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

29 August 2024

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

All other Elected Members for information only

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held **on Wednesday, 4 September 2024 at 10.00 a.m.** for the purpose of considering the undernoted business.

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

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1.   Declarations of Interest.

2.   Call-ins from Cabinet.

3.   Minutes of previous meeting of 26 June 2024 (copy herewith).

4.   Action Log and Work Programme (copy herewith).

Internal Audit Reports

5.   Internal Audit Annual Update Report - South Ayrshire Integration Joint Board (IJB) – Submit report by the Chief Internal Auditor (copy herewith).

6.   Internal Audit – Progress Report (Quarter 1 2024/25) – Submit report by the Chief Internal Auditor (copy herewith).

7.   Audit Scotland: Integration Joint Boards - Finance and Performance 2024 – Submit report by the Chief Financial Officer (copy herewith).

Other Governance Reports

8.   Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25 – Submit report by the Chief Financial Officer (copy herewith).

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

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

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 26 June 2024 at 10.00 a.m.

Present in County Hall:	Councillors Julie Dettbarn (Chair), Brian McGinley, Cameron Ramsay, and George Weir.
Present Remotely:	Councillors Chris Cullen and Mary Kilpatrick.
Apologies:	Councillors Kenneth Bell and Alan Lamont.
Attending in County Hall:	K. Braidwood, Director of Housing, Operations and Development; T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; L. Kerr, Service Lead – Destination South Ayrshire; C. McGhee, Chief Internal Auditor; J. Christie, Information and Data Compliance Officer; D. Love, Corporate Finance Team Co-ordinator; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.
Attending Remotely:	J. Bradley, Director of Communities and Transformation; C. Caves, Chief Governance Officer; and A. Kerr, Audit Scotland.

Opening Remarks.

The Chair

(1)   welcomed everyone to the meeting;

(2)   outlined the procedures for conducting this meeting, including that this meeting would be recorded and placed on the Council's website at a later date; and that all votes would be taken by means of a roll call;

(3)   advised that item 7 on the agenda would be considered at the end of the meeting as this had been issued as a confidential report; and

(4)   thanked the Vice-Chair, Councillor Brian McGinley for Chairing the previous meeting of 29 May 2024 when she had been unable to do so.

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 18 June 2024.

3.   **Minutes of Previous Meetings.**

The **Minutes** of the meeting of 29 May 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).

The Chief Financial Officer advised that there were no outstanding actions; and that it was hoped that consideration of the list of reports on the Work Programme would be altered for the next meeting to show a more even spread of items across meetings.

A Member of the Panel advised that he was pleased with the attendance and contribution of Members at this Panel together with the quality of the reports being presented.

The Panel

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

Internal Audit

5.   **Annual Accounts 2023/24.**

There was submitted a report (issued) of 18 June 2024 by the Chief Financial Officer presenting the unaudited Annual Accounts for the year ended 31 March 2024 ('the unaudited Accounts').

The Service Lead – Corporate Accounting outlined the background to the contents of the report and the requirement to present this report to Panel each year, prior to 31 August was noted.

A Member of the Panel referred to a 2023-2024 Improvement Action "Refreshing the Council's corporate evaluation tool - How good is our Council"; and the Service Lead – Corporate Accounting advised that this Action was not yet complete but would respond to the Member with further detail, once he had consulted with the Assistant Director – Corporate Policy, Strategy and Performance.

Having heard a Member of the Panel ask for a definition of intangible assets, he was advised that an example of this would be the development of the Oracle Fusion Programme and further detail to its meaning was provided.

Following discussion, it was agreed that in relation to Note 13: Debtors, the Service Lead – Corporate Accounting would provide Members with narrative on the recent trend analysis.

With reference to Note 18 relating to Other Short-Term Liabilities and following the matter being raised by a Member of the Panel, it was noted that the common good budget was kept separate from the Council's accounts.

Having heard a Member in relation to Note 7: Movement in Useable Reserves and Transfers to or from other Statutory Reserves, the Chief Financial Officer advised that if any material changes were required, this would be drawn to Members' attention.

A Member of the Panel referred to the Council Plan 2023-28 and enquired how reliable these Plans were. The Chief Financial Officer advised that they were accurate at the time when written, but were always subject to change.

Having heard a Member of the Panel refer to the number of completed priority areas in the Council Plan and what was on track with more refined detail, he was advised that this information was lifted from other reporting areas and that, for clarity in future, this would be labelled as a data source to show it was a summary of information.

There was discussion on the section relating to "Performance against other Councils 2022-23" and reference was made to two areas that were not performing as well in relation to other Councils, namely Adult Social Care and Housing. The Chief Financial Officer explained that further detail was provided in the report and this report was only to provide a flavour rather than a full explanation.

Having heard a Member of the Panel in relation to the apparent omission of information in the report relating to Culture and Leisure, the Chief Financial Officer advised that he would look into this matter.

The Panel

Decided:

(1)   to approve the accounting policies, as contained in Appendix 1 of the report used in preparing the 2023/24 Annual Accounts;

(2)   to note the unaudited Annual Accounts, as detailed in Appendix 1 of the report, noting that all figures remained subject to audit;

(3)   to note the unaudited Charitable Trust Accounts as detailed in Appendix 2 of the report, noting that all figures remained subject to audit; and

(4)   to request the Chief Financial Officer to report back to the Panel following completion of the audit.

6.   **Internal Audit Annual Report 2023/24.**

There was submitted a report (issued) of 17 June 2024 by the Chief Internal Auditor presenting the annual report on the internal audit activity during 2023/24 and providing 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.

The Chief Internal Auditor spoke on the detail of the report.

The was discussion on the table in Appendix 1 of the report regarding significant variances relating to audit days by type of audits.

Having heard a Member of the Panel, the Chief Internal Auditor advised that there was sufficient work for the Internal Audit Team this year; that there had been no recommendations made to officers which were not accepted; and that there were currently no matters for the Team to bring to the attention of Members.

The Panel

Decided: to note the contents of the report.

Councillor Kilpatrick left the meeting during consideration of the undernoted item.

7.   **Corporate Lets.**

There was submitted a report ([issued](#)) of 17 June 2024 by the Director of Communities and Transformation providing an annual update in relation to requests for discretion to be applied to let charges from 1 April 2023 to 31 March 2024.

There was discussion on whether the criteria for corporate lets should be made available. It was also noted that the costs incurred by the Council for lets would be more apparent in future reports to this Panel.

The Panel

Decided: to note the contents of the report.

External Audit

Councillor Cullen left the meeting during consideration of the undernoted item.

8.   **External Audit Reports – Progress to 31 May 2024.**

There was submitted a report ([issued](#)) of 17 June 2024 by the Chief Financial Officer providing an update on the progress that the Council was making in relation to external audit improvement actions.

The Panel

Decided: to note the progress against the Council's external audit improvement actions, as detailed in the report.

Other Governance

9.   **Treasury Management Annual Report 2023/24.**

There was submitted a report ([issued](#)) of 17 June 2024 by Chief Financial Officer presenting, 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 detailed in Appendix 1of the report.

The Panel, having considered the Annual Treasury Management Report 2023/24 and having discussed the current volatility of the current financial market

Decided: to remit the Annual Treasury Management Report to the Council meeting scheduled to take place on 10 October 2024 for approval.

10.   **Delivering Good Governance – 2023/24 Assessment.**

There was submitted a report ([issued](#)) of 17 June 2024 by Chief Governance Officer inviting the Panel to review the 2023/24 year-end assessment against the Council's Delivering Good Governance Framework.

After a Member of the Panel asked for clarification regarding the phrase used in the report "Engaging comprehensively with Stakeholders" the Corporate Finance Team Co-ordinator responded.

A Member of the Panel referred to Appendix 2 of the report relating to point 3 "Governance through reporting by Officers to ensure consultation data and findings are published" and asked for an update. The Chief Governance Officer advised that she would ask the Service Lead – Thriving Communities to provide an update on this to Members of the Panel. Another Member asked that updates also be provided on points 5 and 6 on Appendix 2, namely "Revision of the Council's Land and Property Asset Management Plan" and Review of the Health and Social Care Partnership Adult Mental Health Strategy."

The Panel

Decided: to agree the 2023/24 year-end assessment, as set out in Appendix 1 of the report.

11.   **Exclusion of press and public.**

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

Internal Audit.

12. **Riverside High Flats Audit - Management Response.**

There was submitted a report (Members only) of 21 June 2024 by Director Housing, Operations and Development setting out the management response to action proposed by Internal Audit following their investigation into the Riverside Place High Flats Audit.

Following discussion on concerns surrounding this matter and having noted that the Chair and Vice-Chair of this Panel would be meeting with the Chief Executive to further discuss concerns that had arisen, the Panel

Decided:

(1) to agree that all capital development programmes exceeding £100,000 would have in place a Project Execution Plans (PEPs) that would include a dynamic risk register;

(2) to note that all PEPs would be approved by the Assistant Director - Planning, Development and Regulation and copied to the Director of Housing, Operations and Development; and

(3) to note that all capital projects were now being monitored and managed through a project tracker.

13. **Consideration of Disclosure of the above confidential report.**

The Panel

Decided:- to authorise under Standing Order 32.4, disclosure of the above report, except Appendix 1 which would remain confidential.

The meeting ended at 11.40 a.m.

Audit and Governance Panel

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1.	26 June 2024	Delivering Good Governance – 2023/24 Assessment	**Provide an update to Members on three of the Improvement Actions listed in the report**	Information and Data Compliance Officer	To be provided to Members by 4 September 2024 – *Info emailed to Members on 19/8/24*	**Yes**
2.	26 June 2024	Annual Accounts 2023/24	**Further detail to be provided to Members on the Refreshing the Council's corporate evaluation tool – How good is our Council"**	Service Lead – Corporate Accounting	To be provided to Members by 4 September 2024 - *Info emailed to Members on 29/8/24*	**Yes**
3.	26 June 2024	Annual Accounts 2023/24	**In relation to Note 13, Debtors – to provide narrative on the recent trend analysis**	Service Lead – Corporate Accounting	To be provided to Members by 4 September 2024 – *Info emailed to Members on 29/8/24*	**Yes**

Audit and Governance Panel

Work Programme 2024

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	**IJB Finance and Performance Report 2024 – Audit Scope**	Report to this Panel	Chief Financial Officer	4 September 2024 (Annually)	Report to this Panel
2.	**Strategic Risk Management**	Report to this Panel	Chief Governance Officer	4 September 2024 (Biannually)	Report to this Panel
3.	**Internal Audit – Progress Report Quarter 1**	Report to this Panel	Chief Internal Auditor	4 September 2024 (Annually)	Report to this Panel
4.	**Audit Scotland: Integration Joint Boards – Finance and Performance 2024**	Report to Panel	Chief Internal Auditor	4 September 2024 (Annually)	Report to this Panel
5.	**Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25**	Report to Panel	Chief Financial Officer	4 September 2024 (Quarterly)	Report to this Panel
6.	**Final Report on the 2023/24 Audit**	Report to this Panel	Chief Financial Officer	25 September 2024 (Special)	Not yet started
7.	**External Audit Reports – Progress to 31 August 2024**	Report to Panel	Chief Financial Officer	2 October 2024 (Quarterly)	Not yet started
8.	**Best Value Action Plan - Progress Report**	Report to this Panel	Depute Chief Executive and Director of Education	2 October 2024 (Quarterly)	Not yet started
9.	**Accounts Commission Annual Report 2023/24**	Report to this Panel	Chief Financial Officer	2 October 2024 (Annually)	Currently being draft

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
10.	**Audit Scotland: Fraud and Irregularity 2023/24**	Report to this Panel	Chief Financial Officer	2 October 2024 (Annually)	Item being removed. From 2023/24, Audit Scotland no longer publishing annual report
11.	**Audit Scotland: Local Government in Scotland Overview 2024**	Report to this Panel	Depute Chief Executive and Director of Education	2 October 2024 (Annually)	Not yet started
12.	**Internal Audit Progress Report Quarter 2 (including Midyear Review)**	Report to this Panel	Chief Internal Auditor	November 2024 (Annually)	Not yet started
13.	**Audit and Governance Panel – 2024 Annual Self-Assessment Outcome**	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2024 (Annually)	Not yet started
14.	**Corporate Fraud Team - Activity Report and Update on National Fraud Initiative**	Report to this Panel	Chief Internal Auditor	December 2024 (Biannually)	Not yet started
15.	**Internal Audit – Progress Report Quarter 3**	Report to this Panel	Chief Internal Auditor	February 2025 (Annually)	Not yet started
16.	**Annual Audit Plan 2024/25**	Report to Panel	Chief Financial Officer	March 2025 (Annually)	Not yet started
17.	**Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter)**	Report to Panel	Chief Internal Auditor	March 2025 (Annually)	Not yet started
18.	**Audit and Governance Panel – 2023/24 Annual Report**	Report to this Panel	Chief Financial Officer/ Chief Governance Officer	May 2025 (Annually)	Not yet started

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date to Panel	Latest update
19.	**Annual Accounts 2023/24**	Report to this Panel	Chief Financial Officer	June 2025 (Annually)	Not yet started
20.	**Delivering Good Governance – 2023/24 Assessment**	Report to Panel	Chief Governance Officer	June 2025 (Annually)	Not yet started
21.	**Internal Audit Annual Report 2023/24**	Report to Panel	Chief Internal Auditor	June 2025 (Annually)	Not yet started
22.	**Treasury Management Annual Report 2023/24**	Report to Panel	Chief Financial Officer	June 2025 (Annually)	Not yet started
23.	**Corporate Lets**	Report to Panel	Director of Communities and Transformation	June 2025 (Annually)	Not yet started

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 4 September 2024**

**Subject: Internal Audit Annual Update Report – South Ayrshire
            Integration Joint Board (IJB)**

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1.   Purpose

1.1   The purpose of this report is to provide an annual report for information to the Audit
       and Governance Panel on internal audit work carried out for the Integration Joint
       Board (IJB) by the South Ayrshire Council for the year ended 31 March 2024.

2.   Recommendation

2.1   It is recommended that the Panel notes the content of this report.

3.   Background

3.1   The South Ayrshire IJB Financial Regulations outline the responsibilities of Internal
       Audit and include the requirement for the IJB Chief Internal Auditor to submit an
       annual audit report of the Internal Audit function to the Chief Officer and the
       Performance and Audit Committee (PAC) indicating the extent of audit cover
       achieved and providing a summary of audit activity during the year. As a minimum
       the annual audit report and Chief Internal Auditor's opinion will also be reported to
       the audit committees of NHS Ayrshire and Arran (NHSAAA) and the South Ayrshire
       Council.

3.2   The Financial regulations also note that the Chief Internal Auditor requires to
       prepare and submit an annual risk based internal audit plan to the Performance and
       Audit Committee (PAC) for approval and recommends that this plan is shared with
       the relevant Committees of both NHSAAA and South Ayrshire Council.

3.3   The relevant committees of NHSAAA and South Ayrshire Council are the Audit and
       Risk Committee (ARC) and the Audit and Governance Panel (AGP) respectively.

3.4   The IJB Annual Report and Audit Opinion for 2023/24 and the proposed IJB Annual
       Internal Audit Plan for 2024/25 were submitted to the PAC on 28 May 2024. The
       proposed annual plan was approved at that meeting. Both reports will be shared
       with the NHSAAA Audit and Risk Committee on 18 November 2024.

4.   Proposals

4.1   In line with the IJB Financial regulations, the IJB Internal Audit Annual Report and
       Annual Audit Plan are included within this report. It is proposed that Panel notes
       the Internal Audit outputs for the IJB for the year ended 31 March 2024.

4.2   During the past year, the following reports have been considered by the Members of the PAC:

- IJB Internal Audit Annual Report including the Internal Audit Annual Opinion 2023/24 (included in Appendix 1 and Annex A).

- Internal Audit reports on Workforce Planning and the follow up of Performance Monitoring. These reports were shared with South Ayrshire Council Members for information on 6 March 2024 and 5 July 2024 respectively.

- IJB Internal Audit Plan 2024/25 (included in Appendix 2).

Internal Audit Annual Opinions 2023/24

4.2.1   When preparing the statement of assurance the Chief Internal Auditor considers the work of the internal auditors of NHSAAA (Azets) and the statement of assurance provided for South Ayrshire Council.

4.2.2   The Internal Audit Report for NHSAAA, was provided to their Audit Committee on 20 June 2024. Their opinion concludes that "NHSAAA has a framework of governance and internal control that provides reasonable assurance regarding the effective and efficient achievement of objectives."

4.2.3   The Internal Audit opinion for South Ayrshire Council, prepared by the Chief Internal Auditor, was provided to this Panel on 26 June 2024. In 2023/24, the Internal Audit Opinion for the Council 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.

4.2.4   The Internal Audit Annual Opinion for South Ayrshire's IJB included in Annex 1 is that overall, reasonable assurance can be placed on the adequacy and effectiveness of the IJB's framework of governance, risk management and control arrangements for the year ending 31 March 2024.

Internal Audit Plan for 2024/25

4.2.5   The South Ayrshire IJB internal audit plan for 2024/25 was approved by the PAC on 28 May 2024. One audit assignment is included within the audit plan; Business Continuity and Resilience. Where any changes are proposed to the IJB internal audit plan, these will be presented for approval to the PAC.

4.2.6   Meetings are held periodically throughout the year between the Chief Internal Auditors of the three Ayrshire IJBs, as well as the internal auditors for NHSAAA to consider Pan Ayrshire issues.

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 recommendation could result in failure to comply with IJB Financial Regulations.

9.   Equalities

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

10.   Sustainable Development Implications

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

11.   Options Appraisal

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

12.   Link to Council Plan

12.1   The matters referred to in this report contribute to the 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   [IJB Annual Report 2023-2024](#)

IJB Internal Audit Plan 2024 - 2025

Public Sector Internal Audit Standards 2017

IJB Financial Regulations

Person to Contact   Cecilia McGhee, Chief Internal Auditor
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Phone 01292 612432
E-mail **Cecilia.McGhee2@south-ayrshire.gov.uk**

Date: 27 August 2024

South Ayrshire Integration Joint Board
Internal Audit Annual Report 2023/24

1.   **Introduction**

1.1.   The Integrated Resources Advisory Group (IRAG) 2015 guidance outlines the responsibility of the Integration Joint Board (IJB) to establish proportionate internal audit arrangements for the review of the adequacy of arrangements for governance, risk management and control of resources delegated to the IJB. The IJB appointed South Ayrshire Council's Chief Internal Auditor as the Chief Internal Auditor of the IJB.

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 the IJB's governance, risk management and internal control systems for the year ended 31 March 2024.

2.   **Internal Control Framework**

2.1.   In order to ensure the proper conduct of its business, the IJB has a responsibility to develop and implement systems of internal control. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective control. It is the responsibility of management to have adequate controls in place and to ensure these controls are operating effectively. A sound control system will help safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to policies and procedures. Such systems of internal control can provide only reasonable and not absolute assurance against loss.

2.2.   The operational delivery of services within NHS Ayrshire and Arran Heath Board (NHSAAA) and South Ayrshire Council on behalf of the IJB is covered by their respective internal audit arrangements.

3.   **Compliance with the Public Sector Internal Audit Standards (PSIAS)**

3.1.   Internal Audit operates in accordance with the PSIAS requirements and 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.

3.2.   PSIAS requires that a Quality Assurance and Improvement Programme (QAIP) is developed and maintained 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.   Internal Audit operates within the Internal Audit Charter, most recently approved by South Ayrshire Council's Audit and Governance Panel on 20 March 2024.

3.4.   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 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 Council's Audit and Governance Panel.

4. Position and Resourcing of Internal Audit

4.1. The IJB Chief Internal Auditor has a direct responsibility to report to the IJB Chief Officer and the Performance and Audit Committee. Internal Audit activity is planned to provide assurance to the Board and to enable an independent annual opinion to be given by the Chief Internal Auditor on the adequacy and effectiveness of internal controls operating within the IJB. South Ayrshire Council's approved audit plan for 2023/24 allowed for 25 audit days to undertake IJB internal audit services. The 2023/24 Internal Audit Plan for the IJB was approved by the Performance and Audit Committee on 26 June 2023.

4.2. The Internal Audit service of NHSAAA was provided by Azets in 2023/24. Azets' internal audit methodology is aligned to PSIAS. The NHSAAA internal audit plan for 2023/24 was agreed with management and approved by the NHSAAA Audit Committee. The NHSAAA audit plan for 2023/24 included an allocation of 25 days pan Ayrshire for IJB Internal Audit services.

4.3. Meetings are held periodically with the Chief Auditors of the other IJBs in Ayrshire (East and North) as well as the NHSAAA internal auditors.

5. Achievement of Annual Internal Audit Plan 2023/24

5.1. Internal audit activity during the year was undertaken in accordance with the approved annual internal audit plan. The plan included a follow up review of Performance Monitoring and a review of Workforce Planning.

5.2. The objective of the follow up review was to obtain assurances that all actions from the 2022/23 IJB Performance Monitoring audit review had been implemented. Testing has concluded for this assignment and the draft report is currently being agreed with management, no significant issues were identified during audit testing. The internal control assessment can therefore be included in the overall annual audit opinion. A copy of the final report will be shared with IJB Members once agreed with management.

5.3. The objective of the Workforce Planning audit review was to obtain assurance that Health and Social Care Partnership workforce planning complies with Scottish Government and SAC guidance and is aligned to HSCP IJB 2021-31 Strategic Plan. The audit also sought to obtain assurance that implementation of the action plan within the HSCP Workforce Plan 2022-2025 is adequately monitored and reported.

5.4. The audit concluded that a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited (substantial assurance).

5.5. Two low risk actions were raised which, when implemented, will further strengthen the controls in this area. The actions relate to assigning SMART criteria to actions and to ensuring Ideagen (formerly Pentana) is regularly updated to reflect the current status of actions.

5.6. A copy of the full Internal Audit Report has been shared with all IJB Members.

6. Audit Opinion

6.1. There is a formal requirement for the Chief Internal Auditor to prepare an assurance statement on the adequacy of internal control systems within the Council. The statement is included in Annex A.

7. Conclusion

7.1. Sufficient internal audit work was completed during the year to form an internal audit opinion for 2023/24. There is no limitation of scope on the 2023/24 internal audit opinion.

Opinion on the overall adequacy and effectiveness of South Ayrshire Integration Joint Board's framework of governance, risk management and control

To the Members of South Ayrshire Integration Joint Board

As Chief Internal Auditor for South Ayrshire Integration Joint Board, 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 IJB 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 IJB to determine, establish and maintain appropriate and sound systems of governance, risk management and control and to monitor the continuing effectiveness of these systems. It is the responsibility of the Chief Internal Auditor to provide an annual internal audit opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control.

Sound internal controls

The IJB uses the systems of the Council and NHSAAA to manage its financial records. The main objectives of the IJB's framework of internal control systems are:

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

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the partners of the IJB are continually seeking to improve the effectiveness of its governance arrangements and systems of risk management and internal control.

The work of internal audit

Internal audit is an independent, objective assurance and consulting function designed to review the internal control systems, add value and improve an organisation's operations. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of the organisation's resources.

The operational delivery of services within the NHS Ayrshire and Arran Health Board (NHSAAA) and South Ayrshire Council on behalf of the IJB will be covered by their respective internal audit arrangements.

South Ayrshire Council's Internal Audit section operates in accordance with Public Sector Internal Audit Standards (PSIAS) which came into effect from 1 April 2013 (updated March 2017). The section undertakes an annual programme of work approved by South Ayrshire Council's Audit and Governance Panel, acting in its role as the Council's audit committee.

The Internal Audit service of NHSAAA was provided by Azets into year to 31 March 2024. Azets' internal audit methodology is aligned to PSIAS.

South Ayrshire Council's internal audit section provides an annual report and assurance statement for 2023/24 to the Audit and Governance Panel. The audit opinion concluded reasonable assurance over the framework of governance, risk management and control and that adequate controls were in place and were operating throughout the Council in 2023/24.

The NHSAAA internal audit plan for 2023/24 was approved by the NHSAAA Audit Committee on 15 March 2023. The most up to date position for the NHSAAA internal audit plan (March 2023) is that the audit plan would be delivered in order to give an annual audit opinion to the NHS Audit Committee by the agreed date.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations.

Summary of Internal Audit Activity 2023/24
Two reviews were completed for the IJB in 2023/24. A review of Workforce Planning and a follow up review of Performance Monitoring. The Workforce Planning review conclude that substantial assurance can be provided over the system of controls in place. Testing has concluded for the follow up review and the draft report is currently being agreed with management, no significant issues were identified during our testing.

Basis of Opinion

My evaluation is informed by a number of sources:

- the audit work undertaken by South Ayrshire Council's Internal Audit and Corporate Fraud team in previous years, during the year to 31 March 2024 and in the period after the year-end to date;
- The NHSAAA Health Board's assurance taken from audit work undertaken to date by the appointed internal auditors, Azets;
- Work undertaken by the partners' external auditors; and
- Chief Internal Auditor's knowledge of the Board's activities for the year 2023/24.

