Not on target – major concerns		Action no longer being progressed
		On target		Not on target – some concerns		Not due to start


Improvement Action	Lead Officer	Due Date	Status	Update on progress
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>				
1. Introduction of new procedures for the Conflict of Interest Register for Employees	Service Lead - Democratic Governance	31 Jul 2023		Introduction of new procedures re Conflict of Interest Register completed
<b>B. Ensuring openness and comprehensive stakeholder engagement</b>				
2. Development of an integrated assessment tool incorporating equalities, health in all policies, Fairer Scotland Duty etc. to ensure key strategic priorities are considered at the start of the policy development process	Service Lead - Performance, Policy and Community Planning	15 Dec 23 (revised date)		The Integrated Impact Assessment (IIA) was approved by Cabinet on the 26 <sup>th</sup> of September. The IIA incorporates Public Sector Equality Duty, Fairer Scotland Duty, Human Rights, Children's Rights and Wellbeing Impact Assessment (CRWIA), Sustainability and Climate Change and a number of cross-cutting issues: trauma informed, health and wellbeing, ageing population, The Promise and rurality. The IIA has been launched as a pilot for testing within Strategic Change and Communities (now Communities and Transformation) Directorate
3. Governance through reporting by Officers to ensure consultation data and findings are published	Service Lead - Thriving Communities	31 Mar 24		The annual log of consultations for 2023/24 will be posted on 'Have Your Say' website. Officers are collating this information

## Appendix 2 - Delivering Good Governance – 2023/24 Improvement Actions – Update on progress to 31 March 2024

4. Review of Ayrshire Roads Alliance Operational Arrangements	Director of Housing Operations and Development	31 Mar 24		Final report and recommendations presented to the Project Board. Recommendations will be taken forward by Director of Housing Operations and Development, with an update on progress provided at the Transformation Board in July/August
<b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>				
5. Revision of the Council's Land and Property Asset Management Plan	Service Lead - Asset Management and Community Asset Transfer	30 Sep 23 (revised date)		The revision of the Council's Land and Property Asset Management Plan will be submitted to Cabinet in June 2024. The Transforming the Estate report will be reviewed by the Council's ELT and Transformation Board prior to being submitted to Cabinet after recess
<b>D. Determining the actions necessary to optimise the achievement of the intended outcomes</b>				
6. Review of the Health and Social Care Partnership Adult Mental Health Strategy	Head of Community Health and Care Services	31 Mar 24 (revised date)		It was anticipated that a new manager for the service would start in March 2023, but they did not start until October 2023. The engagement process to develop the Strategy started in February 2024 and the Strategy will be published by December 2024
7. Refresh the Council's corporate evaluatory tool 'How Good is our Council'	Service Lead - Performance, Policy and Community Planning	31 Mar 24 (revised date)		Following agreement from ELT and the Best Value Working Group, the Council has adopted the Public Service Improvement Framework as it's self-evaluation tool. The framework has been used to assist in the service planning process and will be rolled out to individual services during 2024/25



**Appendix 2 - Delivering Good Governance – 2023/24 Improvement Actions – Update on progress to 31 March 2024**

F. Managing risk and performance through robust internal control and strong public financial management				
<p>8. The new Enterprise Resource Planning system will promote the adoption of best practice and help drive further improvement in financial management</p>	<p>Service Lead - Corporate Accounting</p>	<p>31 Mar 24 (revised date)</p>		<p>Following the roll-out of Oracle Fusion, a number of operational and reporting issues were identified during financial year 2023/24. Although some 'teething issues' were anticipated, the volume and breadth of some of the challenges faced were significant and consequently required more time and resource to identify, test and deploy solutions. Although this process remains ongoing, the proposed technical solutions - supported by a training refresh - are expected to deliver improvement in the user experience that will subsequently facilitate further improvements in system processes through wider adoption of system functionality</p>

### Appendix 3 - Delivering Good Governance – Proposed 2024/25 Improvement Actions

Improvement Action	Lead Officer	Due Date	Priority Desirable / Essential
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law			
B. Ensuring openness and comprehensive stakeholder engagement			
1. Governance through reporting by Officers to ensure consultation data and findings are published	Service Lead – Thriving Communities	30-Sep-2024 <i>(revised)</i>	Desirable
2. Review of formal operational agreements in place with Partnerships	Chief Governance Officer	31-Mar-2025	Desirable
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits			
3. Revision of the Council's Land and Property Asset Management Plan	Service Lead - Asset Management and Community Asset Transfer	30-Jun-2024 <i>(revised)</i>	Essential
D. Determining the actions necessary to optimise the achievement of the intended outcomes			
4. Review of the Health and Social Care Partnership Adult Mental Health Strategy	Head of Community Health & Care Services	31 Dec 2024 <i>(revised)</i>	Essential
E. Developing the Council's capacity, including the capability of its leadership and the individuals within it			
5. Revision and updating of Role Profiles for Elected Members	Service Lead – Democratic Services	31-Mar-2025	Desirable
F. Managing risk and performance through robust internal control and strong public financial management			
6. The new Enterprise Resource Planning system will facilitate both the adoption of good practice and further improvement in financial management and control	Service Lead – Corporate Accounting	31-Mar-2025 <i>(revised)</i>	Desirable
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability			

## 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	Review of Year End Assessment re Delivering Good Governance Framework.
Lead Officer (Name/Position/Email)	Catriona Caves

**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)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
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)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	Low
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	Low
<b>Foster good relations</b> 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

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<del>YES</del> <b>NO</b>
<b>Rationale for decision:</b>  <b>This report asks members to review the 2023/24 year end assessment against the Council's Delivering Good Governance Framework. The review has no specific equality implications</b>	
<b>Signed:</b> Wynne Carlaw	Service Lead – Democratic Governance
<b>Date:</b> 31 May 2024	