Opinion

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

Cecilia McGhee, Chief Internal Auditor
South Ayrshire Integration Joint Board
14 May 2024

**South Ayrshire IJB Internal Audit Plan
2024/25**

Job Ref	Internal Audit Assignment	Internal Audit Resource	Indicative days	Link to HSCP Risk Register
A	Business Continuity and Resilience	South Ayrshire Council	20	Risk 6 – Good Governance, Strategic Planning and Business Resilience
B	Support to the Integration Joint Board and Performance and Audit Committee	South Ayrshire Council	5	N/A
		Total audit days	**25**	

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 4 September 2024**

Subject: Internal Audit – Progress Report (Quarter 1 2024/25)

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1.   Purpose

1.1   The purpose of this report is to advise Members of progress of the 2023/24 internal audit plan, progress of the 2024/25 internal audit plan, Directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Action Plan.

2.   Recommendation

2.1   It is recommended that the Panel considers the content of this report, noting the changes to the format and contents from the previous progress reports to reflect the improvement actions from the External Quality Assessment.

3.   Background

3.1   Progress against the Internal Audit annual plan and implementation of actions is reported to the Audit and Governance Panel on a quarterly basis. The last quarterly progress report was reported to Panel on 22 February 2024 and included progress for the third quarter of 2023/24 to 31 December 2023. The 2023/24 annual report was presented to the Panel on 26 June 2024 and detailed the progress of the 2023/24 Internal Audit Plan up to 31 May 2024.

3.2   This report provides an update on the progress of the 2023/24 and the 2024/25 Plans for the first quarter to 30 June 2024 and the progress of implementation of Internal Audit actions as at 30 July 2024.

3.3   The Public Sector Internal Audit Standard (PSIAS) requires the Chief Internal Auditor to maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity including both periodic internal self-assessments and five-yearly External Quality Assessments (EQA). The latest EQA was completed in February 2024 and an action plan agreed to address the improvement areas identified. The full EQA report and action plan were presented to this Panel on 29 May 2024. It was agreed that progress of the implementation of the EQA action plan would be included within these Internal Audit quarterly progress reports until fully implemented. Progress against the action plan is detailed at paragraphs 4.16 – 4.19.

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4.   Proposals

4.1   As agreed as part of the EQA action plan, the quarterly progress reports to panel have been updated to include new KPIs and more information on the results of completed assignments.   The summary of progress against the annual Internal Audit Plans has also been updated to show the status of each assignment. It is proposed that Members note the updates and consider the progress made by internal audit to deliver the 2023/24 and 2024/25 Internal Audit plans in the period to 30 June 2024.   It is also proposed that Members consider the progress made by directorates to implement Internal Audit actions and by Internal Audit to implement the EQA Action plan as at 30 July 2024.

Progress of Internal Audit Plan 2023/24

4.2   Fourteen final reports for South Ayrshire Council (SAC) have been issued since the last quarterly update report in February 2024. A Network Support Grant claim was also certified in this period and a briefing note (2023-30-04 EE Mast – Riverside Place) was shared with Members in March 2024. Of the 14 SAC reports issued for 2023/24, six reported substantial assurance, six reasonable assurance and two limited assurance. A total of 65 improvement actions was raised within these reports and all were accepted by management.

4.3   In addition to the fourteen SAC audit reports issued, audit reports were also issued for the IJB (Workforce Planning) and the Ayrshire Rural and Island Ambition fund (Grant Claim). There is one assignment (HSCP Premises) from the 2023/24 Audit Plan which has not started. A further five draft reports have been issued and are currently being cleared with service management. A summary of the status of all 2023/24 assignments as at 30 June 2024 can be found in Appendix 1.

Internal Audit Annual Audit Plan 2024/25 Progress

4.4   Two final SAC reports have been issued and four SAC assignments started during the first quarter of 2024/25. One assignment for the Ayrshire Valuation Joint Board was also started during this period. Of the two 2024/25 reports issued, one reported substantial assurance and one reported reasonable assurance. A total of four audit improvement actions was raised within these two reports and all were accepted by management.

4.5   A summary of the of the status of all 2024/25 assignments as at 30 June 2024 can be found in Appendix 2.

4.6   A summary of the findings for each assignment completed between 1 January 2024 has been included in Appendix 3. The full audit report for these assignments was shared with all Members after issued to management.

Performance Indicators 2024/25

4.7   As agreed as part of the EQA Action Plan (action 1), performance indicators in relation to the delivery of the overall Internal Audit Service have been developed. These are detailed in the table below and will be included in all quarterly progress reports to this Panel going forward. They will also be reported within the Internal Audit Annual Report. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor.

Measure	Description	Target	Actual
1. Working Draft Report	Percentage of working draft reports issued within 3 weeks of completion of fieldwork. *(Quarterly Indicator)*	90%	100% (2/2)
2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report. *(Quarterly Indicator)*	100%	100% (2/2)
3. Audit Plan Delivery	2023/24 Audit Plan completed to draft by 30 April 2024 *(Annual Indicator)*	90%	87%
4. Audit Budget	Percentage of audits completed within budgeted days. *(Quarterly indicator)* Direct Audit Days delivered *(Quarterly indicator)*	80% 85%	50% (1 of 2 completed assignments) 86%
5. Audit Recommendations	Internal Audit recommendations agreed (measured from 1 April 2024) *(Quarterly indicator)*	90%	100% (4/4)
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above. *(Quarterly Indicator)*	100%	No responses received as at 30 June 2024
8. Delivery of Annual Report	Annual opinion /report presented to AGP *(Annual Indicator)*	By 30 June annually	Target Met Reported 26 June 2024 (Annual Indicator)
9. Audit Plan	AGP Approval of audit charter and annual plan *(Annual Indicator)*	By 31 March annually	Target Met Approved 20 March 2024 (Annual Indicator)

4.8   The internal audit plan for 2024/25, approved by the Panel on 20 March 2024, includes 28 deliverable assignments for South Ayrshire Council. There is also an allocation of time for Internal Audit to deliver audit plans for the IJB and the AVJB (assignments number 30 and 31 in the audit plan) and to audit the Ayrshire Rural and Island Fund (ARIA) 2024/25 Grant Claim. A summary of the status of 2024/25 plan for SAC deliverable assignments as at 30 June 2024 is included in the table below:

Status	No. of Deliverables	Percentage
Complete	2	7%
Work in progress	4	14%
Not started	22	79%
Total	**28**	**100%**

4.9   In addition to planned Internal Audit assignments, allocations of time are included within the plan for ad-hoc requests for advice and guidance, contingency assignments and investigations.   There was one request for advice and guidance in the period to 30 June 2024. This request was in relation to changes to the operation of imprest accounts resulting from bank branch closures. There was one contingency assignment (Community Council appeal) completed in the period and a further two contingency assignments (audit of East Renfrewshire Trust Accounts and a review of the Council Tax Refund procedures) are currently ongoing.

4.10   There were no referrals for investigations received in the period to 30 June 2024.

Implementation of Internal Audit Action Plans

4.11   Six follow up assignments are included in the 2024/25 internal audit plan. One assignment is currently in progress.   The remaining assignments will be programmed into the Internal Audit work plan in line with agreed action implementation dates.

4.12   The follow up of all other internal audit actions is undertaken through review of Ideagen, where all recommendations are uploaded for management action. Quarterly alerts are issued from Ideagen to action owners requesting action status to be updated.

4.13   There are currently 14 overdue actions and 20 actions due for completion in the next six months. Full details of these action points are included in Appendix 4.

4.14   Extensions to implementation dates may be requested by Services where progress of implementation has been impacted by factors outwith their control and/or which were not known at the time of agreeing the original due date. Up to two extensions may be agreed between the Service and the Chief Internal Auditor. An extension to the due date has been requested for all fourteen outstanding actions. Four extensions were requested to allow the Service to deal with issues arising following the implementation of Oracle Fusion, one extension was required to allow for the Energy Strategy to by updated by external consultants to reflect revisions requested by the Council, one was required to allow a full audit of user access to be completed prior to the introduction of an annual review, two were requested to allow the service to explore electronic solutions to the proposed action, one was to allow the

improvement to be evidenced for the full year, two extensions were requested to allow for further work to be undertaken by the service in relation to the potential of removing cash from activity centres, one extension was required due to staff absence impacting on the implementation, one action was extended to enable further work to be conducted to ensure regular uplift of funds and one extension was requested due to a lack of availability of training on standing orders.

4.15   Where more than two extensions to due dates have been requested, a representative from the Service will be asked to attend the AGP and provide an explanation for the request. There has been four such requests made during this reporting period. These requests relate to the four outstanding actions from audit assignment IA2021/40 Main Accounting System Review.

Quality Assurance and Improvement Programme (Compliance with PSIAS)

4.16   The current Public Sector Internal Audit Standards (PSIAS) require that a Quality Assurance and Improvement Programme (QAIP) is developed to provide assurance that internal audit activity is conducted in accordance with the Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations.

4.17   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 and two EQAs have been completed. Time was allocated within the annual Internal Plans to complete this.

4.18   New Global Internal Audit Standards which become effective from January 2025 have been developed and PSIAS are currently being updated to reflect the new standards within a UK public sector context. The new PSIAS will be effective from 1 April 2025 and CIPFA have advised that updates will be subject to consultation prior to implementation. Consultation is expected to take place around September 2024. Time has been allocated within the 2024/25 Internal Plan to deliver the QAIP. This will involve completion of an annual self-assessment exercise to assess compliance with current standards and will also include further work to prepare for the implementation of the new Standards from April 2025. The results of the internal assessment will be included within the quarterly update report to Panel once completed.

4.19   The latest EQA was completed in February 2024 and was reported to this Panel on 29 May 2024. The results of the EQA were broadly in line with the 2023/24 self-assessment and concluded that Internal Audit fully conforms with ten areas and generally conforms with four areas. There were no areas assessed as partially or not conforming. An action plan containing seven improvement actions in relation to low priority areas was prepared and is being progressed by Internal Audit. Six of the seven actions have been fully completed. The remaining action is not yet due for implementation. The progress against implementation of each action is included at Appendix 5.

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 the 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 Rejecting the recommendation could result in failure to perform a scrutiny role in relation to the application of the Public Sector Internal Audit Standards (PSIAS).

9. **Equalities**

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

10. **Sustainable Development Implications**

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

11. **Options Appraisal**

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

12. **Link to Council Plan**

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

13/

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   **Public Sector Internal Audit Standard (PSIAS)**

Report to Audit and Governance Panel of 22 March 2023 – Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter)

Report to Audit and Governance Panel of 20 March 2024 – Proposed Internal Audit Plan 2024/ 25 (including Annual Review of Internal Audit Charter)

Report to Audit and Governance Panel of 29 May 2024 - External Review of Internal Audit Compliance with Public Sector Internal Audit Standards

Person to Contact   **Cecilia McGhee, Chief Internal Auditor**
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Date: 27 August 2024

PROGRESS AGAINST INTERNAL AUDIT PLAN 2023/24 (AS AT 30 JUNE 2024)

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
Key Corporate Systems										
1	Main Accounts	Obtain assurance that there are adequate controls included in updated procedures following implementation of Oracle Fusion and that the controls are operating effectively.		✓	✓	✓				
2	HR & Payroll	Obtain assurance that there are adequate controls included in updated procedures following implementation of Oracle Fusion and that the controls are operating effectively.		✓	✓	✓				
	Procurement	Obtain assurance that there are adequate controls included in updated procedures following implementation of Oracle Fusion and that the controls are operating effectively.		✓	✓	✓	✓	✓		
Governance/Best Value										
4	National Fraud Initiative	Co-ordination and Monitoring of Exercise and review of Procurement Matches.				N/A				29 May 2024
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2022/23 Assignment. Objective of the assignment to be agreed when the outcome of the 2022/23 assignment is known. Potentially review		✓	✓	✓	✓	✓	✓	4 Sept 2024

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		arrangements with consultants/suppliers/contractors or project management.								
6	Procurement	Review of "Off Contract Spend" to obtain assurance that spend is properly authorised and that standing orders in relation to contracts and/or procurement legislation is being adhered to.		✓	✓	✓	✓	✓	✓	4 Sept 2024
7	Participatory Budgets	Obtain assurance that there are adequate arrangements in place to meet the National target for at least 1% of Local Government Budgets to be subject to participatory budgeting		✓	✓	✓	✓	✓		
	Records Management	Obtain assurance that services are complying with SCARRS/the Councils records management procedures, retention schedules are up to date, relevant and adhered to.		✓	✓	✓	✓	✓		
ICT Auditing										
9	Social Media Accounts	Obtain assurance that there are adequate controls in place around; access to Social Media Channels; creation and deletion of Social Media pages/ channels and monitoring of content/ followers/ following		✓	✓	✓	✓	✓	✓	4 Sept 2024
Directorates										
10	Housing, Operations and Development	Review of Waste Management procedures to obtain assurance that controls are in place and operating effectively		✓	✓	✓	✓	✓	✓	4 Sept 2024

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
11	Housing, Operations and Development	Anti-Fraud Review - Review of Housing Let procedures to ensure they include adequate controls to identify and prevent fraud (testing will be carried out jointly by Internal Audit and the Corporate Fraud Team)		✓	✓	✓	✓	✓		
12	Education	Review the use of funding allocated to South Ayrshire Council from the Attainment Scotland Fund (ASF) to confirm it complies with the condition of the fund/national guidance and ensure there are adequate arrangements in place to monitor and report impacts and outcomes		✓	✓	✓	✓	✓	✓	4 Sept 2024
13	HSCP	External Providers - Confirm there are adequate arrangement in place to undertake pro- active due diligence on external provider's financial stability	Advice and Guidance Assignment – no audit report required							
	HSCP	Premises - Confirm there are adequate arrangement in place to ensure the HSCP have adequate premises to provide services/operate its business	✓							
15	Change and Communities	Follow up of Actions from 2022/23 Audit Assignment and review of annual Climate Change Duty Compliance return for 2022/23		✓	✓	✓	✓	✓	✓	4 Sept 2024
16	Change and Communities	Review of Cash Collection Arrangements in Leisure Facilities and sample testing		✓	✓	✓	✓	✓	✓	4 Sept 2024

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
Regularity										
17	Continuous Auditing	Accounts Payable, Payroll and Debtors (including Housing Rent Debtors)		✓	✓	✓	✓	✓		4 Sept 2024
18	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA)		✓	✓	✓	✓	✓	✓	4 Sept 2024
	Grants	Review of evidence to support Network Support Grant claim		✓	✓	✓	✓	N/A – Objective of the assignment was to verify contents of grant claim. Audit report not required.		4 Sept 2024
	Schools	Internal Control Self Assessment Toolkit - Management of the Annual Process		✓	✓	✓	✓	✓	✓	4 Sept 2024
21	Social Work Locations	Internal Control Self Assessment Toolkit - Management of the Annual Process		✓	✓	✓	✓	✓	✓	4 Sept 2024
Follow Up Reviews[1]										
22	Regularity	Follow Up of actions from 2021/22 Audit Assignment - Museum Stores		✓	N/A	✓	✓	✓	✓	4 Sept 2024
23	Main accounting	Follow up of Actions from 2020/21 Audit Assignment - Main Accounting Review	Testing included in Fusion – Main Accounting Review							
24	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls	Deferred to 2024/25 Plan							

[1] Terms of Reference are not required for follow up assignments

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
25	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Void repairs		✓	N/A	✓	✓	✓	✓	4 Sept 2024
26	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Fostering and Adoption		✓	N/A	✓	✓	✓	✓	4 Sept 2024
27	Main Accounting	Follow up of Actions from 2022/23 Audit Assignment - NDR Relief Review		✓	N/A	✓	✓	✓	✓	8 Nov 2024
28	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Implementation of Care Inspectorate/Scottish Government Improvement Plans	Not required, original audit gave substantial assurance							
29	Governance and Best Value	Follow up of Actions from 2022/23 Audit Assignment - arrangements in place around the use of SWHub	Deferred to 2024/25 Plan							
30	Contingency	Follow up of Actions from 2022/23 Audit Assignment - Golf Club House Income Controls		✓	N/A	✓	✓	✓	✓	4 Sept 2024
Other Entities										
31	AVJB	Review of implementation of Voters Authority Certificate (VAC) process		✓	✓	✓	✓	✓	✓	8 Nov 2024
		Review of implementation of Non Domestic Rate (NDR)legislative changes		✓	✓	✓	✓	✓	✓	22 Feb 2024
32	IJB	Workforce Planning			✓	✓	✓	✓	✓	4 Sept 2024

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		Follow Up – Performance Monitoring Arrangements			N/A	✓	✓	✓		
Other										
33	Investigations	Allowance for investigations of irregularities.	Three concluded as at 30 June 2023							26 June 2024
34	Advice and Guidance (general)	Client requests, advice and consultancy - including participation on working groups	Advice and Guidance provided in seven separate areas; safe checks, anti-fraud checks within the grant process in Thriving Communities, the treatment/recoding 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							
	Advice and Guidance (Service Reviews/ Redesign)	Allocate Time to allow Internal Audit to respond to requests from services to provide advice & guidance or to review updated/changes to procedures following Service redesigns, or implementation of new processes or ICT Systems	Initial meeting with Service to discuss audit participation in the project to replace Carefirst within HSC							
36	Contingency	Contingency budget for unplanned commitments arising during the year	2 assignments completed. Review of HSC procurement of Training Courses and review of grant award process							4 Sept 2024
37	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2022/23	One assignment (HubSw) to be concluded							
38	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments	Ongoing throughout the year							
39	QAIP	Annual self-assessment of compliance with PSIAS		✓	✓	✓	✓	✓	✓	29 May 2024

PROGRESS AGAINST INTERNAL AUDIT PLAN 2024/25 (AS AT 30 JUNE 2024)

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
Key Corporate Systems										
1	Main Accounts	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	✓							
2	HR & Payroll	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	✓							
3	Procurement	Follow up actions from 2024/25 audit work if required and obtain assurance controls are operating effectively.	✓							
Governance/Best Value										
4	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise.	✓							
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2023/24 Assignment (if required). Review of contract management within the AGD programme.	✓							
6	Government and Best Value	Obtain assurance that adequate arrangements are in place for the use of consultancy services throughout the Council.		✓						

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
7	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	✓							
ICT Auditing										
8	Access Controls	Obtain assurance that there are adequate controls in place over the employee access to Council networks, systems and devices within schools.	✓							
Directorates										
9	Health and Social Care Partnership	Financial Intervention Orders/Corporate Appointeeship - Review of the financial intervention orders/corporate appointeeship procedures to confirm carried out timeously.	✓							
10	Health and Social Care Partnership	CM 2000 review to confirm it meets expected objectives and that outputs from the system are reliable.		✓						
11	Education	Review the use of Pupil Equity Fund (PEF) to confirm compliance with the conditions of the fund/national guidance.	✓							
12	Strategic Change and Communities	Climate Change - scope to be agreed following development of national audit programme.	✓							
13	Chief Executives (Human Resources)	Using Data analytics to confirm all employees have a current/valid Protection of Vulnerable Groups (PVG)	✓							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
		Certificate in place where required.								
14	Housing Operations and Development	Review of Transport Management System post implementation to confirm it meets expected objectives.	✓							
15	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC).	✓							4 Sept 2024
16	Housing Operations and Development	Review of Scottish Housing Regulator - Annual Assurance Statement.	✓							
17	Housing Operations and Development	Obtain assurance that the new procedure for malicious damage invoices includes adequate controls and is operating effectively.		✓						
Regularity										
18	Continuous Auditing	Account Payables, Payroll and Debtors and develop the use of Continuous Audit throughout the Council.	✓							
19	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	✓							
20	Grants	Review of evidence to support Network Support Grant claim.	✓							
21	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Social Work Locations.	✓							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
22	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Schools.	✓							
23	Stores	Obtain assurance that there are adequate controls in place to ensure Property Maintenance stock adjustments between the stock count and end and 31/3/2024 are correctly recorded.		✓	✓	✓	✓	✓	✓	4 Sept 2024
Follow Up Reviews										
24	Directorates	Follow up of Actions from 2023/24 Audit Assignment - **Waste Management.**	✓							
25	ICT Auditing	Follow up of Actions from 2023/24 Audit Assignment- **Social Media.**	✓							
26	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - **Systems Access Controls.**	✓							
27	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment- **Participatory Budgets.**	✓							
28	Directorates	Follow up of Actions from 2023/24 Audit Assignment- **Cash income at Leisure facilities.**		✓	N/A	✓				
29	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - **Procurement - Framework Agreements.**	✓							
Other Entities										
30	AVJB	**Elections Act 2022** - To provide assurance that the		✓						

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
		changes required to processes around on-line postal voters and divergence of Scottish/UK Postal and Overseas have been implemented and are operating effectively								
		Staff Training - Council Tax System - To provide assurance that training has been fully carried out on the new Council Tax system.	✓							
31	IJB	**Business Continuity and Resilience –** To provided assurance that there are adequate arrangements in place to ensure business continuity and resilience within the HSCP	✓							
	Other									
32	Investigations	Allowance for investigations of irregularities.	✓							
33	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	Ongoing throughout the year. As at 30 June 2024 A&G provided in relation to imprest account changes resulting from Bank branch closures.							
34	Transformation Programme	Allocation of time to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.	✓							
35	Contingency	Contingency budget for unplanned commitments arising during the year.	Ongoing throughout the year. As at 30 June 2024 one contingency assignment concluded (community council appeal) and two in progress (audit of East Renfrewshire Trust Fund and review of Council Tax Refund Process)							
36	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25.								

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issues	Final report Issued	Included in AGP Progress Report
37	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.			Ongoing throughout the year.					
38	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with PSIAS.	✓							

2023/24 Internal Audit Reports Issued in period 1 January 2024 to 30 June 2024

Assignment Name/Ref	Assurance[2]	No of Actions
2024-06 Procurement – Framework Agreements	Limited	5 (2 high risk, 3 Medium risk)

Assignment Summary

The objective of this audit was to obtain assurance that that work allocated through Framework Agreements in Property Maintenance Services complies with the agreed tendering procedures. The assignment sought to provide assurances that controls are in place and working satisfactorily to ensure work is allocated to approved suppliers in line with the tendering procedures as laid out within the Domestic Property Maintenance, Minor Works Framework Agreement, Statement of Requirements (SOR) and Tender Outcome Report. The scope of this assignment was limited to a review of procedures followed in relation to allocating work through this Framework Agreement. It did not involve a review of the process for setting up the Framework.

The assurance provided in this report related to the operation of the previous Framework Agreement and the control gaps identified were mainly as a result of the Service failing to put works to mini competition before award. It was accepted that due to the volume of void repairs, the tendering arrangements in place within this Framework, specifically the requirement to go out to mini competition, through the Quick Quote process, for work estimated at £1,000 to £49,999, may have been resource intensive for the Service and could have impacted on service delivery. It is believed this will improve under the new Framework as the value for work requiring to go out to mini competition has increased to between £5,000 and £49,999.

The following areas were identified as having scope for improvement:
- The Service met its internal targets for completing void property repairs in 2022/23. However, the amount of work allocated to external contractors through this Framework may have contributed to significantly higher costs than the estimated value of the Framework being incurred.
- The spend against contractors included on the Framework for void repairs was over three times higher than was estimated. However, it is accepted that, as this work is reactive, it may not be possible to ensure the original estimated cost are achieved.
- Reference to the Framework was not included within Purchase Orders. It is therefore difficult to accurately calculate the total value of orders placed through this Framework.
- The Service used knowledge built up over the term of the framework in relation to availability, quality and cost, to allocate void repair work to external contractors. However, there was no audit trail to support the decision maintained.

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2 Substantial Assurance. A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable Assurance. There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited Assurance. Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No Assurance. Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Assignment Name/Ref	Assurance[2]	No of Actions

• The tendering procedures as laid out in the Framework were always not adhered to.

The audit gave rise to five recommendations which management have agreed to implement. The main recommendations resulting from this review related to ensuring tendering procedures as laid out in the new Framework are adhered to and maintaining records of decisions made in relation to allocating work to external contractors. Unless these recommendations are addressed, there is a risk that the Service will fail to secure Best Value and the Council may suffer reputational damage, should they be unable to provide evidence to support decisions to allocate work to external contractors if challenged.

2024-09 Social Media Accounts	Reasonable	15 (5 high risk, 8 medium risk, 2 low risk)

Assignment Summary

The objective of this audit was to assess the controls in place regarding the set up and management of the Council's social media accounts. The assignment sought to provide assurances that controls are in place and working satisfactorily in the following areas:
• Set-up of South Ayrshire Council social media accounts, ensuring appropriate governance and approval process in place and adhered to.
• Council employee access to and use of social media accounts, including system controls, user records and password controls.
• Management of social media accounts regarding controls over content published.
• Monitoring social media accounts to assess its effectiveness as a communication tool.

Assurance was obtained in the following areas:
• Social media sites (both permitted and non-permitted by SAC) could not be accessed from a standard network account.
• There is a clearly defined process on the set-up of a "local" social media account by a Service.
• The Process is documented within the "Managing Work-related Social Media - Guidance for Employees" and instructions are on the Core along with access to the form to be completed.
• Comments social media site from the public were found to be handled appropriately in a professional manner.
• RIPSA (Regulation of Investigatory Powers (Scotland) Act) COAST training was completed for all employees with access to SAC Social Media sites for such investigatory purposes.
• The RIPSA COAST module and the "Procedure for Authorisation of Covert Surveillance" available on the Core refer to the use of "open source" information including social media.
• Reach and engagement of Corporate Accounts and campaigns are monitored and communicated through monthly reports and specific campaign evaluations. The results are published on the Core.

The following areas were identified as having scope for improvement:

Assignment Name/Ref	Assurance[2]	No of Actions

- Review of Social Media access rights on SAC network
- Annual review of Social Media access rights
- Oversight of Social Media Accounts held by SAC
- Updates required to Policies
- Social Media Access Controls
- Communication of Social Media Guidance 2023/ training available to users
- Periodic review of unofficial Pages
- SAC Social Media pages – following
- Privacy of Education social media sites/ photo permissions
- Managing audience expectations to maximise use as a communication tool
- Monitoring of Account Engagement to assess effectiveness of social media pages managed by Services
- Monitoring and Managing content and comments from public
- Responsibilities of employees regarding personal use of Social Media
- Use of WhatsApp

The audit gave rise to 15 recommendations which management have agreed to implement. The main recommendations relate to having oversight of all SAC Social Media accounts held, improving Social Media access controls and increasing compliance with SAC Social Media Guidance. Unless these recommendations are addressed, there is a risk that Social Media will not be used as an effective communication tool. Use of Social Media in some circumstances may be detrimental to the reputation of the Council, particularly where the Social Media Guidance is not adhered to. If access controls are not sufficient, there is risk of unauthorised access to Social Media and potential ICT Security risks.

2024-10 Waste Management Review   Reasonable   9 (3 high risk, 4 medium risk, 2 low risk)

Assignment Summary

The objective of the audit was to obtain assurance that there are adequate controls in place and operating effectively within Waste Management. The assignment sought to provide assurance that controls are in place and working satisfactorily in the following areas:
- Collection and disposal of household waste.
- Collection and disposal of commercial waste.
- Special and other uplifts.
- Landfill and recycling facilities.
- Income collection from services provided, including internal recharges.
- Performance measures.

Assignment Name/Ref	Assurance[2]	No of Actions

- Risk management within the service.

Assurance was obtained in the following areas:
- The council's Planning Service consults and informs the Waste Management Service on proposed new housing developments which will have an impact Waste Management Services.
- Access to Household Waste Recycling Centres (HWRC) is restricted to South Ayrshire Council residents through the use of household e-permits.
- "In cab systems" have been installed in bin lorries and are operating and used to record various aspects of service delivery such as the location of assisted bin uplifts and those household bins not collected due to contamination issues etc.
- Section 46 Environmental Notices can be issued to householders where there are issues of contamination or bins being overweight.
- Household and special uplift complaints are dealt with timeously, in line with Council procedures and satisfactorily resolved.
- Only commercial customers with e-permits can deposit waste at SAC facilities.
- The service is proactive in its approach to dealing with commercial customer contamination issues.
- Details of bins not collected, due to contamination etc are passed to the Waste Awareness Team who take appropriate action by contacting the customer to discuss any issues.
- The service does not use route optimisation software on commercial uplift routes as these can change frequently with customers coming on and leaving on a constant basis. However crews are involved in arranging the order of collection to ensure best use of resources and delivery of customer service.
- There are adequate controls in place over the special uplift service.
- Reasonable steps are taken to trace where the waste came from and who was responsible for waste.
- There is segregation of duties in operation to ensure that creditors payments were authorised by the correct officer.
- Internal income levels are discussed, and any actions are followed up by service as required.
- There is adequate and proportionate security in place at the recycling facility.
- There are adequate arrangements in place to monitor and report progress of actions within both the Council and the Service Plans.

The following areas were identified as having scope for improvement:
- Written procedures for the main areas of service delivery within Waste Management to be developed and circulated.
- Periodic reconciliations between the customers included on commercial route sheets and the customers contained in the commercial customers spreadsheet to be completed.
- Implement procedures/processes to comply with CCTV.
- Implement a suitable stock control system.
- Update procedures to ensure invoices are fully reconciled to the relevant back up such as weighbridge tickets before processing for payment.
- Periodic reconciliations between the actual income received for the sale of waste and the weighbridge tickets should be completed.
- Confirm the correct treatment of VAT for the sale of bins to developers.
- Amend Service Improvement Plan, to include a specific dates for completion of each action rather than having an indicative priority of high, medium or low without a specific completion date.

Assignment Name/Ref	Assurance[2]	No of Actions

The service does not routinely rotate waste collection crews other than when needed to meet operational requirements, this is to ensure continuity of routes and familiarity with service areas. There therefore remains an inherent risk of staff developing inappropriate customer/service provider relationship.

The audit gave rise to nine recommendations which management have agreed to implement The main recommendations relate to a lack of procedures, absence of income reconciliations, accessing CCTV procedures, processing invoices and the application of VAT on the sale of bins to developers. Unless these recommendations are addressed, there is a risk of loss of income, non-compliance with Council internal CCTV procedures and non-compliance with VAT rules/regulations.

2024 – 12 Attainment Scotland Fund (Strategic Equity Fund Review)   Substantial   1 (low risk)

Assignment Summary

The objective of the audit was to obtain assurance that the Scottish Government's terms and conditions in relation to Strategic Equity Funding (SEF) component of Attainment Scotland Funding (ASF) as specified in the grant award letter are fully complied with. The assignment sought to provide assurances that:
- The terms and conditions of the Scottish Government funding are complied with; and,
- Only eligible expenditure is included within the funds reclaimed from the Scottish Government.

As this assignment was carried out prior to the 2023/24 finacial year end it was not possible to included the final Statement of Compliance with the Conditions of Grant in audit testing. Testing concentrated on obtaining assurance that the grant terms and conditions were adhered to in relation to the mid-financial year draw down for the period 1 April 2023 to 31 October 2023 submitted to Scottish Government on 16 November 2023.

Assurance was obtained in the following areas;

- The use of the SEF in South Ayrshire complies with the purpose as detailed in national guidance.
- Overall assurance was obtained that the terms and conditions as detailed in the Grant Offer Letter on 31 October 2023 were complied with for the period of this review.
- All expenditure included in the mid financial year draw down was allowable and had been incurred in line with the objectives/expected outcomes detailed within the terms and conditions of the grant.
- There are procedures in place to ensure the total SEF is properly monitored.

Assignment Name/Ref	Assurance[2]	No of Actions

One area of improvement was identified. The audit gave rise to one recommendation which management have agreed to implement The recommendation relates to including more detail in relation to budget forecasts in budgetary control reports. Unless this recommendation is addressed, there is a risk that SEF may not be adequately monitored, and corrective action take where required.

2024-15 Climate Change Duty Return   Substantial   0

Assignment Summary

The main objective of the audit was to obtain assurance that the South Ayrshire Council Annual Climate Change Duty Report 2022-23 was submitted to the Sustainable Scotland Network (SSN) within the required timescales and that there was evidence to support the information included in the report. The actions raised in the 2022-23 Internal Audit Report were also followed up during this assignment to ensure that have been sufficiently implemented. The assignment sought to provide assurances that:

- The Climate Change Duty Report 2022/23 is submitted to the SSN in the correct format and by the due date of 30 November 2023.
- There is evidence support the information included in Report.
- Internal Audit actions arising from the 2022-23 Internal Audit Report have been implemented.

Assurance was obtained that the Climate Duty Change Annual Report 2022-23 was properly approved and submitted to the SSN in the correct format by the due date. Evidence was also provided to support the information included in the report.

Due to limited staff resources within sustainability and climate change team during the period of this review it has not been possible for them to provide information and support on carbon budgets to services. Internal Audit has been advised that this will be resumed once vacancies have been filled.

The audit gave rise to no recommendations therefore no further action is required.

2024- 16 Cash Collection Arrangements – Leisure Facilities   Reasonable   10 (4 high risk, 3 medium risk, 3 low risk)

Assignment Summary

The objective of the audit was to obtain assurance that sufficient controls are in place and operating effectively over the cash collection arrangements at leisure facilities. The assignment sought to provide assurances that controls are in place and working satisfactorily in the following areas:
- Collection and recording of income transactions.

Assignment Name/Ref	Assurance[2]	No of Actions

- Reconciliation of income transactions (both till and bank)
- Physical Security of cash and banking
- Till System Access

Assurance was obtained in the following areas:

- There are policies and procedures in place to inform staff of their cash handling responsibilities. These documents are available to relevant staff and are accessible to staff through MS Teams.
- Staff are required to confirm they have read and fully understood Cash Handling Procedure (April 2023) by completing a declaration through MS forms.
- The Legend operating system aids in minimising manual input into the system and controlling access to specific levels of operations for individuals.
- There is clear audit trail showing till transactions.
- There is clear responsibility of employees over till contents/ cash handling.
- There is adequate physical security in areas where cash is collected.
- Audit testing confirmed till balances were complete and accurate.
- There are adequate cash income reconciliation processes in place and identified variances are reported to management.
- A clear audit trail of the daily takings and bag reference numbers for G4S collection was available through Legend.

The following areas were identified as having scope for improvement:

- Panic alarms are installed in all visited facilities for security purposes, however regular tests should be conducted to ensure they are operating.
- Keys to access till drawers should be held securely.
- Security staff ID verification.
- Service to review cash floats on site to determine if appropriate.
- Secure storage of cash and regular G4S collection.
- Prompt upload of information to paye.net and timely bank reconciliations.
- Sufficient detail should be uploaded to the system for all variance explanations.
- Review of access to Leisure System Legend to ensure all users appropriate.
- Reminder to be issued that cheques should not be pre-signed.
- Service to ensure that all staff handling cash have confirmed their understanding cash handling procedures by completing the declaration form.

The audit gave rise to 10 recommendations which management have agreed to implement. The main recommendations relate to ensuring timely upload of income data to the cash receipting system paye.net, prompt completion of bank reconciliations and the correction of variance reports to ensure accurate and sufficient detail is added by users on the reasons driving any till variances. Unless these recommendations are addressed, there is a risk of cash theft/ financial loss to the Council being undetected.

Assignment Name/Ref	Assurance[2]	No of Actions
2024-21 Internal Control Self Assessment Toolkit – Schools	Reasonable	9 (2 medium risk, 7 low risk)

Assignment Summary

The aim of the assignment was to collate and report the results of the annual Schools self-assessment exercise. The assignment sought to provide assurance that there is an awareness of relevant governance arrangements, key controls in relation to security of cash and assets are in place and to highlight areas for improvement where required. This assignment did not include testing of the controls in place so assurance cannot be provided that the controls identified as part of the self-assessment exercise are operating effectively.

The Schools Self Assessment toolkit is split into six control areas: Governance, Security, Imprest, School Funds, School Meals Income, Inventory and ICT applications and Social Media.

The results of the self assessment exercise indicate that overall:

* There was a high level of awareness of the Council's Governance framework in all responses. Unfamiliarity with several of the key Council policies was highlighted by several schools.
* Controls regarding the physical storage, access and banking of cash were overall good, with areas of improvement identified and presented in the action plan.
* There were sufficient controls in place over the security and use of the imprest account. Responses indicated that some schools held petty cash but that this was no longer required.
* There were sufficient controls in place regarding reconciliation of School funds, use of cheques, audit trail for cash transfers and retention of receipts. All responses indicated that they were familiar with the Management Guidelines on School funds (v6 Oct 2023). Areas for improvement to increase compliance with the Management Guidelines on School Funds and to update the guidelines to include the use of bank cards and online banking have been raised.
* There has been an improvement in the number of schools who hold inventory records from the 2022-23 Self Assessment results. 96% of responses hold inventory records, and 94% of these stated that they were updated regularly. Some recommended improvements to inventory records and records held of ICT applications/licenses and subscription have been suggested.
* Generally good controls are in place regarding social media administrator access, password controls and management of social media pages. All schools advised that social media users are aware of SAC's social media guidance. There were specific actions for Education Support Services which will be addressed through the Social Media Action Plan (IA2024/09). Some other areas of improvement were identified through this assignment (specifically relating to schools and EYCs) and it is anticipated that the majority of these points will be addressed as part of the 2024-09 Social Media Accounts internal audit report issued March 2023.

The audit gave rise to nine recommendations which management have agreed to implement. The main recommendations relate to establishing accurate and up-to-date inventory records and records of ICT applications/ licenses and subscriptions held**)** and improving compliance with the School Fund Management Guidelines. It is also recommended that schools with both public and private social media pages review followers on a periodic basis. Unless these recommendations are addressed, there is a risk of loss or misappropriation of assets and a risk that the School Fund is not clearly distinct from the

Assignment Name/Ref	Assurance[2]	No of Actions
school /EYC and not utilised in accordance with SAC School Fund Guidance. If social media followers are not reviewed there is a risk of unauthorised or inappropriate access to the school/ EYC social media page and the content shared.		
2024-21 Internal Control Self Assessment Toolkit – Social Work Locations *Assignment Summary* The aim of the assignment was to collate and report the results of the annual Social Care locations self-assessment exercise. The assignment sought to provide assurance that there is an awareness of relevant governance arrangements, key controls in relation to security of cash and assets are in place and to highlight areas for improvement where required. This assignment did not include testing of the controls in place so assurance cannot be provided that the controls identified as part of the self-assessment exercise are operating effectively. The Social Care Self Assessment Toolkit is split into six control areas: Governance, Cash Holding, Stock of Equipment, Inventory, Imprest and Client Accounts. 18 (69%) locations returned a completed assessment. An action has been raised to address the low participation in this exercise. The results of the School self assessment exercise indicate that overall, for the locations who completed the toolkit: • There was a good level of awareness of the Governance Framework. One respondent requested training in two separate areas and awareness could be raised in three separate areas. • There is adequate security over cash held. However, five areas were identified where improvements in controls could be strengthen • There is adequate security over access to stock of equipment held at locations. However, stock checks were not documented in all locations. • Of the 18 returns received, only eight (44%) respondents noted that inventory records were held. There were adequate arrangements in place to maintain inventory records in these locations. Improvement is required in relation to the ten locations which do not hold inventory records. • In the locations who use imprest there are sufficient controls in place over the security and use of the imprest account. Two locations noted that they use Commercial Banking and/or virtual credit, both confirmed that they had been provided with written procedures in relation to this and have received training. • There are adequate controls in place over client funds. The assignment gave rise to six recommendations which management have agreed to implement. The main areas where improvements are required are in relation to increasing the rate of completion of the self-assessment within locations, raising staff awareness of key Governance Strategies and Policies, improving the controls around cash holding and to maintaining inventory records in all Social Care locations. Unless these actions are implemented there is a risk that there will be a lack effective internal controls within the service area and possible financial loss and reputational damage to the Council.	Reasonable	6 (1 medium risk, 5 low risk)
2024 – 05 Ayrshire Growth Deal (Follow Up of 2022/23 Actions/testing of process changes)	100% Sufficiently Implemented	0

Assignment Name/Ref	Assurance[2]	No of Actions
Assignment Summary		
The objective of this audit was to follow up the eight action plan points raised in report IA2023/03 Ayrshire Growth Deal – Compliance with Governance Arrangements to assess that they have been effectively implemented. Seven Actions were fully implemented the remaining action was sufficiently implemented with some further action advised. The further action advised relates to improvements around the purchase order process.		
2024- 22 Follow Up of actions from 2021/22 Audit Assignment - Museum Stores	100% Sufficiently Implemented	0
Assignment Summary		
The aim of this audit was to follow up the seven action plan points raised in report AI/2022/31 - Museum Store Control to assess that they have been effectively implemented. Five actions were fully implemented and two were sufficiently implemented with some further action required. The further actions advised relate to adding permanent marking to all items where required, completion of the accession register and ensuring all updated policies are properly approved and made available to all relevant staff.		
2024- 25 Follow up of Actions from 2022/23 Audit Assignment - Void repairs	100% Sufficiently Implemented	0
Assignment Summary		
The aim of this audit was to follow up the seven action plan points raised in report Void Repairs - IA2023/08 to assess that they have been effectively implemented. Five actions were fully implemented and two were sufficiently implemented with some further action required. The further actions advised relate to completing the strategic review of the charging methodology once the electronic job scheduling solution has been implemented and adjusting the labour rates held within the servitor job costing system and the schedule of rates/walk in documents to reflect the financial implications of the pay award.		
2024- 26 Follow up of Actions from 2022/23 Audit Assignment - Fostering and Adoption	100% Sufficiently Implemented	0
Assignment Summary		
The aim of this audit was to follow up the six action plan points raised in report IA2023/09 Fostering and Adoption Payments to assess that they have been effectively implemented. Four actions were fully implemented and two were sufficiently implemented with some further action required. The		

Assignment Name/Ref	Assurance[2]	No of Actions

further actions advised relate to reconciling the information within the record of placement files to the financial ledger transactions and to obtaining explicit confirmation of the Chair's approval of the Matching Panel minutes.

2024-30 Follow up of Actions from 2022/23 Audit Assignment - Golf Club House Income Controls

77%   Sufficiently Implemented

5 (low risk)

Assignment Summary

The aim of this audit was to follow up the 23 action plan points raised in report IA2023/28/04 Golf Clubhouse Cash Handling Controls to assess that they have been effectively implemented. Nine actions were fully implemented, 8 were sufficiently implemented with some action advised and 5 were partially implemented with further action required. The further actions advised relate to ensuring that all staff have completed their staff declaration with regards to their cash handling responsibilities and acceptance of their allocated PIN, continuing to maintain management oversight of the till reports available/ subsequently produced by the till providers for any activity that warrants further attention, updating current procedures as a reminder to staff to process cash timeously, considering updating the Daily Cash sheet template to include the Z-totals vs contents of the till counted and to preparing a P&L account to assess profitability of cafes and to enable management to identify any trends in data/ problem areas where further action is required. The five actions required relate mainly to the update of procedures to ensure all staff responsibilities regarding cash handling are clearly documented and that all staff have confirmed that they have read and understood their responsibilities as documented. These actions have been raised in Ideagen and implementation will be monitored by Internal Audit.

2024-36-01 Procurement of Training Service (HSC)

Limited

5 (2 high risk, 3 medium risk)

Assignment Summary

The Health and Social Care Partnership (HSCP) identified a potential weaknesses in the procurement of training within the Partnership which was raised with Internal Audit. The main objective of the audit is to review the arrangements in place for the procurement and payment of training services from third parties. Where required, this review will aim to identify any areas for improvement in the control environment. The assignment sought to:

- Establish the current arrangements in place for procuring training services from third parties.
- Identify any control weaknesses within the process and any issues in relation to adherence to Council policies and procedures.
- Confirm that adequate steps are taken by the Service to ensure Best Value when procuring training services.

Assignment Name/Ref	Assurance[2]	No of Actions
This review concentrated on training procured in 2022-23 and 2023/24. The Service were aware of the non-compliance with Financial Regulations in relation to prepayments and had taken steps to ensure this does not occur in future. The Service also arranged procurement training for the Practice Development team to increase awareness of SAC procurement procedures. Internal Audit identified improvements in the following areas: • Increasing compliance with the Council's Standing Order's Relating to Contracts. • Creating a template to detail the considerations in the procurement of training suppliers. • Increasing staff awareness regarding the implications of payments made in advance and the requirements of the Council's Financial Regulations. • Reminding staff of the requirements of the Council's Financial Regulations regarding Purchase Orders. • Reassessing the allocation of training budget between Practice Development Budget Managers. The audit gave rise to five recommendations which management have agreed to implement. The main recommendations relate to increasing compliance with the Council's Standing Orders Relating to Contracts, specifically adhering to the specified procurement routes. Recommendations also relate to increasing awareness of the risks of paying suppliers in advance and ensuring compliance with the requirements of the Council's Financial Regulations. Unless these recommendations are addressed, there is a risk of breaches of the Standing Orders Relating to Contracts and Financial Regulations. Best value may not be achieved, and financial loss could occur.		

2024/25 Internal Audit Reports Issued in period 1 April 2024 to 30 June 2024

Assignment Name/Ref	Assurance	No. of Actions
2025/15 - Annual Return on Housing Charter Review	Substantial	1 (low risk)

Assignment Summary

The objective of this assignment was to obtain assurance that there are adequate procedures in place for the collection of information included in the Annual Return on Housing Charter (ARC) 2023/24 and that reported Charter and contextual indicators are accurate. The assignment sought to provide assurance that there are adequate controls in place to ensure the indicators included within the ARC are correct and the return is submitted to the Scottish Housing Regulator (SHR) by the due date.

Assignment Name/Ref	Assurance	No. of Actions

Assurance was obtained in the following areas:
- There are adequate procedures in place for the collection, calculation, review and reporting of the indicators included in audit testing.
- The indicators were shared with tenants' representatives prior to submission Scottish Housing Regulator (SHR).
- The indicators were submitted to meet the deadline of by 31 May 2024. and outlined how the Council has performed in 2023/24 against the set of standards that are set out by the SHR.
- Assurance was also obtained through sample testing that the data used in the calculations covered the correct period and could be supported by documentary and/or system evidence and the indicators included within the return to the SHR had been correctly calculated in line with SHR technical guidance.

One area was identified as having potential for improvement. The audit gave rise to one audit recommendations which management have agreed to implement. The recommendation relates to increasing the £1,000 threshold for identifying and excluding complex jobs for indicator 10 "*Percentage of reactive repairs carried out in the last year completed right first time".* Unless this recommendation is addressed, there is a risk that the indicator calculated for 2024/25 will exclude more reactive repair jobs than is necessary and not reflect the true performance of the Service.

2025/23 Property Maintenance Stores Year-end Balance	Reasonable	3 (medium risk)

Assignment Summary

The objective of the audit was to obtain assurance that the Property Maintenance stock value, to be included in the Council's Balance Sheet as at 31 March 2024, accurately reflects the movement of stock between the date of the stock count and the year end. The assignment sought to provide assurances that all stock received into and issued from stores from the date of the stock count 23 March 2024 to the 31 March 2024 is correctly reflected in the year end stock balances reported to Finance for inclusion in the Council's Balance sheet as at 31 March 2024.

There were differences identified in this review however they are considered to be immaterial in the context of the annual accounts.

The findings indicate that improvements are required to ensure that the Property Maintenance stock held is complete, accurate and valued appropriately. In particular it was found that:

- The stock value reported to Finance was at 28 March 2028. Stock movements for emergency works over the Easter weekend (29 – 31 March 2024) were not accounted for as part of 2024-25 stock movements. It is anticipated that these movements would have been immaterial in the context of the stock balance.
- Errors in relation to qualities and values of stock recorded in the stock system were identified through audit testing

Assignment Name/Ref	Assurance	No. of Actions
The audit gave rise to three recommendations which management have agreed to implement. The main recommendations relate to the valuation of stock and ensuring that stock is held at the lower of cost and NRV. Year-end stock counts should include all stock movements up to the 31 March and supporting documents held to evidence all adjustments. Unless these recommendations are addressed, there is a risk that the year-end stock balance is misstated.		

Overdue Actions (As At Date of Report 30 July 2024)

IA2021/40 Main Accounting System Review							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2021/40.06 Format of service level budget monitoring reports for all SAC services to be reviewed to include commitments and obligations to present complete spend against budget.	31-Mar-2024	Tim Baulk	Tom Simpson	26-Aug-2024 While many of the teething issues following the implementation of Oracle Fusion have been resolved, a few continue to persist with some directly related to commitments and obligations. We understand these issues to be linked to new processes surrounding the opening and closing of accounting periods and chart of accounts segments and they continue to be investigated between Finance, ICT and Procurement colleagues and our Fusion external support partners. The implementation of Fusion has been a very significant and steep learning curve and while much progress has been made, these remaining issues require to be ironed out before we can confidently include them in budget monitoring reports. An extension is requested to 31 March 2025.	🛑	90%	1st extension granted to Oracle Fusion Go Live date 31/3/23 2nd Extension Granted to 31/3/2024 3rd extension requested to 31 March 2025
IA2021/40.10 Internal training to be made available to those with budget monitoring responsibilities to enhance their knowledge and skills to effectively manage their budget.	31-Mar-2024	Tim Baulk	Tom Simpson	26-Aug-2024 Existing training material is currently being reviewed and refreshed in line with current Oracle Fusion practices. This will form the basis of both face-to-face and online COAST training sessions across the organisation. An extension is requested until 31 March 2025 by which point the rollout is expected to be complete.	🛑	78%	1st extension granted to Oracle Fusion Go live date 31/3/23 2nd Extension Granted to 31/3/2024 3rd extension requested to 31 March 2025
IA2021/40.11 Format of budget monitoring reports to be reviewed to enable budget holders to drill down on the	31-Mar-2024	Tim Baulk	Tom Simpson	26-Aug-2024 Following a period of time where the priority was identifying, understanding and resolving a number of post Go-Live teething issues with Oracle	🛑	85%	1st extension granted to Oracle Fusion go live dated 31/3/2023

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
information presented. Consideration should be given to providing budget holders with real time budget and expenditure information.				Fusion, consideration is now required as to how financial information can be most effectively presented to budget holders within the resource constraints of licensing costs. We are only now at a stage where solutions can be explored between Finance and ICT colleagues. An extension to 31 March 2025 is requested in order to identify and consider viable and affordable options.			2nd Extension Granted to 31/3/2024 3rd extension requested to 31 March 2025
IA2021/40.15 Basis of internal recharges to be reviewed where based on historic pre-approved rates	31-Mar-2024	Tim Baulk	Tom Simpson	26-Aug-2024 Work has stalled in this area while the resolution of Oracle Fusion teething issues took a necessary priority. With many of those issues now resolved, the question of internal charging can now take a higher priority as part of budget-setting considerations for the 2025/26 and 2026/27 budgets. An extension until 31 March 2025 is requested, which will align with the 2025/26 budget-setting process.	🛑	35%	1st extension granted to 31/12/2022 2nd extension granted to 30/3/2023 3rd Extension Granted to 31/3/2024 (AGP 6/9/2023) 4th extension requested to 31 March 2025

IA2023/12 Climate Change Duty Report

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2023/12/04 Review and update of Energy Strategy	31-Mar-2024	Christina Cox; Neil Grant	Tom Burns; Neil Grant	26-Jul-2024 EAC as procurement lead for this strategy issued a contract failure notice to the consultants on 7/6/24. Since this date 2 workshops have been held with relevant officers to facilitate a resolution to the outstanding performance issues with the strategy report output received to date. SAC officers have spent considerable time reviewing and adding comments to the draft documents issued to date. A further workshop is to be scheduled with the final output expected in September.	🛑	90%	1st extension requested to 31 October 2024

IA2024/09 Social Media Accounts

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/09.02 Annual review of Social Media Access Rights	31-Jul-2024	Kevin Mullen	Anne Yeo	04-Jul-2024 Audit is under way.	🔴	10%	1st extension requested to 31 August 2024

IA2024/10 Waste Management Procedures

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/10/02 Undertake periodic reconciliations between the customers on commercial route sheets to commercial customers spreadsheet	31-Jul-2024	Fiona Ross; NS Training	Paul Dougall	24-Jul-2024 Commercial Team currently checking cancelled customers from 1/4/24 to ensure removed from route sheets and any other documents. Annual billing now completed so team will start monitoring payments throughout the year and debt recover as required working along side legal. We are currently looking at a system to digitalise all process in relation to commercial waste which will reduce the possibility of manual error.	🔴	50%	1st extension requested to 31 March 2025
IA2024/10/04 Implement a suitable stock control system	31-Jul-2024	Fiona Ross; NS Training	Paul Dougall	24-Jul-2024 Team leader will be visiting building works to look at their systems, however the bigger issues are around staffing levels and who in the site is responsible for the distribution of stock. This is something the service is reviewing.	🔴	20%	1st extension requested to 31 March 2025
IA2024/10/05 Ensure booking system shows details of all advanced payments	31-Jul-2024	Fiona Ross; NS Training	Paul Dougall	24-Jul-2024 Sample of data to take every 1/4 to ensure no anomalies in payments.	🔴	10%	1st extension requested to 31 March 2025

IA2024/16 Cash Collection Arrangements -Leisure Facilities							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/16.02 Keys to access till drawers	30-Apr-2024	Alistair Mutch	Fiona Campbell	30-Jul-2024 Key Safe installed at all pools - code shared with Reception and Supervisors only. In relation to Activity Centres, we are looking to complete a much larger piece of work to remove the risk and have proposed removing cash completely from the site due to the low cash income, high collection costs and issues linked with IA2024/16.05. Activity Centres - awaiting outcome of removing cash.	🔴	80%	1st extension requested to 30 September 2024
IA2024/16.05 Cash Collections	30-Apr-2024	Alistair Mutch	Fiona Campbell	30-Jul-2024 Actioned for Pools. This is an ongoing issue for Activity Centres (per IA2024/16.02), and we continue to work with Cashiers and G4S to arrange collections	🔴	60%	1st extension requested to 30 September 2024
IA2024/16.06 Upload of information to paye.net and bank reconciliations	30-Jun-2024	Alistair Mutch	Denise Love	20-Aug-24 - Pay.net transactions for Leisure are being uploaded on a regular basis by a dedicated team member in Corporate team. The reconciliation is being prepared and approved regularly. Queries relating to the reconciliation are raised with the department or Cashiers where necessary. There is still some improvement required with the regular uplift of funds and Finance is working with the department to resolve this. Resolution anticipated by end of November 2024.	🔴	90%	1st extension requested to 30 November 2024
IA2024/16.10 Cash Handling Declaration	30-Apr-2024	Alistair Mutch	Fiona Campbell	30-Jul-2024 – Declaration currently being developed	🔴	60%	1st extension requested to 31 August 2024

IA2024/36/01 Procurement of Training Services (HSC)							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2024/36/01.02 Procurement of Training Template	01-Jul-2024	Gary Hoey	Billy Fisher; Meg Williams	29-Jul-2024 We now have a spreadsheet available which details all of our Training and Development spend. There is evidence of all purchase orders, what they relate too (goods and services) and when these have been paid. Team Members are aware through communication from the Service Manager that only under exceptional circumstances must goods or services be paid in advance of receipt. We can now clearly evidence details of all purchase orders created and completed for procured goods and services.	🛑	50%	1st extension requested to 31 October 2024

Actions Due within next 6 Months (As At Date of Report 30 July 2024)

IA2023/07 System Access Controls							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2023/07.05 Employee Movers	30-Sep-2024	Tim Baulk	Kevin Mullen; Wendy Wesson	26-Jul-2024 A mover's report is currently being developed, which will be cascaded, weekly, to devolved systems administrators. The report will contain detail for administration changes to all devolved systems.	▶	50%	

IA2023/11 Implementation of progress against CI/SG Reports							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2023/11.02 Improvement Priority	30-Sep-2024	Tim Eltringham	Sheila Tyeson		▶	90%	

IA2023/30/04 EE Masts Riverside Place							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2023/30/04.01 Document and implement contract management procedures	31-Dec-2024	Christina Cox	Pauline Bradley	23-Jul-2024 The review and update of contract management procedures is progressing well.	▶	30%	

IA2024/09 Social Media Accounts							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2024/09.01 Social Media Access Rights on SAC network	30-Aug-2024	Kevin Mullen	Anne Yeo	04-Jul-2024 It is necessary to work through all names of individuals who appear in the social media groups to determine if they need access to social media or to external storage. An assessment needs to be made about whether the access is appropriate or can be managed in a different way so adjustments can be made. All social media users and all users of external storage are exceptions to the allowed policy and	▶	15%	

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
				for as many as possible access needs to be removed.			
IA2024/09.04 Updates to Policies	31-Dec-2024	Jane Bradley; Kevin Mullen	Gillian Farrell; Anne Yeo	26-Jul-2024 The Communications team have made advised amendments, and these will be put before Council on 19 August for final approval.	▶	90%	
IA2024/09.05 Social Media Access Controls	31-Aug-2024	Jane Bradley; Kevin Mullen	Gillian Farrell; Anne Yeo	19-Jun-2024 First extension granted as action can not be completed until after election which is outwith the control of Service	▶	95%	
IA2024/09.10 Education photo permissions	30-Sep-2024	Lyndsay McRoberts	Gavin Cockburn	25-Jul-2024 On target for completing for due date	▶	65%	
IA2024/09.13 Monitoring and Managing pages	30-Sep-2024	Jane Bradley	Gillian Farrell	26-Jul-2024 Coast module launched including agreed guidance on monitoring and managing pages. Yearly review to take place in January 2025.	▶	90%	
IA2024/09.14 Responsibilities regarding personal use of Social Media by employees	30-Nov-2024	Mike Newall	Wendy Wesson	26-Jul-2024 Wording has been developed and awaiting sign-off with Legal services.	▶	75%	

IA2024/10 Waste Management Procedures							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/10/06 Review current processes and procedures for invoice processing and implement changes	31-Oct-2024	Fiona Ross; NS Training	John Morrison		▶	25%	
IA2024/10/07 Undertake reconciliations between income received for sale of waste to weighbridge tickets issued by company	31-Oct-2024	Fiona Ross; NS Training	John Morrison		▶	25%	

IA2024/20 School Self-Assessment Checklist results 2023/24							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2024/20.01 Governance	31-Jan-2025	Lyndsay McRoberts	Gavin Cockburn		▶	0%	
IA2024/20.08 Inventory	30-Nov-2024	Lyndsay McRoberts	Gavin Cockburn	25-Jul-2024 An updated reminder on control of inventory will be issued to schools in November 2024, on the anniversary of the last message sent. This message will include updated guidance on the 5 recommendations for schools from the 2024 SSAC Audit.	▶	55%	

IA2024/21 Social Care - Self Assessment Toolkit 2023-24							
Action	**Due Date**	**Managed By**	**Assigned To**	**Latest Note**	**Status**	**Progress**	**Agreed Revisions**
IA2024/21.01 Completion of Self Assessment - Management to ensure that all relevant locations complete the self-assessment on an annual basis.	30-Nov-2024	Tim Eltringham	Lisa Duncan	26-Jul-2024 CFO presented findings of 23-24 Audit to DMT. Email sent to Team Leaders stressing importance of completion of Self Assessment. Training to be arranged in November prior to Self Assessment 23-24 being distributed for completion.	▶	0%	
IA2024/21.03 Cash and Key Holding instructions to be issued	30-Sep-2024	Tim Eltringham	Lisa Duncan	26-Jul-2024 All teams were informed of actions to be taken in relation to improving current practices in cash and key holding. Assurance has been received from teams improvements will be in place by September 2024. Follow up confirmation on completion of actions will be sought in September.	▶	60%	
IA2024/21.04 Stock checks to be documented	30-Sep-2024	Tim Eltringham	Lisa Duncan	26-Jul-2024 Two teams who undertake stock counts are developing processes to record stock checks. These will be in place for the September deadline. Confirmation will be received in due course to complete this action.	▶	50%	
IA2024/21.05 Inventory records to be maintained	30-Sep-2024	Tim Eltringham	Lisa Duncan	30-Jul-2024 Discussions held with Teams to ascertain their understanding of inventory and stock, guidance to be created and distributed.	▶	50%	

IA2024/36/01 Procurement of Training Services (HSC)

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/36/01.01 Compliance with Standing Orders Relating to Contracts	31-Aug-2024	Gary Hoey	Sheila Tyeson; Meg Williams	16-Jul-2024 Training and awareness have been undertaken with regards to Standing Orders. Further training to be undertaken with relevant HSCP staff.	▶	85%	
IA2024/36/01.03 Payments in Advance	31-Aug-2024	Gary Hoey	Billy Fisher; Meg Williams	29-Jul-2024 The Practice Development Team did complete Procurement Training in July 2023. Since then the team have undergone further training delivered on the 6th June 2024 by Mark Milligan, Stephen Simpson and Sheila Tyson in respect of all Procurement and Commissioning Processes, including the use of Fusion to raise Purchase Orders. This training was attended by all team members, even those who do not have any budget responsibility to ensure all staff are familiar with the processes for procuring goods and services. Standing Order training has been requested for the team. However we have been advised that this will be available following the refresher of the Standing Order processes. The Service Manager contacted Mark Milligan in mid July 2024 to ascertain when the refresher is likely to be completed in order that the necessary training can be booked. We are waiting confirmation of this, but are confident this training will be available before end October 2024. There is ongoing work to make SO training available as a COAST Module which, when available will be mandatory for all staff to complete.	▶	70%	Consider whether extension to 31 October is necessary at next update

IA2025/15 Annual return on Housing Charter Review

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/15/01 Service review the £1,000 threshold applied to complex jobs to ensure it is appropriate.	31-Oct-2024	Michael Alexander	Fiona Scott	29-Jul-2024 As part of the reporting process for this indicator, the value of jobs has been analysed. A question has been raised through Scotland's Housing Network (SHN) by another	▶	50%	

				landlord relating to practices used by Landlord relating to this indicator. Once responses are collated and published by SHN, these will be reviewed. Discussion will then take place with Property Maintenance to determine a criteria for identifying complex repairs and all feedback will be used to help determine the most appropriate value threshold to be used for repairs going forward.			

PSIAS External Quality Assessment – Action Plan

No.	Recommendation	Management Response	Responsible Officer / Agreed Completion Date	Current Status
1	The Chief Audit Executive has recognised the need to introduce client and other surveys to enhance the quality assurance and improvement framework. The peer review has identified that there is scope to consider additional key performance indicators to align to balanced scorecard reporting of performance promulgated by the Institute of Internal Auditors. Specifically, the annual internal audit report should be updated to include all KPIs and additional key performance indicators in relation to compliance with internal service standards e.g. timescales for issue of draft and final reports, number of audits completed on time and within budget as these can be helpful measures to assess the efficiency and effectiveness of internal audit as well as identifying any training needs, particularly for new members of staff.	**Recommendation Accepted** Additional KPIs in relation to the delivery of the overall Internal Audit Service will be developed. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor.	Chief Internal Auditor – 30 June 2024	**Fully Implemented** – new KPIs are included in 2024 Q1 Internal Audit progress report and will be included in all progress reports and the annual report going forward
2	The Chief Audit Executive has recognised the need to introduce a formal assurance mapping process to enhance the preparation of the risk-based annual audit plan. The covering report in relation to the annual audit plan should also be updated to include current risk factors influencing the proposed audit coverage for the year ahead.	**Recommendation Accepted** An assurance mapping process has been introduced and was used as part of the 2024/25 Planning Process. The covering report in relation to the annual audit plan will be updated to include the risk factors influencing the proposed audit coverage for the year ahead going forward from the 2025/26 audit plan.	Complete Chief Internal Auditor – 31 March 2025	**Fully Implemented** **Not started – due to start January 2025**
3	The Chief Audit Executive plans to update the risk and control analysis (RACA) process for minor changes identified.	**Recommendation Accepted** Common risk areas will be added to the RACA template. The	Chief Internal Auditor – 1 April 2024	**Fully Implemented**

No.	Recommendation	Management Response	Responsible Officer / Agreed Completion Date	Current Status
	The RACA should also be updated to include other standard risk areas such as management information, quality and effectiveness, systems and procedural documentation, business continuity planning arrangements, data protection arrangements and IT logical access controls which are common risk areas.	updated template will be used going forward from 2024/25.		
4	The RACA process should be updated firstly to include an initial risk assessment which would demonstrate audit scope is focussed on areas of higher risk and secondly, to provide no overall conclusion which would then support the overall opinion for the audit.	**Recommendation Accepted** The RACA template will be updated to include an initial risk assessment and an overall conclusion. A column will be added to rank the risks recorded in the RACA and allow the auditor to ensure the scope is focussed on high risk areas. An overall conclusions section will also be added to the template which will support the audit opinion. The updated template will used going forward from 2024/25.	Chief Internal Auditor – 1 April 2024	**Fully Implemented**
5	Summary of report findings should be included in internal audit progress reports to provide context to the audit report opinions being reported to the Audit & Governance Panel.	**Recommendation Accepted** Progress reports will be updated to include a brief summary of audit findings and conclusions which led to the overall audit opinion for the audit assignment.	Chief Internal Auditor – from September 2024 Progress report	**Fully implemented** – summary of audit findings included in 2024 Q1 Internal Audit progress report and will be included in all progress reports and the annual report going forward
6	Although the results of follow up actions are included in the internal audit progress reports, the annual report should be updated to include the results of follow up processes to support the overall audit conclusion. For example, number of recommendations made, agreed, implemented, overdue, not due at 31 March.	**Recommendation Accepted** The annual report for 2023/24 and going forward will include a summary of the progress of the implementation of audit actions. This will be split between formal follow up of actions, through audit assignments, and informal	Chief Internal Auditor – 30 June 2024	**Fully Implemented** – details of progress of actions raised in 2023/24 were included in the 2023/24 Annual Report (paragraph 5.7).

No.	Recommendation	Management Response	Responsible Officer / Agreed Completion Date	Current Status
		follow up using information recorded by services in Ideagen.		
7	The regular progress reports to Audit & Governance Panel are updated to provide information on those recommendations where the risk has been accepted, particularly where the recommendations are high or medium risk and highlight to the Panel any concerns. The annual internal audit report should be updated to highlight any concerns regarding management's acceptance of risk which have previously been reported to the Panel.	**Recommendation Accepted** The annual report for 2023/24 and going forward will note where the risk has been accepted by service managers.	Chief Internal Auditor – 30 June 2024	**Fully Implemented** – managements' acceptance of the recommendations and/or of risks was included in the 2023/24 Annual Report (paragraph 5.7).

■	Critical
■	Significant
■	Routine

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 4 September 2024**

**Subject: Audit Scotland: Integration Joint Boards – Finance
and Performance 2024**

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1.   Purpose

1.1   The purpose of this report is to present the findings and recommendations included in the Accounts Commission's report prepared by Audit Scotland on IJB's Finance and Performance 2024 published in July 2024.

2.   Recommendation

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

      2.1.1   notes the findings and recommendations from Audit Commissions report (attached as Appendix 1); and

      2.1.2   notes the actions that have taken place or will be progressed in line with the recommendations.

3.   Background

3.1   The Accounts Commission has published annual reports on the financial position of IJB's. Previous years reports: IJB's Financial Analysis 2020-21 and IJB's Financial Analysis 2021-22.

3.2   Prior year's reports highlighted IJB surpluses and reserves positions doubling largely due to additional Covid-19 funding. The medium term and longer financial outlook was reliant on IJB's utilising reserves and delivering on savings to bridge the funding gap.

3.3   The report relates to IJB's finance and performance only. The work does not comment on the work of Council's, NHS or the Scottish Government or make recommendations to these bodies. Future reports will expand the scope to include these bodies recognising the wider system.

3.4   The attached Audit Scotland Report (Appendix 1) was considered at the IJB's Performance and Audit Committee of 6 August 2024.

4/

4. Proposals

4.1 The Accounts Commission published IJB's Finance and Performance 2024 in July 2024. Included in this year's annual report is a high-level analysis of IJB's commenting on:

4.1.1 The financial performance of IJBs in 2022-23 and the financial outlook for IJB's in 2023-24 and beyond.

4.1.2 Performance against national health and wellbeing outcomes and targets alongside other publicly available performance information.

4.1.3 A spotlight focus on commissioning and procurement of social care.

4.2 Key messages included in the report are:

4.2.1 IJB's face uncertainties and challenges from an increase in demand, growing level of unmet need and more complex needs, sustaining the workforce alongside increasing funding pressures.

4.2.2 Lack of evidence in shift in the balance of care from hospitals to communities as intended from the creation of the IJB's. Whole system collaborative working is needed as part of a clear national strategy for health and social care.

4.2.3 The workforce is under immense pressure, difficulties in recruiting and retaining a skilled workforce.

4.2.4 Uncertainty of National Care Service plans and continued instability of leadership in IJB's have contributed to the difficult context for planning and delivering effective services.

4.2.5 Financial Outlook for IJBs continues to weaken with indications of challenging times ahead. Financial pressures from rising inflation, pay uplifts, Covid-19 legacy costs.

4.2.6 Data Quality and availability is insufficient to fully assess the performance of IJB's and inform how to improve outcomes to people who use services and a lack of joined up data sharing.

4.2.7 Current Commissioning and procurement practices are driven largely by budgets, competition, and cost rather than outcomes for people.

4.3 The report included recommendations for IJB's and IJB member questions designed for IJB's to consider their financial and performance position. The following section will review each recommendation and provide actions for South Ayrshire IJB to note and consider taking forward.

4.4 ***Recommendation 1*** - Ensure Medium Term Financial Plans are up to date and reflect all current known and foreseeable costs to reflect short and longer-term financial sustainability challenge.

Action - South Ayrshire IJB Medium Term Financial Forecast 2024-2028 to be updated in 2024-25 following publication of the Scottish Government's Health and Social Care Medium Term Financial Framework due this year.

4.5 *Recommendation 2 -* Ensure that the annual budgets and proposed savings are achievable and sustainable. The budget process should involve collaboration and clear conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability.

Action - Budget savings for 2024-25 are achievable, process included meetings with partners and workforce. Factor into the budget planning process for 2025-26 other stakeholder involvement, proposals to be discussed at IJB Budget Working Group.

4.6 *Recommendation 3* - Work collaboratively with other IJBs and partners to systematically share learning to identify and develop:

i. Service redesign focused on early intervention and prevention, and

ii. Approaches focused on improving the recruitment and retention of the workforce.

Action - Development in both these areas is well established within South Ayrshire.

Redesign within Children and Families services in early intervention and prevention ways of working – for example, Signs of Safety, Whole Family Wellbeing Approaches resulting in significant reduction in need for Out with authority care.

Within Community Care and Health early intervention approaches now embedded as business as usual include a RUNAT (Review Unmet Need Assessment Team), reablement team, frailty team, intermediate care unit providing reablement following hospital admission preventing need for extensive care at home packages.

Approaches to improving the recruitment and retention of the workforce have been developed in collaboration with University of West of Scotland, providing opportunities to students to work in care sector whilst studying, developing our own inhouse staff including provision of training to develop skills into qualified roles.

4.7 *Recommendation 4 -* Work collaboratively with other IJBs and partners to understand what data is available and how it can be developed and used to fully understand and improve outcomes for those using IJB commissioned services. This should include a consideration of gaps in data. It should also include consideration of measures to understand the impact of preventative approaches.

Action - Work has been progressing over the last year working collaboratively with partners to improve on data availability and improvements made to performance reports. Business Intelligence Team Leader continues to develop performance information at all levels.

4.8 *Recommendation 5 -* Evaluate whether the local commissioning of care and support services, and the contracting of these services, adheres to the ethical commissioning and procurement principles, improving outcomes for people.

Action - The IJB implemented a quality assurance framework and to support the implementation of this a new quality assurance administration support role was also created. Regular reports are taken to Community Services Oversight Group on

externally commissioned to offer assurance, along with Care Inspectorate findings which allow targeted supportive measures to be considered when appropriate.

The commissioning team are supported by South Ayrshire Council's procurement team for the administrative element of contracting. Their expertise strengthens the approach taken to commission and procure services ethically.

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 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/

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 and the report aligns with IJB Strategic Priority 'We are ambitious and effective partnership'.

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 Councillor Hugh Hunter, Portfolio Holder for Health and Social Care, and the contents of this report reflect any feedback provided.

Background Papers   None

Person to Contact   **Tim Baulk, Chief Financial Officer**
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Date: **27 August 2024**

Integration Joint Boards

Finance and performance 2024

ACCOUNTS COMMISSION

Contents

Audit team

The core audit team consisted of: Kathrine Sibbald, Zoe McGuire, Chris Lewis, Chris Dorrian and Philip Keane, under the direction of Carol Calder.

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key messages

1 Integration Joint Boards (IJBs) face a complex landscape of unprecedented pressures, challenges and uncertainties. These are not easy to resolve and are worsening, despite a driven and committed workforce. The health inequality gap is widening, there is an increased demand for services and a growing level of unmet and more complex needs. There is also variability in how much choice and control people who use services feel they have, deepening challenges in sustaining the workforce, alongside increasing funding pressures.

2 We have not seen significant evidence of the shift in the balance of care from hospitals to the community intended by the creation of IJBs. They operate within complex governance systems that can make planning and decision making difficult. They cannot address the issues across the sector alone. Whole-system collaborative working is needed as part of a clear national strategy for health and social care that will promote improved outcomes across Scotland but reflects the need to respond to local priorities.

3 The workforce is under immense pressure reflecting the wider pressures in the health and social care system. Across the community health and social care sector there are difficulties in recruiting and retaining a skilled workforce. The Covid-19 pandemic, the cost-of-living crisis and the impact of the withdrawal from the European Union have deepened existing pressures. Unpaid carers are increasingly relied on as part of the system but are also disproportionately affected by the increased cost-of-living. Without significant changes in how services are

provided and organised, these issues will get worse as demand continues to increase and the workforce pool continues to contract.

4 Uncertainty around the direction of the plans for a National Care Service and continued instability of leadership in IJBs have also contributed to the difficult context for planning and delivering effective services. We are seeing examples of IJBs trying to work in new and different ways, but there is a lack of collaboration and systematic shared learning on improvement activities.

5 The financial outlook for IJBs continues to weaken with indications of more challenging times ahead.

- In common with other public sector bodies, financial pressures arising from rising inflation, pay uplifts and Covid-19 legacy costs are making it difficult to sustain services at their current level and, collaborative, preventative and person-centred working is shrinking at a time when it is most needed.

- The financial outlook makes it more important than ever that the budget process involves clear and open conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability.

- Overall funding to IJBs in 2022/23 decreased by nine per cent in real terms or by one per cent in real terms once Covid-19 funding is excluded. The total reserves held by IJBs almost halved in 2022/23, largely due to the use and return of Covid-related reserves. The majority of IJBs reported notable savings, but these were largely arising on a non-recurring basis from unfilled vacancies.

- IJBs have had to achieve savings as part of their partner funding allocations for several years. The projected funding gap for 2023/24 has almost tripled, in comparison to the previous year, with over a third anticipated to be bridged by non-recurring savings, with a quarter of the gap bridged using reserves. This is not a sustainable approach to balancing budgets.

6 Data quality and availability is insufficient to fully assess the performance of IJBs and inform how to improve outcomes for people who use services with a lack also of joined up data sharing. However, available national indicators show a general decline in performance and outcomes.

7 Current commissioning and procurement practices are driven largely by budgets, competition, and cost rather than outcomes for people. They are not always delivering improved outcomes and are a risk for the sustainability of services. Improvement to commissioning and procurement arrangements has been slow to progress but is developing. There are some positive examples of where more ethical and collaborative commissioning models are being adopted.

Recommendations

This report and the recommendations focus on IJBs, however to respond to the significant and complex challenges in primary and community health and social care all the bodies involved need to work collaboratively on addressing the issues – IJBs alone cannot address the crisis in the sector. The next iteration of this annual report will be produced jointly with the Auditor General for Scotland and will take a whole system approach and will make recommendations to the Scottish Government, councils, NHS boards as well as IJBs, as appropriate.

Integration Joint Boards should:

- ensure that their Medium-Term Financial Plans are up to date and reflect all current known and foreseeable costs to reflect short and longer-term financial sustainability challenges

- ensure that the annual budgets and proposed savings are achievable and sustainable. The budget process should involve collaboration and clear conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability

- work collaboratively with other IJBs and partners to systematically share learning to identify and develop:

  – service redesign focused on early intervention and prevention

  – approaches focused on improving the recruitment and retention of the workforce

- work collaboratively with other IJBs and partners to understand what data is available and how it can be developed and used to fully understand and improve outcomes for those using IJB commissioned services. This should include a consideration of gaps in data. It should also include consideration of measures to understand the impact of preventative approaches

- evaluate whether the local commissioning of care and support services, and the contracting of these services, adheres to the ethical commissioning and procurement principles, improving outcomes for people.

1. Introduction

About this report

1. In 2022 and 2023 the Accounts Commission published a bulletin setting out the financial position of the 30 Scottish IJBs. This year's report expands on this and provides a high-level independent analysis of IJBs, commenting on:

- the financial performance of IJBs in 2022/23 and the financial outlook for IJBs in 2023/24 and beyond

- performance against national health and wellbeing outcomes and targets alongside other publicly available performance information

- a 'spotlight' focus on commissioning and procurement of social care.

2. This report focuses solely on IJBs. While it comments on how they interact and perform within the wider system, the work does not comment on the work of councils, NHS boards or the Scottish Government or make recommendations to these bodies. In future reports we will expand the scope to include these public bodies. This will allow us to consider community health and social care as a whole system and look at how different parts work together when planning and delivering services.

3. Supporting this report we have also published:

- a supplement collating the performance information considered in the report

- a checklist of questions, based on the issues raised in this report, for IJB board members to consider

- a summary of the discussion at a stakeholders' roundtable session we hosted in February 2024 that has helped inform this report.

What is an IJB?

4. An IJB is responsible for the governance, planning and resourcing of social care, primary and community healthcare and unscheduled hospital care for adults in its area.

5. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires the 32 Scottish councils and 14 territorial NHS boards to work together in partnerships to integrate how social care and community healthcare services are provided. IJBs were created as part of the Act as separate legal bodies. Exhibit 1 (page 9) sets out how these IJBs operate.

6. There are 31 partnerships across Scotland. Stirling and Clackmannanshire councils have formed a single partnership with NHS Forth Valley. The majority of NHS boards have a partnership with more than one IJB and five IJBs cover the same geographical area as their health boards.

7. Highland follows a different arrangement, a Lead Agency model.[1] This Accounts Commission report focuses on the work of the IJBs and does not comment on the performance of the Highland Health and Social Care Partnership as its scrutiny sits with the Auditor General for Scotland rather than the Accounts Commission.

8. The aim of integration is to ensure that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care; improving the outcomes for patients, people who use services, carers and their families. The services are provided by a mixture of public, private and third sector providers dependent on who is most suitable to deliver those services.

9. The Act sets out which services are required to be delegated by councils and NHS boards to the IJBs as a minimum. This includes social care and primary and community healthcare. Services within this scope include for example, services for adults with physical disabilities, mental health services, drug and alcohol services and unscheduled health care. Some IJBs have also integrated other services. For example, 11 IJBs also have strategic responsibility for children's social care services and 16 IJBs have strategic responsibility for criminal justice social work.

Exhibit 1.
How IJBs work

Council

- Delegates specific services to the IJB
- Provides money and resources

Accountable to:
the electorate

IJB

- Responsible for planning health and care services
- Has full power to decide how to use resources and deliver delegated services to improve quality and people's outcomes

Jointly accountable to:
council and NHS board through its voting membership and reporting to the public

NHS board

- Delegates specific services to the IJB
- Provides money and resources

Accountable to:
Scottish ministers and the Scottish Parliament, and ultimately the electorate

Service delivery

- IJB directs the NHS board and council to deliver services
- The extent of the IJB's operational responsibility for delivering services is defined by the level of detail included in its directions to each partner. The more detailed its directions, the more it will monitor operational delivery.

NHS board and council accountable to IJB for the delivery of services as directed

IJB accountable for overseeing the delivery of services

NHS board and council

Level of operational responsibility

IJB

Source: <u>What is integration? A short guide to the integration of health and social care services in Scotland,</u> April 2018, Audit Scotland

10. Audit Scotland has published reports and is currently undertaking work, on behalf of the Accounts Commission and the Auditor General for Scotland, on some of these service areas.

- Adult mental health Report published 13 September 2023.
- Children and young people who need additional support for learning Blog published 17 May 2022.
- Drug and alcohol services: An update Report published 8 March 2022 and Drug and alcohol services – audit scope Ongoing work to be published Autumn 2024.
- Social care briefing Report published 27 January 2022.
- General Medical Services contract progress Audit scope report to be published spring 2025.

2. The context

IJBs face a complex landscape of considerable challenges and uncertainties

11. Social care and primary and community healthcare services in Scotland currently face complex and unprecedented pressures and challenges. These challenges are not easily resolved and are worsening. There is an increased demand for services, deepening challenges in sustaining the workforce, alongside increasing financial pressures. These longstanding challenges have been exacerbated by the cost-of-living crisis, increasing cost of provision of services and a changing policy landscape. The Covid-19 pandemic has also had a lasting impact on this sector, given the impact on health and social care staff and the need to continue to protect vulnerable people.

12. The Independent Review of Adult Social Care[2] (Feeley Review) (published in February 2021), and the scrutiny of the National Care Service (Scotland) Bill has stimulated a lot of public debate and consideration of the need for change in the sector. But, to date there has been limited change for people experiencing or working in social care. It is important to emphasise that this is not a reflection on individuals working in the sector. Our experience, through this work, is that those involved, at all levels, are driven and passionate about improving the lives of people who need support.

13. IJBs cannot address the issues across the sector alone, whole-system collaborative working is needed as part of a clear national strategy. In the Auditor General for Scotland's NHS in Scotland 2023 report, he stated that 'there are a range of strategies, plans and policies in place for the future delivery of healthcare, but no overall vision. To shift from recovery to reform, the Scottish Government needs to lead on the development of a clear national strategy for health and social care. It should include investment in preventative measures and put patients at the centre of future services'.

IJBs are facing significant financial sustainability challenges and cost pressures are only increasing

14. In common with other public sector bodies, financial pressures arising from rising inflation, pay uplifts, the cost-of-living crisis and Covid-19 legacy costs are making it difficult to sustain services at their current level. IJBs are also experiencing an increase in prescribing costs. IJBs have had to achieve savings as part of their partner funding allocations for several years and achieving these savings, while maintaining service levels, has become increasingly difficult. IJBs are now having to consider more significant options as statutory duties have to be prioritised. This

includes ending funding for some care and support services, to ensure financial sustainability in the medium to long term.

The demand and need for services continue to increase and become more complex

15. Demographic changes and the increasing complexity of care needed are driving an increase in the demand for services. For example, an estimated one in 25 people of all ages in Scotland received social care support and services at some point during 2022/23. It is estimated that 76 per cent of these people are aged 65 and over, and 63 per cent are aged 75 and over.[3] An estimated 20 per cent of Scotland's population is aged over 65. In many rural and island areas this population group is even higher, for example 27 per cent of the population in Argyll and Bute and the Western Isles are over 65.[4]

16. The proportion of the population over the age of 65 is projected to grow by nearly a third by mid-2045. Since currently around three-quarters of people receiving social care support are aged 65 or over, this means that there will likely be a substantial rise in the number of people requiring social care support. It is likely this pattern reflects the challenges across most other services commissioned by IJBs. A recent study found that 93 per cent of people aged over 65 who received social care had two or more medical conditions simultaneously.[5] People over 75 are around twice as likely to require outpatient or inpatient care compared to those aged in their mid-20s.[6]

The workforce is under immense pressure

17. Across the primary and community health and social care sector there are difficulties in recruiting and retaining a skilled workforce. Without significant changes in how services are provided and organised, this issue will get worse as demand continues to increase and the workforce pool continues to contract. The number of people aged 25-44 is predicted to fall from 1.4 million to 1.3 million by 2045. Meanwhile the number of people aged over 75 will rise from 469,000 in 2021 to 774,000 in 2045.[7]

18. We have previously highlighted how the effects of the pandemic worsened existing pressures on the social care workforce causing experienced staff to leave their posts. Our ongoing monitoring and discussions with stakeholders show that these issues remain and the cost-of-living crisis and the ongoing impact of withdrawal from the European Union have added to the pressures.

19. The staff vacancy rates across social care and support services in Scotland is high. At 31 December 2022, 49 per cent of services reported vacancies; 63 per cent of these services with vacancies reported problems filling them. The percentage of care services reporting vacancies had been consistent over time up to and including 2020, before a large increase of 11 percentage points reported in 2021.[8]

20. Almost 90 per cent of social care providers stated recruitment and retention was problematic for them in a survey carried out by Scottish Care.[9] This survey also found that a quarter of staff leave an organisation within the first three months of joining. Providers find they are competing for staff:

- across other public, independent and third sector providers with differences in pay and terms and conditions

- with the hospitality and retail sectors, who pay more for less demanding roles

- with the health sector with an increasing disparity between health sector and social care sector wages – the current pay gap is 19 per cent between adult social care workers and NHS entry level pay.

The cost-of-living crisis is affecting the demand for services as well as the ability to provide them

21. The increased costs of living have exacerbated the workforce challenges as the low wages are making it a less favourable career choice. This is particularly an issue for those providing care at home services who are experiencing an increase in petrol costs and are not always reimbursed in a timely manner, or, in some cases, at all for all their journeys.

22. Unpaid carers are also disproportionately affected by the increased cost-of-living crisis. People in the most deprived areas are more likely to provide 50 or more hours of unpaid care a week compared to people living in the least deprived areas.[10]

23. The cost of provision of services has also increased. Homecare costs per hour have increased by 19 per cent between 2016/17 and 2022/23. Residential care costs per week (for those aged 65 and over) have increased by 23 per cent between 2016/17 and 2022/23. There are also significant cost differences between urban and rural areas.[11]

24. In particular, for smaller, independent and third sector service providers, increased costs are causing problems for the sustainability of services. For example, in residential care homes, an increase in fuel costs to heat and provide power for residents has made their financial viability increasingly challenging.

IJBs operate within complex governance systems that can make planning and decision making difficult

25. We previously reported in our Health and social care integration: update of progress report, that the current model of governance is complicated, with decisions made at IJB, council and health board level. We found that cultural differences between partner organisations are a barrier to achieving collaborative working and achieving key priorities. These challenges have not been resolved.

An unpaid carer is anyone who cares for someone who is ill, disabled, older, has mental health concerns or is experiencing addiction and is not paid by a company or council to do this. Primarily, this is a family member or friend.

Instability of leadership continues to be a challenge for IJBs

26. A notable turnover of senior leadership positions since the start of health and social care integration continues to be a concern. Half of all IJBs experienced turnover in either their chief officer and/or chief finance officer posts in the last two years. Across 2021/22 and 2022/23, seven Chief Officers, 11 Chief Financial Officers, one IJB chair and one chief social work officer changed. Instability in leadership teams has the potential to disrupt strategic planning at a time when difficult and significant decisions need to be made. It can affect the culture of an organisation at a time when the workforce is under pressure.

Plans for a National Care Service have brought uncertainty for IJBs

27. In June 2022, the Scottish Government introduced the National Care Service (Scotland) Bill to Scottish Parliament. The Bill was intended to ensure:

- consistent delivery of high-quality social care support to every single person who needs it across Scotland, including better support for unpaid carers

- that care workers are respected and valued.

28. The main elements of the Bill were the proposed creation of a National Care Service, including a national board, making Scottish Ministers accountable for social work and social care support. The original Bill also set out to transfer social care and social work council functions, staff and assets to Scottish Ministers or local care boards. This put in question the role and responsibility of IJBs and caused uncertainty for IJBs on the timescales for implementing the proposed National Care Service and what form it would likely take. This has complicated IJBs ability to undertake medium- and long-term financial planning.

29. After some delays, Stage 1 of the Bill was passed in March 2024. Amendments planned for the NCS Bill now mean IJBs will be reformed rather than replaced by 2029/30. IJBs should therefore ensure they have effective medium- and longer-term planning in place and continue to drive improvements in how they commission and deliver services.

3. Financial performance

The financial health of IJBs continues to weaken and there are indications of more challenging times ahead

IJB funding has decreased in real terms compared to 2021/22

30. IJBs receive their funding as annually agreed contributions from their council and NHS board partners. Funding is largely received to cover in-year expenditure on providing services but can also be received for specific services and national initiatives to be funded in future years.

31. Funding to IJBs in 2022/23 decreased by £1.1 billion (nine per cent) in real terms to £11.0 billion; a £342 million decrease in cash terms Exhibit 2. IJBs received £1.0 billion of additional funding in 2021/22 to support their response to the Covid-19 pandemic. Excluding the 2021/22 Covid-19 related funding, this shows an underlying decrease of £68 million in real terms, representing a 1.0 per cent decrease.

Exhibit 2.
Real terms movement in IJB funding

	2020/21	2021/22	2022/23
Covid-19 funding (real terms)	£553m	£1,024m	
Partner funding (real terms)	£10,987m	£11,025m	£10,957m

■ Partner funding (real terms)　　■ Covid-19 funding (real terms)
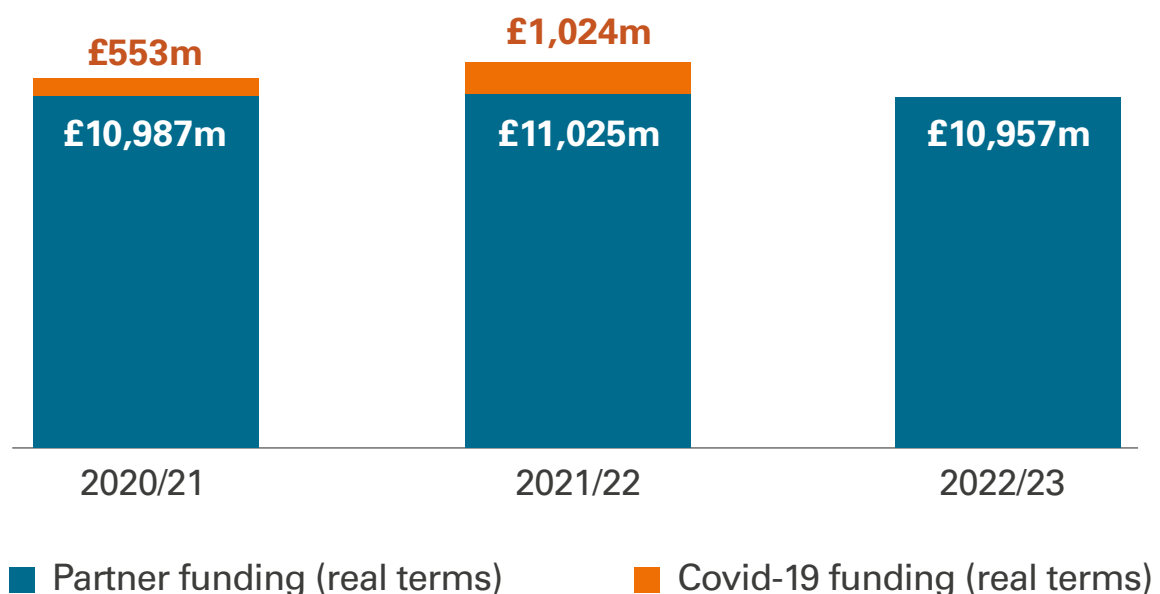
Source: IJB audited annual accounts 2020/21, 2021/22 and 2022/23 and ONS deflators

Non-recurring savings, largely arising from unfilled vacancies, led to the majority of IJBs reporting a surplus on the cost of providing services

32. Nineteen IJBs reported a surplus on the cost of providing services, but these underspends were driven largely by vacancies and staff turnover (Exhibit 3, page 17). Three IJBs reported a break-even position and the remaining eight IJBs recorded an overspend of two per cent, or under, of their net cost of services. The three IJBs reporting a break-even position did so after receiving additional funding allocations from their partner bodies. The net underspend position on the costs of providing services across IJBs was £110 million.

33. The IJBs ability to meet the rising demand for their services and maintain service quality, is weakened by unfilled vacancies. The IJBs reporting a surplus would be unlikely to do so if the workforce was at full capacity.

The majority of the total planned savings were achieved, but over a third were achieved only on a one-off basis

34. IJBs achieved 84 per cent of their £77 million planned savings target in 2022/23. Over a third of this was achieved on a non-recurring basis. This means that these savings will be carried forward to be found again in future years. Identifying and achieving savings every year on a recurring basis, and moving away from relying on one-off savings, is essential for IJBs to maintain financial sustainability.

Total reserves held by IJBs have almost halved in 2022/23 due largely to the use or return of Covid-19 related reserves

35. By the end of 2022/23, all IJBs reported a reduction in their total level of reserves, decreasing by £560 million to £702 million, a 44 per cent reduction.

36. The decrease in the overall reserves balance was largely the result of a reduction in the reserves of funding that the Scottish Government specifically provided for the response to the Covid-19 pandemic. The Covid-19 related reserves decreased by 97 per cent, from £502 million to £14 million. Auditors confirmed that over two-thirds (£333 million) of the Covid-19 reserve reduction was a result of unused balances being returned to the Scottish Government.

Exhibit 3.
Operational surplus as a proportion of net cost of service
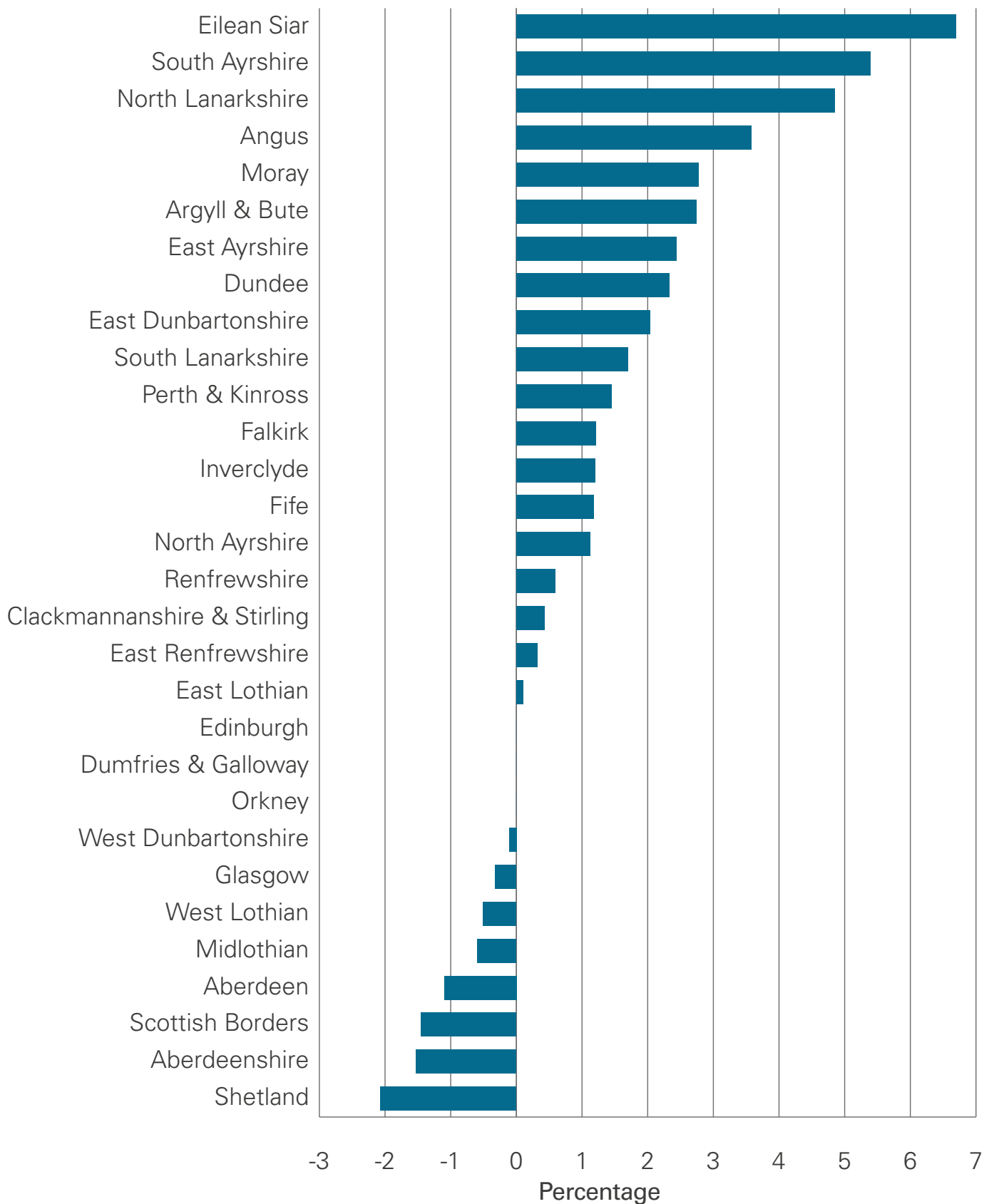
Source: IJB audited annual accounts 2022/23

37. The exceptional impact of Covid-19 reserve movements can obscure underlying reserve movements. When Covid-19 reserve movements are excluded, the total value of reserves was reduced by 10 per cent (£72 million) from £760 million to £687 million.

38. IJBs hold reserves for a variety of reasons, including reserves held to address specific local or national policy initiatives or to mitigate the financial impact of unforeseen circumstances. The reserves held by IJBs consisted largely of four main areas , as follows:

- Earmarked reserves of £426 million (£426 million in 2021/22) held by individual IJBs for a range of local planned purposes, such as reserves for multidisciplinary teams, interim care beds, as well as more generic reserves associated with winter planning and local reserves to support newer innovative practices that contribute towards strategic change.

- Ring-fenced reserves of £79 million (£185 million in 2021/22) provided to support Scottish Government national policy objectives. Examples include the Primary Care Improvement Fund, Mental Health Recovery and Renewal, Mental Health Action 15, Community Living Change Fund and Alcohol and Drug Partnership funding.

- Contingency reserves of £183 million (£148 million in 2021/22) that have not been earmarked for a specific purpose. IJBs have more flexibility on the use of this type of reserves which are often used to mitigate the financial impact of unforeseen circumstances.

- Covid-19 related reserves of £14 million (£502 million in 2021/22), representing all unspent funding received to support the impact of the pandemic on IJB services.

Exhibit 4.
2022/23 Reserves

2%
Covid-19 reserves

61%
Earmarked reserves

11%
Ringfenced reserves

26%
Contingency reserves
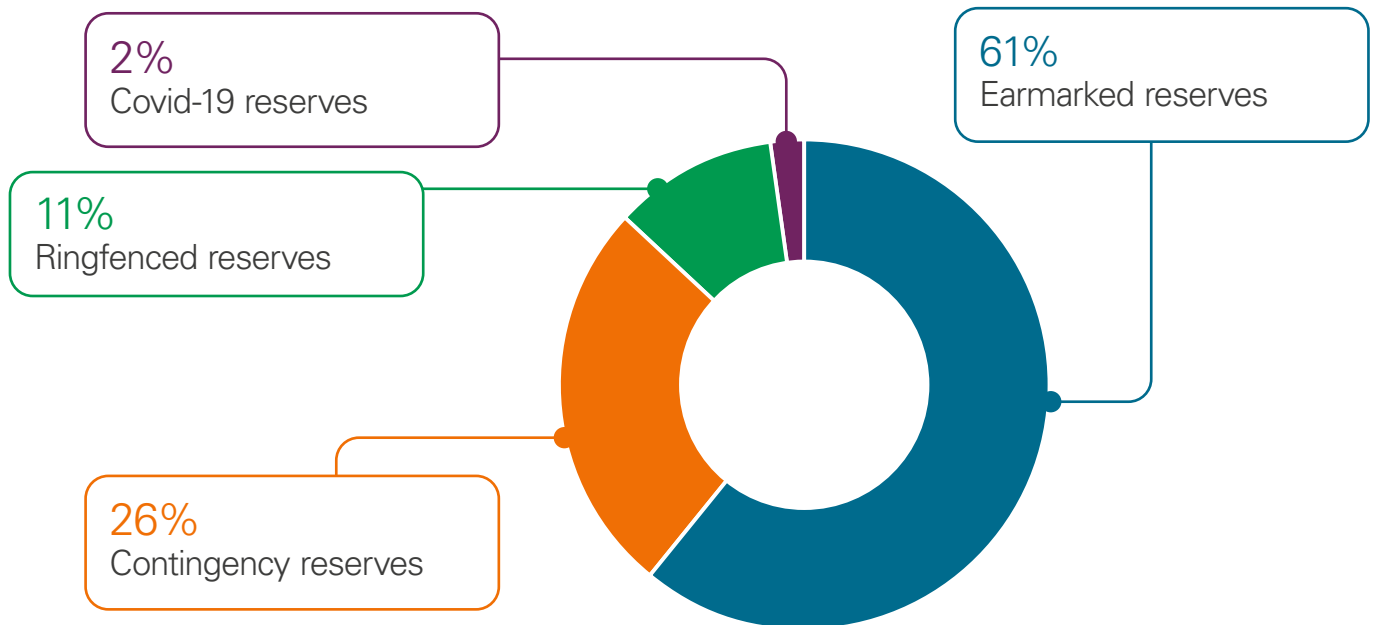
Source: IJB audited annual accounts 2022/23

39. Reserves ring-fenced to support Scottish Government national policy objectives saw a 57 per cent reduction of £106 million to £79 million. These national initiatives include programmes for primary care improvement and mental health programmes.

40. These reserve balances largely represent non-recurring amounts of money that can only be used for specific and defined national policy priorities. As these non-recurring reserves are utilised, funding will need to be identified to fund any continuing associated initiatives on a sustainable basis.

41. The reduction in reserves was slightly offset by increases in the contingency reserves and other locally earmarked reserves. Contingency reserves have continued to increase, largely as a result of unplanned vacancy savings, and now represent a quarter of the total year end reserves balance.

Exhibit 5.
Year end IJB reserves as a proportion of net cost of services
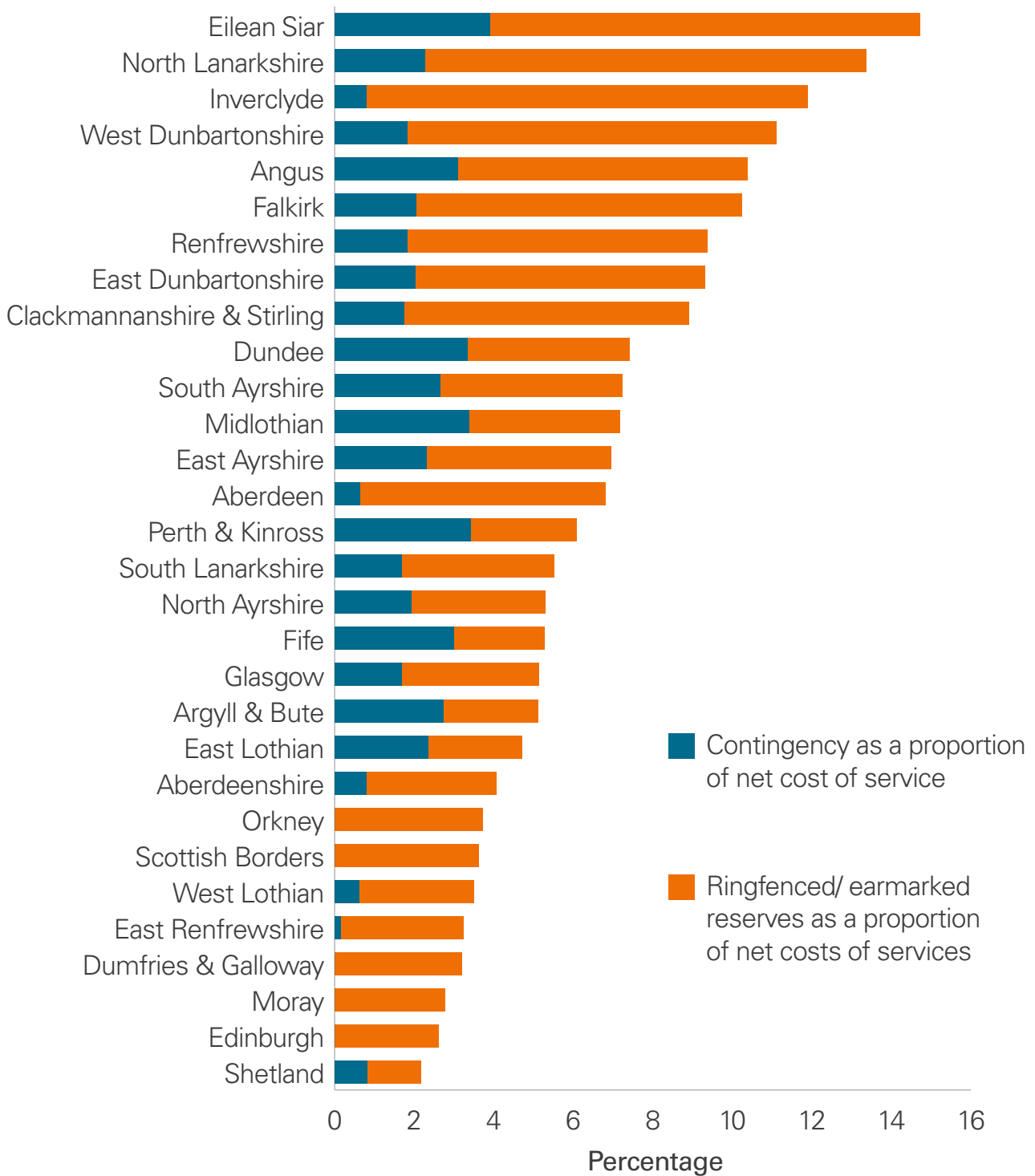
Source: IJB audited annual accounts 2022/23

42. Contingency reserves are uncommitted funds held by IJBs to mitigate the financial impact of unforeseen circumstances and the amount held will vary depending on individual IJB reserve policies. A review of a sample of ten IJB reserve policies showed that the majority (eight) had a contingency reserve target of two per cent of annually budgeted expenditure. There is no statutory maximum or minimum level of contingency reserves.

43. Seventeen IJBs reported an increase in their contingency reserves leading to a net increase of 24 per cent (£35 million) to £183 million between 2021/22 and 2022/23. Across the IJBs, contingency reserves, as a proportion of the net cost of services, ranged from zero per cent to four per cent (Exhibit 5, page 20). Two thirds of IJBs had contingency reserve levels of over two per cent of the net cost of services. Five IJBs had no contingency reserves.

The projected financial position is set to worsen

44. Twenty five IJBs agreed their 2023/24 budget before the start of the financial year. Delays in the agreement of savings plans and uncertainty around NHS partner funding were the most common reasons for IJBs not agreeing a balanced budgets before the start of the financial year.

45. IJBs do not always receive notification of funding allocations from NHS boards before the start of the financial year. This adversely affects the IJBs' ability to plan expenditure, can cause delays to decision-making and lead to vacancies being held unfilled due to uncertainty over funding.

46. The projected funding gap for 2023/24 has almost tripled in comparison to the previous year. All IJBs reported an increase in their projected funding gap with the exception of Orkney IJB. The 2023/24 projected funding gap was £357 million representing a 187 per cent increase from the 2022/23 projected funding gap (£124 million). Funding gaps, as a proportion of the 2022/23 net cost of services, ranged from one to ten per cent (Exhibit 6, page 22).

Exhibit 6.
Funding gap as a proportion of net cost of service
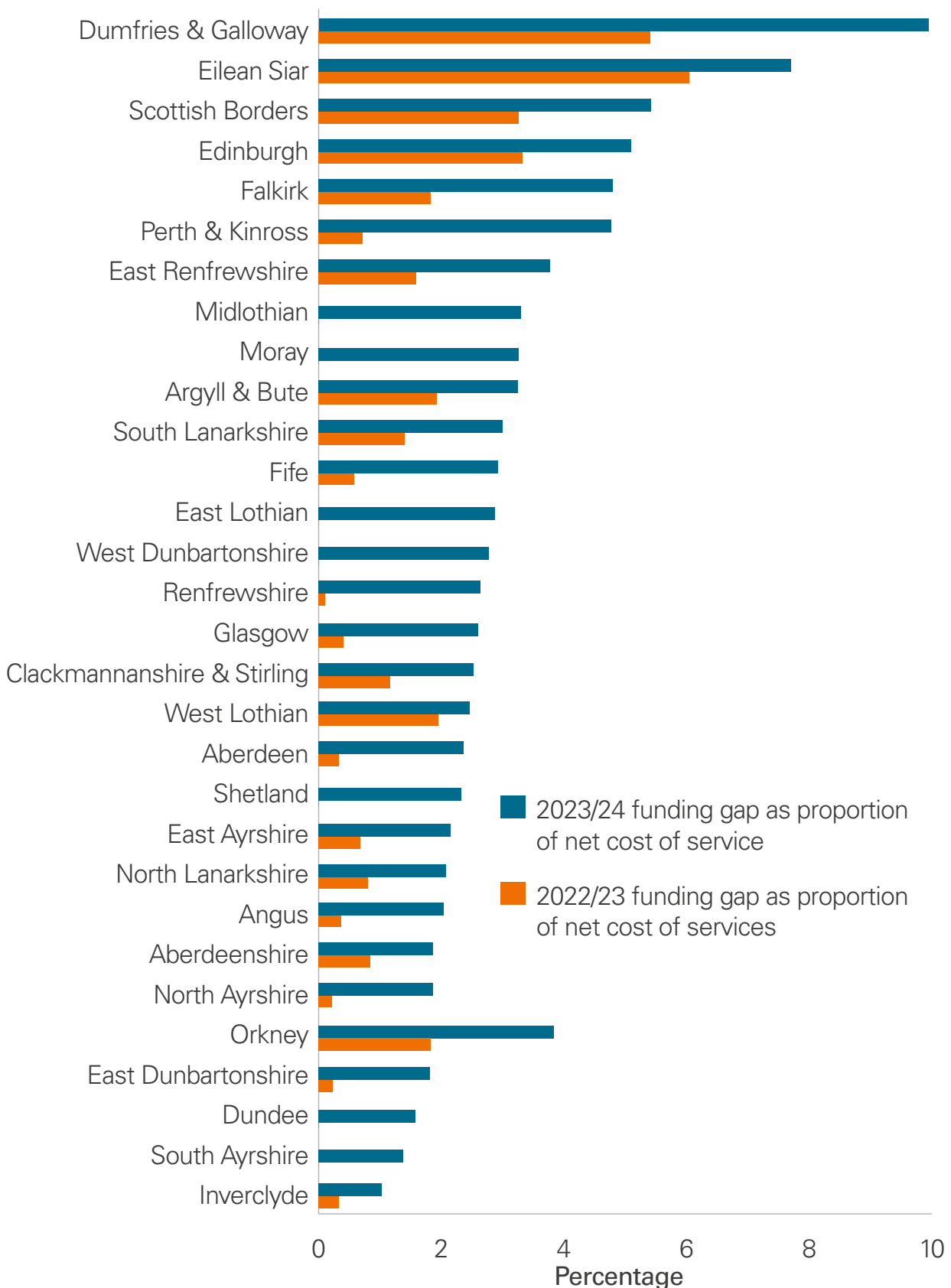
Source: Auditor data return

47. Of the total funding gap, 53 per cent (57 per cent in 2021/22) is anticipated to be met by identified savings, 24 per cent from the use of reserves, with actions yet to be identified to bridge the remaining gap Exhibit 7.

Exhibit 7.
2023/24 IJB funding gap planned action

6%
Other

43%
Agreed savings - recurring

11%
Agreed savings - non-recurring

16%
Unidentified savings (includes savings for which no detailed or agreed plans are in place)

24%
Use of reserves
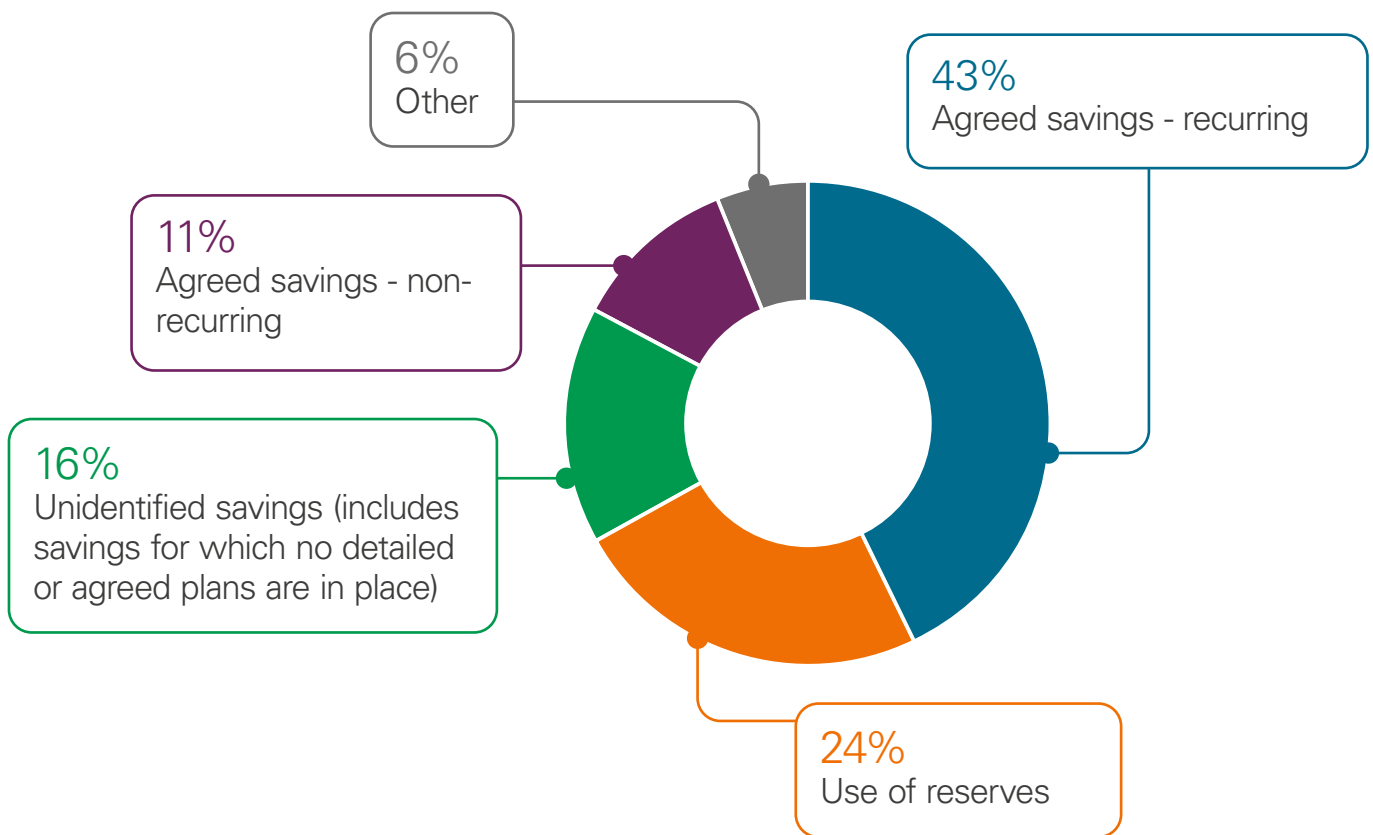
Source: Auditor data return

The increasing reliance on non-recurring sources of income is not sustainable

48. At the time of the 2023/24 budget setting, over a third of the projected funding gap was anticipated to be bridged by one-off sources of funding, ie on a non-recurring basis. A quarter of the projected funding gap was planned to be bridged by the use of non-recurring reserves and a further fifth of the identified savings were anticipated to be non-recurring.

49. In addition, a significant proportion of the funding gap did not have planned savings action agreed against it at the time of budget setting. These unidentified savings made up 16 per cent of the total projected funding gap and were the result of eight IJBs not starting the 2023/24 financial year with a balanced budget.

50. The increased reliance on non-recurring sources of income to fund recurring budget pressures is unsustainable in the medium to long term. The identification and delivery of recurring savings and a reduced reliance on drawing from reserves to fund revenue expenditure will be key to ensuring long-term financial sustainability.

Financial sustainability risks have been identified by auditors in the vast majority of IJBs

51. Auditors identified financial sustainability risks for 80 per cent of IJBs as part of their 2022/23 audits. Findings suggested that there was a reliance on non-recurring savings and sources of income to achieve financial balance.

52. As recurring savings get more difficult to identify and achieve, the need for a more significant transformation of services, in order to achieve financial sustainability, becomes more important.

53. IJBs are currently facing a range of significant and growing challenges and uncertainties impacting financial sustainability and service provision, including:

- uncertainty around the level and terms of future funding settlements and funding allocations for specific initiatives

- significant recruitment and retention challenges, both with the IJB and partner bodies and with external providers in the sector

- rising demand and increasing complexity of care arising from the demographic challenges of an ageing population

- cost-of-living crisis and inflationary cost pressures, including prescribing costs, making it more expensive to maintain the same level of services

- ongoing legacy cost impacts of Covid-19, including vaccination programmes, testing and Personal Protective Equipment costs.

54. An initial analysis of 2024/25 budget setting reveals that the projected funding gap for IJBs has increased again to £456 million. This increase underlines the importance of IJB board members having clear and frank conversations not only at the board level, but with partners, providers and the wider public, about the decisions that will be required to achieve future savings and the likely implication these decisions will have on the services individuals currently receive.

Medium-Term Financial Plans need to be updated to reflect all cost pressures currently known

55. The majority of IJBs have an up to date Medium-Term Financial Plan in place, but auditors found a third needed to update their plan. It is essential that IJBs ensure Medium-Term Financial Plans are updated, reflecting all known and foreseeable costs, to allow informed decision-making on the delivery of sustainable service provision and reform in the future.

4. Performance

Data quality and availability is insufficient to fully assess the performance of IJBs, but national indicators show a general decline in performance and outcomes

Data quality and availability is insufficient to fully assess the performance of IJBs and inform actions to improve outcomes for service users with a lack of joint data across the system

56. The Public Bodies (Joint Working) (Scotland) Act 2014 sets out nine National Health and Wellbeing Outcomes. These seek to measure the impact that integration is having on people's lives. These national outcomes are underpinned by 23 associated national indicators, although four indicators have not been finalised for reporting. These national indicators have been developed from national data sources to provide consistency in measurement. IJBs are also encouraged to devise their own performance indicators for their area. Each IJB produces an annual performance report which sets out publicly its performance against key performance indicators.

57. Our review of IJB annual performance reports for 2022/23 shows the majority report against the key national performance indicators. All set out performance against their own identified strategic priorities. Some IJBs have developed their own indicators, as suggested in the Act, to help demonstrate how they are working towards their strategic outcomes. This allows for flexibility in reporting on local performance but means that describing a comprehensive national picture of performance is not possible.

58. Published performance information is not always clearly linked to the National Health and Wellbeing Outcomes with some gaps in the completeness of national performance information. Nine of the national integration performance indicators are based on the biennial Health and Care Experience Survey (HACE). Response rates for the HACE are generally quite low, with more deprived areas experiencing the lowest response rates. This increases the risk that there may be underrepresentation of the experience of certain groups of people and areas.

The IJB Performance Supplement to this report sets out the performance of each IJB against the 19 national indicators available under the National Health and Wellbeing Outcomes.

59. In our engagement with stakeholders, we heard a consistent message that data is key to a whole system approach and performance management needs to be redefined to reflect this. They indicated a range of challenges around data that is currently collected:

- The current data does not provide good evidence on how the performance of one part of the system impacts on either other parts of the social care system or the system as a whole. This means the current performance data is of limited use in helping to inform system changes which might improve performance and deliver better long-term outcomes.

- There is too much emphasis on data that is used by individual organisations for their governance and operational purposes rather than the collective partnership focus on its priorities. Current arrangements do not reflect a 'whole-systems' approach to performance management and reporting.

- A lack of good data on primary care as it is voluntary for GP's to report.

- Data is more routinely collected and published on health services than social care services.

Work to improve the data sets is at an early stage but is progressing

60. Work is being carried out by the Scottish Government and Public Health Scotland to improve data and allow the comparison of performance including the development of the Care & Wellbeing dashboard. This was launched in November 2023 and is populated with management information and updated on a weekly basis. IJB chairs and chief officers have access to the system to monitor significant shifts in performance and anomalies in the data. The system is still in its early stages of development and use.

61. There are other resources that can be utilised to assist in the analysis of data. In our Health and social care integration: update of progress 2018 report we set out the existence of Local Intelligence Support Team (LIST) analysts. Using a LIST analyst to tailor and interpret local data helps IJBs to better understand local need and demand and to plan and target services.

62. There are also examples of individual IJBs starting to manage their data in more innovative ways, for example at Midlothian IJB. (Case study 1, page 28)

Case study 1.
Midlothian IJB outcome mapping

Midlothian IJB coordinates health and social care support to nearly 97,000 people. To better understand how the IJB contributes to personal outcomes for people, it asked all Midlothian HSCP services to track their contribution to improving outcomes using an outcome mapping approach by January 2024.

Outcome mapping is a way to understand how services contribute to people achieving the outcomes that matter to them and can help services make more targeted, locally informed decisions about how to design, deliver or commission services. This approach allows them to describe what they do, who with, what people learn and gain as a result, how this makes them feel and the difference this makes in their lives. The outcome mapping approach was developed by 'a Scottish software and consultancy company in partnership with the Midlothian HSCP Planning and Performance team.

Each 'stepping-stone' of the outcome map framework includes a set of success criteria aligned to the Care Inspectorate joint inspection framework. The outcome map is colour-coded to show an evaluation of the extent to which the service is making progress towards personal outcomes and confidence in how strong the evidence is to support that progress rating. This results in a two-factor rating system for each 'stepping-stone' in the outcome map.

The IJB also uses outcome mapping and has developed a Strategic Commissioning Map that provides a real-time picture of the whole system progress towards their strategic aims and the nine National Health and Wellbeing Outcomes by linking to service outcome maps.

Outcome mapping is now central to performance measurement in the planning and performance teams. It is part of the triangulation of three types of data: service activity, population experience, and personal outcomes. The information collected from each of these three areas together provides objective, whole system evidence that supports services to develop meaningful action plans for change.

Currently 60 per cent of service areas are using the framework. Some services are using this system to articulate, record, examine, and evaluate service provision and actively using this tool to support service redesign. Resourcing pressures continue to present challenges for some areas to find the time and space to complete a first map and a programme of targeted support is in place to help those areas with the most significant delivery pressures.

The partnership has shared this work with Healthcare Improvement Scotland (HIS), the Scottish Government team developing the National Improvement Framework for Adult Social Care and Community Health and most recently the team developing a new improvement framework for health that will support person centred care.

Source: Midlothian HSCP

Available national indicators show a general decline in performance and outcomes for people using social care and primary and community healthcare services

63. As set out in the thematic sections below (and in the performance information supplement) there is a general decline in performance against the national indicators.

64. The following sections draw out performance findings against key themes set out in the bullet points below. Alongside nationally available data, for each theme we also describe the context and challenges. Some case studies of examples are also set out in . These illustrate examples of where IJBs are using or developing different working practice to improve performance and outcomes.

- Theme 1 – Prevention and early intervention
- Theme 2 – Shifting the balance of care
- Theme 3 – Person-centred care/choice and control
- Theme 4 – Reducing inequalities
- Theme 5 – Unpaid carers/community resilience.

Theme 1 Indicators – Prevention and early intervention

Collaborative, preventative and person-centred working is shrinking at a time when it is most needed. Instead of a focus on care at the right place at the right time, there is a shift to reactive services with little capacity to invest in early intervention and prevention.

65. Addressing individuals' health and social care needs at an earlier stage through prevention and early intervention promotes better outcomes for individuals, improving their quality of life and independence, and reduces the need for costly support and care later on. The 2021 Independent Review of Adult Social Care in Scotland (Feeley Review) set out the need for an increased focus on preventative, early intervention and anticipatory forms of support and a shift away from a crisis intervention. However, this is difficult to progress when the pressures on services are so acute.

66. As financial pressures have increased, eligibility criteria for individuals accessing social care services have tightened. With this, opportunities to undertake prevention and early intervention focused services have decreased. IJBs and their partner bodies have instead signposted less formalised support in the community, often provided by third and voluntary sector organisations. However, we have found that the financial challenges are leading IJBs and other funding bodies such as NHS boards and councils to reduce grant funding to these service providers reducing the capacity to meet and address these lower level, often more preventative focused needs.

67. Leaving lower-level health and social care needs unaddressed until they become more significant tends to lead to increased complexity of need, the requirement for a more resource intensive intervention and less positive outcomes for individuals in the longer term. It is essential that IJBs and their partner bodies find ways to protect and increase the health and social care interventions at an earlier stage. This will be key to addressing future demand pressures arising from demographic shifts to an older population in a more financially sustainable manner.

68. How well individuals consider themselves able to look after their health is indicative of the IJBs' and partner bodies' effectiveness in addressing and supporting individual needs to sustain healthy lives in the community. Since 2013/14, there has been a deterioration by four percentage points of adults who are able to look after their health either 'very well' or 'quite well' Exhibit 8. All the IJBs recorded a reduction in this measure over the period 2013/14 to 2022/23. Fourteen IJBs saw a reduction greater than average over this period, with three IJBs recording a reduction greater than five percentage points.

Exhibit 8.
Theme 1 indicators

Percentage of adults able to look after their health very well or quite well		
95%	91%	-4%
2015/16 2017/18 2019/20 2021/22 2023/24		

Source: Core Suite of Integration Indicators, Public Health Scotland

Exhibit 9.
Theme 1 indicators

Emergency admission rate (per 100,000 population)	**12,229** ... **11,276** 2016/17 2018/19 2020/21 2022/23 2017/18 2019/20 2021/22	**-8%**
Emergency bed day rate (per 100,000 population)	**125,979** ... **119,806** 2016/17 2018/19 2020/21 2022/23 2017/18 2019/20 2021/22	**-5%**
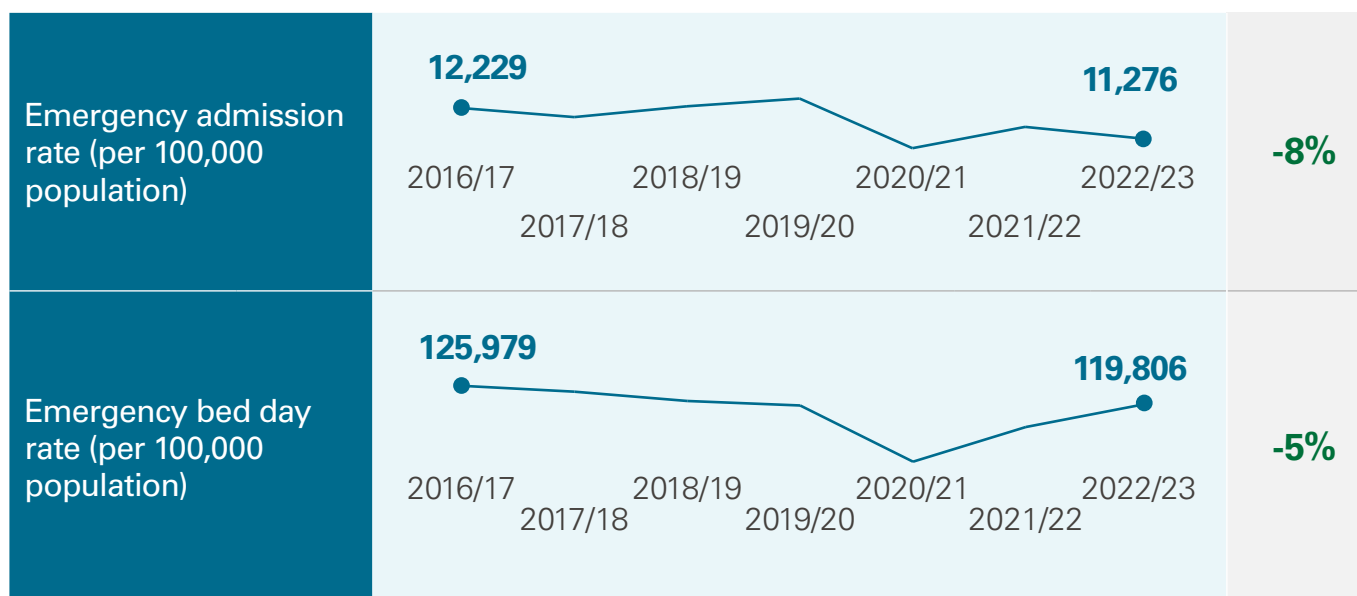
Source: Core Suite of Integration Indicators, Public Health Scotland

69. Emergency admissions rate and the emergency bed day rate are often used as indicators of how well IJBs are reducing unnecessary hospital stays and situations where individuals remain in hospital while they are deemed to be fit enough to return to a more community-based setting.

70. Positively, there has been an eight per cent reduction in the emergency admissions rate as well as a five per cent reduction in the emergency bed day rate since 2016/17. Compared to 2020/21 there is an 16 per cent increase in the emergency bed day rate, however this reflects the impact of the Covid-19 pandemic Exhibit 9.

71. Eighteen IJBs recorded a reduction in emergency bed day rate over the period 2016/17 to 2022/23 Exhibit 9. Of the twelve that recorded an increase, two IJBs record an increase of over 10 per cent.

72. Some IJBs have put in place schemes and plans and maintain early intervention and prevention services. For example, Aberdeen City have set up a listening service to offer first-level support for people with low-level mental health challenges, addressing issues such as bereavement, redundancy, and life changes that can impact overall wellbeing. In Fife, a text chat service was launched in November 2022 enabling young people aged 12 to 19 to have direct, confidential access to the school nursing service. Further examples are set out in Appendix 1 (page 50).

Theme 2 Indicators – Shifting the balance of care

There is a recognition by the Scottish Government, councils and NHS boards that the balance of care needs to shift out of hospital to the community. Although this was the intention of the creation of IJBs, we have not seen significant evidence of this happening.

73. Part of the aims of the integration of health and social care was to help shift resources away from the institutional settings, such as hospitals and residential care institutions, and into more community-based services. The rationale for this is that, alongside it often being a more cost-effective way of providing services, it also helps promote greater independence and improved outcomes for the individual.

74. There has been an increase in the provision of services in the community, with an increase in the percentage of adults with intensive care needs receiving care at home and in the proportion of end-of-life care provided at home or in a community setting. At the same time, the percentage of expenditure on institutional and community-based Adult Social Care services has largely remained static with a small increase in the proportion spent on accommodation-based services.

75. Indicators tracking the balance of care and provision of services in the community have largely shown an increase in the number of individuals receiving care at home or in the community. However, these changes are marginal when viewed over the period since the inception of health and social care integration in 2015. There are also indications of pressures impacting the access to community-based services and the capacity of community services .

Exhibit 10.
Theme 2 indicators

Percentage of adults with intensive care needs receiving care at home	62% 65% 2016 2017 2018 2019 2020 2021 2022 2023	**+3%**
Proportion of last 6 months of life spent at home or in a community setting	87% 89% 2016/17 2018/19 2020/21 2022/23 2017/18 2019/20 2021/22	**+2%**
Percentage of patients provided with advanced booking to GP practice (3 or more working days in advance)	77% 50% 2013/14 2015/16 2017/18 2019/20 2020/21 2022/23	**-27%**
Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	841 .... 902 2016/17 2018/19 2020/21 2022/23 2017/18 2019/20 2021/22 2023/24	**+7%**

Source: Core Suite of Integration Indicators, Public Health Scotland

76. At the same time there has been a deterioration in the experience of those receiving those services in the community nationally Exhibit 11.

Exhibit 11.
Theme 2 indicators

Percentage of adults supported at home who agree that they are supported to live as independently as possible	81% 2019/20 ———— 79% 2021/22	-2%
Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	80% 2019/20 ———— 78% 2021/22	-2%
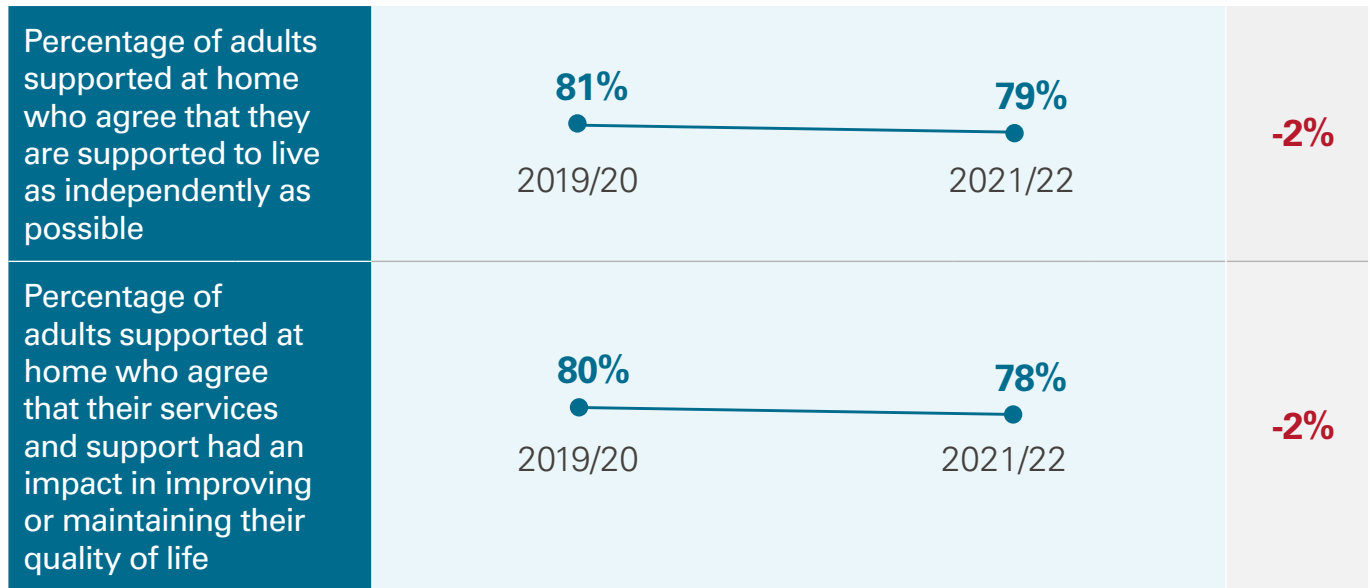
Source: Core Suite of Integration Indicators, Public Health Scotland

77. The Auditor General for Scotland NHS in Scotland 2023 report states that 'lack of social care capacity remains an obstacle to improving patient flow and reducing the number of delayed discharges from hospital. This is supported by data showing that many patients whose discharge is delayed are awaiting the completion of care arrangements to allow them to live in their own home (awaiting social care support), waiting for a place in a nursing home, or awaiting the completion of a post-hospital social care assessment'.

78. Examples of approaches to shift the balance of care from the hospital to community settings are set out in Appendix 1 (page 50).

Theme 3 Indicators – Person-centred care: choice and control

The amount of choice and control service users feel they have is variable across the country

79. In 2010, the Scottish Government and COSLA set out a ten-year self-directed support (SDS) strategy with the aim of supporting people's right to direct their own social care support. The Social Care (Self-directed Support) (Scotland) Act 2013 was part of the SDS strategy and set out how councils should offer people options for how their social care is managed.[12]

80. The Scottish Government, IJBs, councils, providers and service users and their carers recognise the gap between what the SDS legislation is designed to do and what is happening for people trying to access services in parts of Scotland. While there are examples of people being supported in effective ways through SDS, not everyone is getting the choice and control envisaged through the strategy. Some people who use services feel they have a lack of choice and need to accept what is offered with the type of care they receive being driven by the service provider. This is most recently evidenced in the Scottish Parliament's Health, Social Care and Sport Committee post-legislative scrutiny of the Self-directed Support (Scotland) Act 2013 phase 1 report.[13] Examples of increased flexibility, choice and control were given for both individuals and unpaid carers but the Committee also reflected that many areas of improvement are required. For example, a need to improve the consistency of implementation between councils and improve clarity and knowledge around SDS by providing more support and guidance to navigate the process.

81. People who use services and their carers highlight issues accessing services. Either the times at which services are available is unsuitable or the process required to access them is overly complicated. Service users also highlighted a lack of coordination and communication between services, often having to repeat their symptoms or issues multiple times as they move from service to service. Poor data sharing was highlighted as a contributing factor.

82. People who use services described being put to bed at 2pm or left in bed for hours at a time during the day. This was largely attributed to care services being under-resourced and care workers having to schedule their day to fit in additional people.

83. Research[14] has found that while those who received SDS generally had positive experiences and found it beneficial, more than one-quarter of people who use SDS had their option chosen by someone else.

84. The percentage of people who are receiving social care support through SDS is increasing, estimated at 88.5 per cent in 2021/22, up from 77.1 per cent in 2017/18.

Exhibit 12.
Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided

	2019/20	2021/22
Disagreed	25%	29%
Agreed	75%	71%

■ Agreed ■ Disagreed
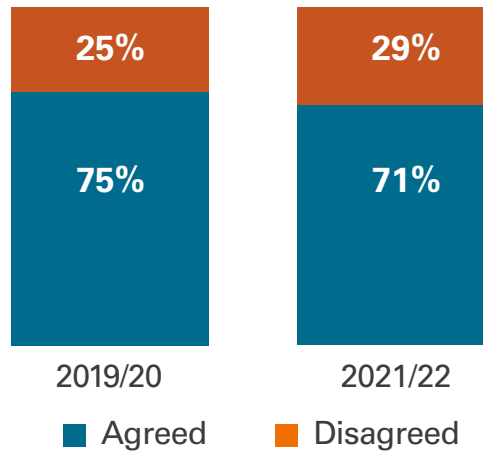
Source: Core Suite of Integration Indicators, Public Health Scotland

85. In general, there has been a deterioration in the proportion of adults who felt that they had a say in how their care is provided Exhibit 12. The latest year of data (for 2023/24) shows that 60 per cent of adults supported at home who disagreed that they had a say in how their help, care or support was provided. Due to how the data is collected this data is not comparable to previous years.

86. The Care Inspectorate amended their approach to inspections of care services in response to the Covid-19 pandemic. Inspection activity was shifted to focus on services where there were concerns or intelligence suggesting that they are a higher risk. The overall trend since 2020/21 has seen a reduction in the number of care services graded as either 'good' or better Exhibit 13.

Exhibit 13.
Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections

2020/21	2021/22	2022/23	2023/24
83%	76%	75%	77%
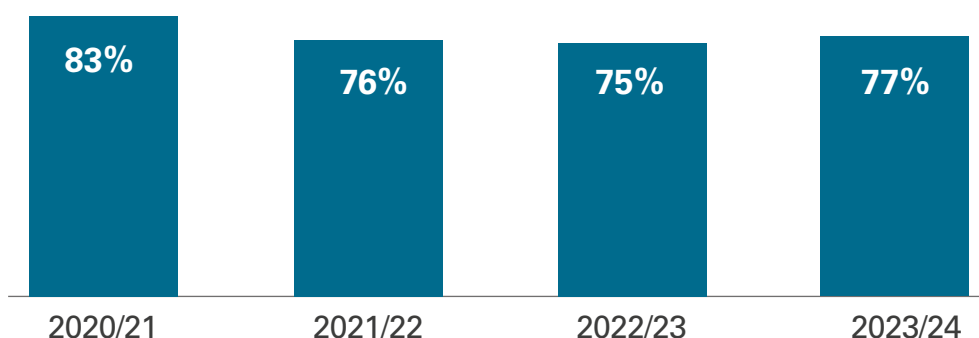
Source: Core Suite of Integration Indicators, Public Health Scotland

87. There is limited national data on access to GPs. (The Auditor General for Scotland's upcoming report on the General Medical Services contract will look further at the availability and quality of data.) However, the percentage of people reporting a positive experience of care at their GP practice between 2015/16 and 2023/24 has declined by 17 points Exhibit 14. There has been a decline across all IJBs and the gap between the best and worst performing areas has widened.

88. Some examples of IJBs working with partners to intervene to give people more choice and control and feedback on the services they receive are set out in Appendix 1 (page 50).

Exhibit 14.
Percentage of people with positive experience of care at their GP practice
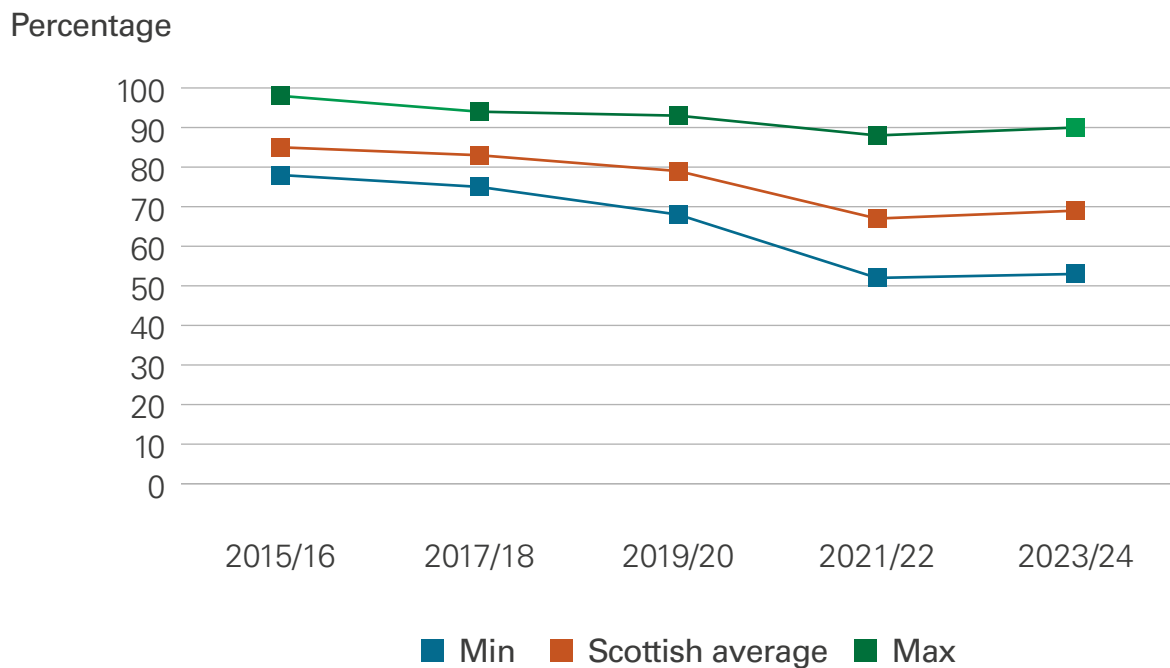
Source: Core Suite of Integration Indicators, Public Health Scotland

Theme 4 Indicators – Reducing inequalities

The Covid-19 pandemic has exacerbated existing inequalities

89. A recent review[15] of health inequalities found that the health of people living in Scotland's most deprived areas is not keeping up with the rest of society. The health inequality gap is widening, evident through increased drug deaths, infant mortality and a fall in life expectancy in more deprived areas. People living in deprived areas have a significantly lower healthy life expectancy, 26 years less for males and 25 for females in the most deprived decile compared to the least deprived decile. This gap has been widening over the past decade.[16]

90. Research has found people who access social care, unpaid carers and those who work in the social care sector have been disproportionately impacted (both directly and indirectly) by the Covid-19 pandemic and mitigation measures.[17] The review also highlights that some groups could experience multiple and compounding inequalities. There is a risk that equality groups and people most at risk of having their human rights breached are set back by changes to and reductions in service provision, particularly as finances become tighter.

91. Respondents to a survey about their experiences of social care[18] who did not receive support but felt they needed it, were proportionally more likely to be non-white, disabled, living in deprived areas, LGBO (lesbian, gay, bisexual, other) and unpaid carers.

The premature mortality rate is increasing with rates higher in more urban and more deprived areas

92. The premature mortality rate is increasing across Scotland Exhibit 15 with a one per cent increase between 2016 and 2022.

Exhibit 15.
Theme 4 indicator

Premature mortality rate per 100,000 population	440 ... 442 (2016, 2017, 2018, 2019, 2020, 2021, 2022)	+1%

Source: Core Suite of Integration Indicators, Public Health Scotland

93. IJBs were found to have consistently lower rates of premature mortality in areas that were more rural and/or relatively more affluent. Five IJBs, all from more urban and less affluent areas (Dundee, Glasgow City, Inverclyde, North Lanarkshire, West Dunbartonshire), have consistently had relatively high premature mortality rates.

Emergency bed day rates are greater in areas with higher levels of deprivation

94. There is a clear relationship between the emergency bed day rate and the deprivation and affluence of an area. Using the Improvement Service's **family groupings of IJB** areas, shows that areas with higher levels of deprivation have higher levels of emergency day bed rates than areas that are more affluent Exhibit 16.

Family groups are groupings of IJBs that are similar in the type of population they serve (deprivation and affluence levels) as well as the type of area they serve (rural, semi-rural and urban).

Exhibit 16.
Emergency bed day rate (per 100,000 population): Difference to Scottish rate
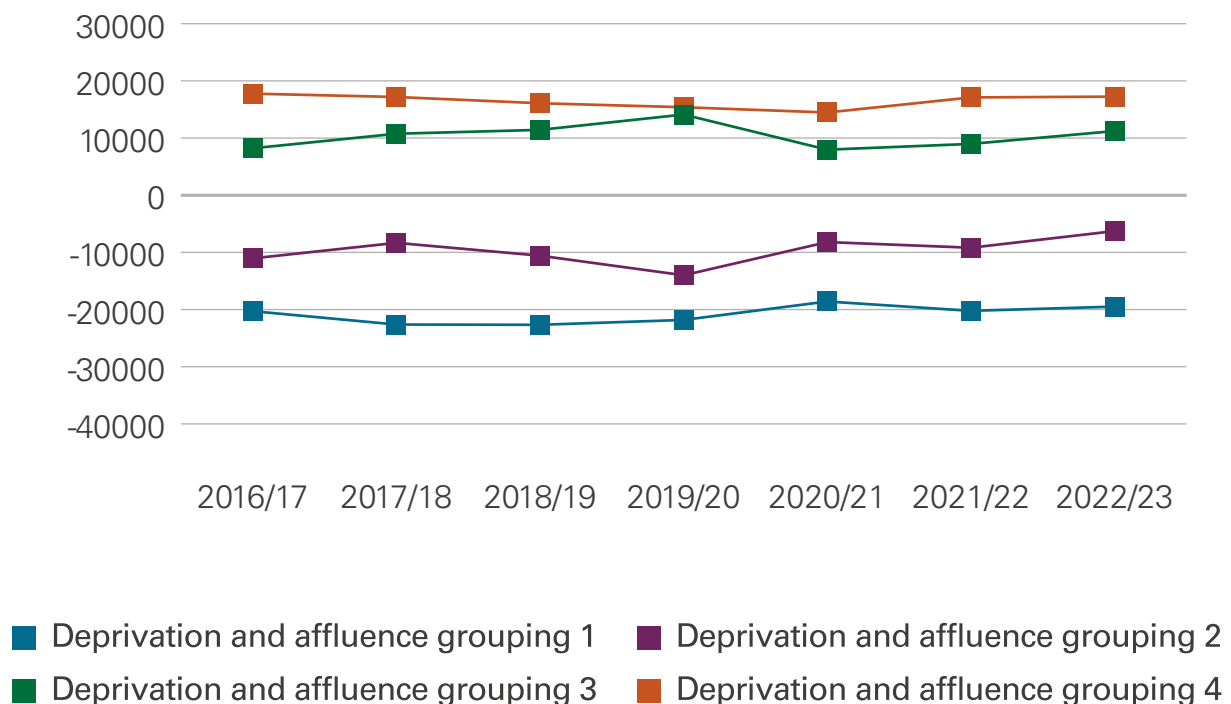
Note: Grouping 1 represents the least deprived/affluent IJB areas and grouping 4 represents the most deprived/affluent

Source: Core Suite of Integration Indicators, Public Health Scotland, Improvement Service (deprivation and affluence grouping)

95. Example case studies in Appendix 1 (page 50) set out some programmes IJBs have in place to tackle inequalities in their communities and improve outcomes for all.

Theme 5 Indicators – Unpaid carers

The reliance on unpaid carers is increasing as the social care workforce is under added pressure

96. There is an enormous reliance on unpaid carers to support the social care system. These carers provide support to friends or family who need it. Carers can claim an allowance of £81.90 a week if they care for someone at least 35 hours a week. An additional carer support payment of £288.60 twice a year is also available to some carers. Although the exact number of unpaid carers is not known, as many carers don't identify themselves as such, there are an estimated 800,000 unpaid carers in Scotland; this includes 30,000 young carers under the age of 18.[19] The social care system relies on the contribution of the community and unpaid carers with the value of unpaid care estimated at £36 billion a year in Scotland.[20] The Feeley Review stated that 'The role communities play in supporting adults to remain active in their community simply cannot be overstated.'[21]

97. This reliance on unpaid carers is increasing as the social care paid workforce is under increased pressure. This is unsustainable.

98. Carers are feeling the mental, physical and financial pressure of a system under strain. Carers Scotland's latest State of Caring survey[22] found that over half (54 per cent) of carers said that their physical health had suffered because of their caring role, with one in five (20 per cent) suffering a physical injury from caring. Forty-four per cent of those on Carers Allowance are cutting back on food and heating. Research[23] carried out by the Carers Trust on the experience of older carers found:

- 80 per cent said their physical health had been affected by their caring role

- 87 per cent said their mental health and wellbeing had been affected by their caring role

- 82 per cent felt as though their caring role has financially affected them; 37 per cent have used less gas and electricity in their homes as a way to save money, and 19 per cent have skipped meals in the past 12 months

- 46 per cent of carers had missed some form of health appointment due to their caring role. This will have knock effects for the efficiency of the health service.

Exhibit 17.
Theme 5 indicator

Percentage of carers who feel supported to continue in their caring role	

40%

31%

-9%

2015/16   2017/18   2019/20   2021/22   2023/24
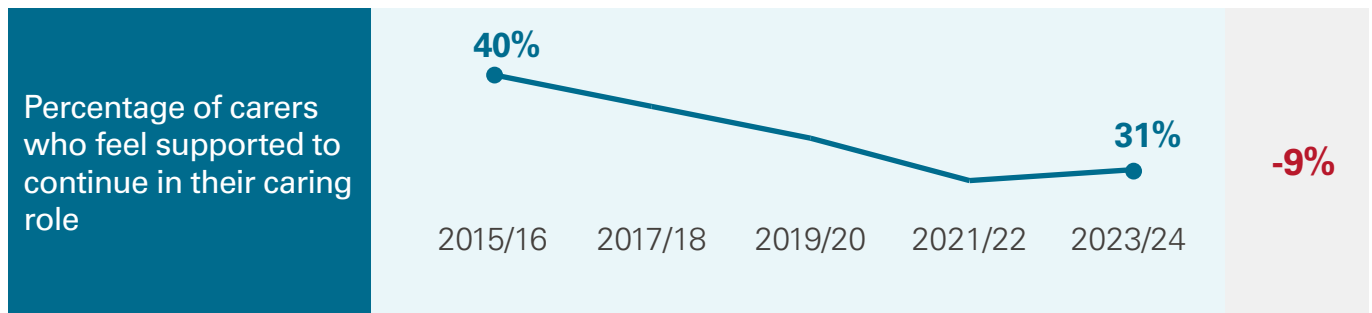
Source: Core Suite of Integration Indicators, Public Health Scotland

99. Caring responsibilities fall disproportionately on women, people living in rural areas and people living in deprived areas. National indicators also illustrate the declining sense of wellbeing for unpaid carers and those needing care Exhibit 17. There are provisions in the NCS Bill to improve support to unpaid carers but this has been subject to ongoing delays.

100. Some IJBs have set up interventions to support unpaid carers such as Falkirk and Clackmannanshire Carers Centre who provide information and signposting to those who are assessed as low or moderate on the unpaid carers eligibility for support.

5. Commissioning and procurement

Commissioning and procurement practices for social care services continue to be largely driven by budgets, competition, and cost rather than outcomes for people. Improvements to commissioning and procurement arrangements have been slow to progress but are developing

101. Our 2022 Social Care briefing highlighted commissioning arrangements as a key issue stating: 'Commissioning tends to focus on cost rather than quality or outcomes. Current commissioning and procurement procedures have led to competition at the expense of collaboration and quality.' In this section of this report, we focus on this issue and consider what progress is being made.

What are commissioning and procurement?

102. Commissioning identifies what is to be provided. It is the process each IJB uses to set out to its partner councils and NHS boards, what it requires them to provide to meet its strategic plan for social care and primary and community health services, based on population needs and available budgets. Procurement establishes how and who will provide the services. It is the process of contracting or purchasing specific services to meet those requirements. The IJBs do not procure the services. This is done by the relevant councils or the NHS and can be from the public, private and third sector. Scotland Excel assists some councils in procuring services and has developed national adult social care frameworks. Currently, the private sector provide 54 per cent of social care services, 24 per cent by councils, 21 per cent by the third sector and the remaining element (one per cent) by health boards.[24]

103. All IJBs have integration strategic commissioning plans. The 2014 Act sets out requirements for the plans that are also supported by Scottish Government guidance issued in 2015.[25] The plans are required to:

- be reviewed at least every three years
- set out what the arrangements are to carry out the tasks of the IJB over the three years

- divide the area geographically into at least two localities for setting out these arrangements with each locality done separately

- include how the arrangements are intended to contribute to achieving the national health and wellbeing outcomes.

104. The commissioning of social care and primary and community health services is a cyclical process carried out by a Strategic Planning Group for each IJB. This group must consider the outcomes for people and how the needs and availability of services change. Healthcare Improvement Scotland and the Care Inspectorate have produced a quality framework[26] to evaluate the effectiveness of strategic planning.

105. The Independent Review of Adult Social Care in Scotland, considered in detail the arrangements for commissioning and procuring social care services in Scotland. The review identified ten changes needed in commissioning and procurement practices.

Improvements to commissioning and procurement arrangements have been slow, with cost rather than outcomes driving decision-making

106. Commissioning and procurement decisions are currently driven largely by achieving the range and volume of services required at the lowest cost. This is understandable given the financial pressures and increased demand faced by IJBs, but the pressure on the service providers to remain competitive can reinforce a focus on driving down prices. This can be at the cost of promoting service quality, equality, innovation and collaboration with others, to improve people's outcomes.

107. Tenders for support packages for people are often constructed around time and task of the service, rather than the outcomes. This lack of flexibility in the system means that NHS and council resources can get tied up in providing services that aren't effective in improving outcomes. More flexibility is needed across the system.

108. The cyclical nature of the commissioning and procurement, mean that time and resource are focused on contracts renewal processes instead of a more strategic long-term approach.

109. As set out at paragraph 25, the current model of governance is complicated. This can cause difficulties when trying to commission services in a collaborative way. All stakeholders, including providers and users need to be part the strategic commissioning process in order to reflect what people need and want. This current approach also does not fully allow for innovation of the sector in finding solutions.

110. The current commissioning and procurement system lacks a process of accountability when people do not receive the services they need. People have described the process of accessing social care as

'notoriously difficult' and 'over-complicated' and needing to 'fight for' and 'justify' their support where they had a negative experience.[27]

Current commissioning and procurement practices are a risk for the sustainability of service providers and the workforce

111. Current arrangements are heavily reliant on a stable provider market and workforce but there are exacerbating financial and workforce issues facing providers, risking the viability of some.

112. A consequence of the current cyclical commissioning and procurement arrangements is that many risks around the effective delivery of service are largely put onto the providers. For example, where the cost of energy makes a service more expensive to deliver than the contract provides for, the provider is still required to provide the service, bearing the loss.

113. There is uncertainty for all providers, particularly in the third sector around future funding and their role in service provision. Providers are also experiencing challenges with providing services and fulfilling contracts largely due to difficulties with workforce recruitment and retention:

- Private and third sector providers find that council commissioning rates are not enough to deliver social care and support and residential, personal and nursing care, and pay expenses such as staff, training and overheads. These providers say they cannot compete with councils where pay and terms and conditions are better than they can provide due to the flat cash settlement local government receives from the Scottish Government.

- Non-committal framework agreements leading to zero hours or short hour contracts for staff.

- Contracts that do not cover travel costs, especially challenging in rural Scotland which were particularly badly affected by fuel price rises.

- Growth in split shifts and reduction in paid sleepovers for staff.

- Although there has been an uplift in adult social care workers' wages, this has not been universally applied for all social care workers as some roles have been out of scope for the intended policy outcome. This has focused on uprating pay for those on the lowest incomes. There is no equivalent uplift for those with supervisor or manager roles making these positions less desirable.

- High levels of overtime and agency costs.

- High and ongoing recruitment costs, particularly in more rural areas.

114. Local government have been calling for multi-year funding settlements from the Scottish Government to support providers with medium- to long-term planning. This is currently being discussed through the Verity House Agreement and the fiscal framework discussions.

115. As set out in the context section, the workforce feel undervalued in the system and there are unprecedented numbers of vacancies (paragraph 19). The **Fair Work** Convention Report[28] set out that 'Despite some good practice and efforts by individual employers, the wider funding and commissioning system makes it almost impossible for providers to offer fair work.' Without urgent progress on the fair working agenda nationally it is likely that the risks to the sustainability of the sector will deepen.

Fair work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. It balances the rights and responsibilities of employers and workers.

Current commissioning and procurement practices are not always delivering improved outcomes for people

116. People who use services are often not involved in commissioning and procurement processes and therefore services are not necessarily reflective of what people need and want. The Independent Review of Adult Social Care in Scotland[29] reported that commissioning using generic frameworks based on an hourly rate does not work well for people who have fluctuating needs for support, particularly support for mental health.

117. The Self-directed Support (Scotland) Act 2013 was designed to ensure people had choice and control in how their social care support is provided. As highlighted at paragraph 80, there is a recognised implementation gap in this policy. The Scottish Parliament's Health, Social Care and Sport Committee post-legislative scrutiny of the Act has highlighted concerns around commissioning in relation to SDS including:

- the importance of facilitating collaborative commissioning conversations
- a need to develop a marketplace of providers
- a need to end competitive tendering and restrictive procurement processes
- the disparity in the relative available funding under different SDS options.

There is an increasing desire to move towards more ethical and collaborative commissioning models but it has not yet been universally adopted

118. There are examples of IJBs attempting to adopt collaborative and **ethical commissioning** processes in their strategies but these appear to be at an early stage. Almost a third of IJBs have adopted the Unison Ethical Charter for Social Care Commissioning[30] which is based on ethical commissioning principles.

119. IJBs are reaching out for support from IRISS (Institute for Research and Innovation in Social Services) in collaborative commissioning, for example work to improve outcomes-based commissioning with East Dunbartonshire, East Ayrshire and Orkney IJBs with Healthcare Improvement Scotland. IRISS has also been supporting West Dunbartonshire and North Ayrshire IJBs to change commissioning to a more collaborative approach. Both projects are at an early stage but they have highlighted that the relationship between stakeholders are a key aspect of addressing commissioning arrangements. Significant time and resource capacity is needed to work out these relationship issues.

120. There are some strong examples of how IJBs are working to commission in a more collaborative and flexible way including Aberdeen IJB and Fife IJB. Two examples are set out in Appendix 1 (page 50).

National approaches to improve commissioning have been slow to progress but are developing

121. Across stakeholders we have engaged with, there is a recognition that commissioning needs to improve. The Feeley Report recommended that the Scottish Government and COSLA develop and agree ethical commissioning principles and core requirements. This is happening through the development of the NCS Bill, an Adult Social Care Ethical Commissioning Working Group was set up (also including the Institute for Research and Innovation in Social Services (IRISS), Social Work Scotland (SWS) and the Coalition of Care and Support Providers in Scotland (CCPS)). This group is developing a framework for ethical commissioning and has identified nine ethical commissioning principles:

- Person-led care and support
- Outcomes-focused practices
- Human rights approach
- Full involvement of people with lived experience
- Fair working practices
- High-quality care and support
- Climate and circular economy

> **Ethical commissioning** aims to embed ethical standards into the commissioning and procurement process to ensure the process is around equity and quality for people, not just around efficiency and cost.

- Financial transparency, sustainable pricing and commercial viability

- Shared accountability.

122. Current Scottish Government plans are that the NCS Bill will include a clear and comprehensive definition of ethical commissioning, with a National Care Service Board[31] providing national oversight, guidance and practical support.[32]

Endnotes

1   Lead Agency model - In Highland the NHS Board and council have adopted a different model for integration, a lead agency model. NHS Highland leads on adult services and Highland Council leads on children's services. Therefore, there is no Integrated Joint Board but an Integration Joint Monitoring Committee to monitor the planning and delivery of services. Revisions to the National Care Service Bill currently being developed, propose that Highland adopt a reformed IJB model as these are implemented.

2   Independent Review of Adult Social Care in Scotland, Derek Feeley, February 2021

3   People supported through Social Care Services: Support provided or funded by health and social care partnerships in Scotland 2022/23, Public Health Scotland, March 2024.

4   Mid-2022 Population Estimates, Scotland, National Records of Scotland, March 2024.

5   Scotland's Health and Demographic profile, Social Research, Scottish Government, June 2022.

6   Scotland's Unsustainable Health Service Modelling NHS demand to 2040, Our Scottish Future Health Commission, December 2023.

7   Population projections of Scotland - National Records of Scotland January 2023.

8   Staff vacancies in care services 2022, Care Inspectorate and Scottish Social Services Council, September 2023.

9   Workforce Recruitment and Retention Survey Findings, Scottish Care, September 2021

10 People who access social care and unpaid carers in Scotland, Scottish Government, June 2022

11 Local Government Benchmarking Framework, Improvement Service, February 2024

12 Self-directed support (SDS) aims to improve the lives of people with social care needs by empowering them to be equal partners in decisions about their care and support. Four fundamental principles of SDS are built into legislation – participation and dignity, involvement, informed choice and collaboration. The Social Care (Self-directed Support) (Scotland) Act 2013 gave councils responsibility, from April 2014 onwards, for offering people four options for how their social care is managed:

   – Option 1: The individual or carer chooses and arranges the support and manages the budget as a direct payment.

   – Option 2: The individual chooses the support and the authority or other organisation arranges the chosen support and manages the budget.

   – Option 3: The authority chooses and arranges the support.

   – Option 4: A mixture of options 1, 2 and 3.

13 Post-legislative scrutiny of the Social Care (Self-directed Support) (Scotland) Act 2013: Phase 1: SP Paper 577, Health, Social Care and Sport Committee, May 2024.

14 My Support My Choice: People's Experiences of Self-directed Support and Social Care in Scotland National Report, ALLIANCE and Self Directed Support Scotland, October 2020.

15 Leave No-one Behind The state of health and health inequalities in Scotland, The Health Foundation, An Independent Review, David Finch, Heather Wilson, Jo Bibby, January 2023.

16 Health Life Expectancy in Scotland 2019-2021, National Records of Scotland, December 2022.

17 Adult Social Care in Scotland – Equality Evidence Review, Scottish Government, June 2022.

18 Health and Care Experience Survey, Scottish Government, May 2022.

19 Scotland's Carers Update Release, Scottish Government, December 2022.

20 Independent Review of Adult Social Care in Scotland, Derek Feeley, February 2021.

21 Independent Review of Adult Social Care in Scotland, Derek Feeley, February 2021.

22 State of Caring Survey 2023, Carers Scotland, November 2023.

23 Experiences of Older Adult Unpaid Carers in Scotland, Carers Trust Scotland, March 2023.

24 Summary of No. of registered care services at 31 March 2024, Care Inspectorate.

25 Strategic commissioning plans: guidance, Scottish Government, December 2015.

26 Evaluating the Effectiveness of Strategic Planning: Quality Framework, Care Inspectorate and Healthcare Improvement Scotland.

27 Independent Review of Adult Social Care in Scotland, Derek Feeley, February 2021.

28 Fair Work in Scotland's Social Care Sector 2019, Fair Work Convention, February 2021.

29 Independent Review of Adult Social Care in Scotland, Derek Feeley, February 2021.

30 UNISON's ethical care charter, UNISON.

31 The remit and membership of a National Care Service Board will be determined by at Stage 2 of the National Care Service Bill. The overarching purpose of the Board 'will be to ensure consistent, fair, human rights-based social care support and community health services, underpinned by effective complaints mechanisms and enhanced advocacy services'.

32 National Care Service (NCS) (Scotland) Bill: Scottish Government Response to Stage 1 report, Letter from Minister for Social Care, Mental Wellbeing and Sport to Health, Social Care and Sport Committee, March 2024.

Appendix 1
Case studies

These case studies set out some examples of where integrated joint boards are using or developing different working practice to improve performance and outcomes.

Case study 2.
Early intervention and prevention services

Preventing Frailty by Improving Nutrition (Shetland)

People providing care and support have an important role in recognising risk and preventing malnutrition. A project in the summer of 2022 led by the dietetics department in collaboration with Shetland residential teams including social care workers, seniors, care home cooks and care at home staff in the community. The project included reviewing dietetic patients care, menu and mealtime observations and advice, training needs analysis and delivery of MUST (Malnutrition Universal Screening Tool) training.

The IJB reported that confidence in ability to screen for malnutrition, provide nutrition advice and care, and actioning nutritional care plans was considerably increased following training, which was provided to more than 100 staff across Shetland.

Whole Family Wellbeing Funding programme (national scheme)

The Whole Family Wellbeing Funding (WFWF) is a £500 million Scottish Government investment in preventative whole family support measures. The aims of the fund are to support the change that is necessary for reducing the need for crisis interventions in families, and to move investment towards early intervention and prevention. The scheme is funded nationally from 2022 to 2026 with any new systems or services funded locally after that period.

The programme is split into three parts:

- to provide direct support to Children's Services Planning Partnerships (CSPPs) to help expand and deliver whole family support services as well as support transformational change

- to support local transformation through National Support for Local Delivery

- support projects that take a cross Scottish Government approach to system change which progress the aims of WFWF.

An evaluation report of year one funding of the first two parts reports that substantial progress has been made so far across most CSPPs. However, they have found it difficult to achieve the pace of progress envisaged by the Scottish Government in year one of the funding.

In South Lanarkshire, the funding has enabled the recruitment of peer support workers with lived experience who are able to reduce the stigma of needing support. The funding also enabled the creation of a team of early years staff, based in NHS Lanarkshire, that will give support to families that have children under the age of five. In addition, the funding enabled the expansion of Pathfinders, a school-based family project that aims to reduce the need for later intervention.

The funding has supported North Ayrshire to add two further locations to their Family Centred Wellbeing Service. The fund has also seen the expansion of North Ayrshire's Health Visiting Team, which aims to support early intervention and prevention for children by working with the whole family.

Source: Scottish Government and Shetland Health and Social Care Partnership

Case study 3.
IJBs shifting the balance of care

Home First Response Service (Glasgow)

Glasgow's Home First Response Service has the aim of ensuring frail people spend less time in hospital. The service is community led and made of multi-disciplinary frailty teams. Each team is led by advanced frailty practitioners based in hospitals with 26 now in post following a successful pilot of the service.

One in three people identified during the pilot were discharged the same day with a care plan having been put in place.

To enable fast access to the community services needed to move frail people out of hospitals and back home, the service uses a hub and spoke service model with each of the six Health Partnerships in Glasgow having their own frailty teams.

The teams liaise with other healthcare colleagues in the community including advanced nurse practitioners, pharmacists and allied health practitioners. This ensures that people receive the same level of care that they would in a hospital setting.

The Home First Response Service has been achieving, on average, a 50 per cent early turnaround rate per month.

Integrated Discharge Hub (West Lothian)

The West Lothian Integrated Discharge Hub (IDH) was set up in 2018 at St John's Hospital to improve delayed discharges and reduce the time it was taking make arrangements for people requiring care and support in the community following discharge from hospital.

To plan the safe and timely discharge of patients, an inter-agency team consisting of discharge coordinators, hospital social workers, Carers of West Lothian as well as inhouse care team staff work with patients and their families to plan their discharge and how their ongoing requirements will be met in the community.

Since the implementation of the discharge hub the IJB reports that improvements have been seen, with reduced lengths of stay, reduced occupied acute bed days, improved performance for days lost to delays in discharge and improved processes for interim placements when a patient is waiting for care home placement.

Between December 2022 and April 2023, the average number of days between a person being admitted to St John's Hospital and being identified as needing the support of the discharge hub has been reduced by 52 per cent. The length of stay for patients getting help from the discharge hub has also been reduced by 28 per cent during the same period.

The success of the discharge hub has drawn interest from other IJBs across Scotland.

The Joint Dementia Initiative (Falkirk)

The Joint Dementia Initiative (JDI) is a registered service in the Falkirk Health and Social Care Partnership. It has two main services: a one-to-one support service, which provides care and support at the user's own home, and a Home from Home service, which provides support to users in a group setting.

The JDI service aims to help people with dementia to continue to live the life they want to live by continuing to live at home in their own communities for as long as possible. This is delivered through meaningful engagement with service users, families, and key stakeholders from across Falkirk HSCP following a person-centred approach to the care provided.

A review of the JDI was carried out in April 2021 that included arranging engagement events with service users, their families, carers, staff, and stakeholders. The aim was to improve outcomes for families and carers and identify specific areas of concern and gaps in service delivery.

Identified as an important issue at the engagement events, the partnership looked at the flexibility of the service and dementia being a 24/7 illness. The partnership is working to provide evening and weekend support for families and carers, due to start in August 2024. These improvements would allow the partnership to achieve outcomes from their strategic plan.

A current project is being carried out to change Adult Placement Carers in the Home from Home service from self-employed to employees of the partnership. This change aims to improve recruitment and retention rates for the service.

The JDI has been successful in achieving funding from multiple funds including the Dementia Innovation Fund and the Carers Challenge Fund. This has allowed the Initiative to renovate their community space as well as create two part time support worker posts to help provide evening and weekend support to service users

Source: NHS Greater Glasgow and Clyde, West Lothian Health and Social Care Partnership, and Falkirk Health and Social Care Partnership

Case study 4.
Choice and control

Community Brokerage Network (North and South Ayrshire)

The Community Brokerage Network is well established in the Ayrshires and provide brokers, who offer free independent information about self-directed support to people and their carers at any stage in their social care journey, whether they are entitled to a formal social care assessment or not. They have successfully connected people with services that have helped them achieve their personal outcomes in a way that works for them. A Brokerage Framework for Scotland has recently been produced by Self-directed Support Scotland and its partners to help encourage the use of this model further across Scotland.

Care Opinion (Falkirk)

Care Opinion is an online integrated platform where people can safely share their experience of any health service or Care Inspectorate-registered providers of adult social care services. Care Opinion has national scale and visibility and has worked with all Scottish health boards as well as ten HSCPs. Over 29,000 stories have been shared about health and social care services in Scotland on the Care Opinion platform.

Care Opinion enables Falkirk HSCP and the commissioned providers to use online feedback as one method of learning from lived experience. The aim is to drive forward quality service improvements, build a reputation for openness, to potentially avoid formal complaints, and develop a culture of transparency across the Partnership.

Source: Self Directed Support Scotland, Falkirk Health and Social Care Partnership

Case study 5.
Work to reduce inequalities

Welfare Advice & Health Partnerships (WAHPs) programme (Glasgow)

Scottish Government funding is enabling 84 GP Practices across the most deprived parts of Glasgow to host a dedicated welfare and health adviser one day per week. According to the Partnership this has had a positive impact on patient health, poverty and health inequalities, while also freeing up staff time for clinical care. In the last year, there have been 3,997 referrals made by WAHP practice staff across Glasgow, achieving a reported £3.3 million in financial gains and £1.1 million in debt managed for people.

eFRAILTY Power BI dashboard (West Lothian)

The eFRAILTY Power BI Dashboard was created with the aim to provide a snapshot of the make-up of frailty within the West Lothian population with the goal of identifying people who could benefit from help, improving the health inequality gap. The dashboard also has the aim of mapping frailty data by GP postcode to enable the targeting of resources.

The data in the dashboard uses the Rockwood clinical frailty score from patient and carer self-assessment forms. These forms are collected at vaccination centres each year during the patient's annual flu jab. The frailty data is collected by the vaccination nurses and then entered into GP systems before being extracted and used to populate the eFRAILTY dashboard.

The dashboard is still in the scoping and data-gathering phase, however the Partnership is looking at options for how to put the data to use. An example given by the Partnership for the use of the data was to refer patients graded as having mild frailty to their Xcite Exercise referral scheme.

Source: Glasgow City Health and Social Care Partnership, Scottish Government, and West Lothian Health and Social Care Partnership

Case study 6.
Granite Care Consortium

Established in October 2020, Granite Care Consortium (GCC) is composed of a mix of ten independent and third sector care providers delivering over 12,000 hours of care a week to more than 1,200 people.

GCC was set up with the aim of creating market stability, improving outcomes for service users and building a consistent trained and skilled workforce. Competitive methods of commissioning and procurement were identified as presenting a risk of providers reducing their services or exiting the market completely. Providers also often work in silos with little input or communication from other services.

Aberdeen City Health and Social Care Partnership (ACHSCP), commissioned GCC to take a collaborative approach, with a focus on the outcomes for the individual. This saw GCC move away from a 'time and task' model towards one built around the service user. The collaboration between providers allows different types of support to be added to a care plan without the need for time consuming reassessments.

For example, someone receiving mental health support who then required personal care could have this added to their care plan in a matter of hours.

Collaboration has also enabled greater data sharing and visibility. GCC use data at a local level as well as city wide to inform decision-making. A recent test of change has seen the introducing of hotspots allowing GCC to focus on where demand for care is greatest.

Funding is provided in monthly blocks by ACHSCP which allows GCC to flex individual care and support packages without the need for social worker authorisation. This speeds up the process, improving outcomes for individuals. The number of days those aged 75+ in Aberdeen City are waiting to be discharged from hospital (per 1,000 population) stands at 112 as of November 2023. This is down from 579 in 2019/20.

GCC faces the same workforce challenges as the wider sector but is using its outcomes focussed model as a positive tool to aid recruitment and retention. Learning and development is also a large part of the workforce strategy with GCC working in partnership with Robert Gordon University to develop new ways of delivering training.

I have felt partnership working between ACHSCP and GCC has been stronger than my previous experience before GCC – Social Worker

Building trust, both from ACHSCP and the ten partnering service providers, was crucial in delivering this model. Challenging traditional ways of working and thinking was acknowledged by GCC as difficult but it reports that there is now genuine trust between all parties and the culture of collaboration is now embedded within the consortium.

The Scottish Parliament Health, Social Care and Sport Committee have identified this work as a good model to provide the basis to develop best practice in ethical commissioning.

Source: LGBF Indicators, GCC Annual Report 2020-21

Case study 7.
Fife Care Collaborative

Established in 2021 the Care at Home Collaborative was a Collaborative of 16 Independent Care at Home Providers who delivered over 90 per cent of externally commissioned care at home services in the Fife IJB area. The Collaborative in June 2024 are now made up of 41 care at home Providers including Fife Council. The split between service delivery is approximately 30 per cent Council and 70 per cent Collaborative.

The aim of the collaborative is to involve all member organisations in active engagement and participation as well as to share best practice and lessons learned. The collaborative also aims to benefit from the economy of scale of working together, for example securing funding to maintain a higher weekend pay rate has helped the retention of staff.

One of the members of the collaborative, Cera Care, commented:

'Since joining the Collaborative we have seen a dramatic improvement in the services we deliver as a whole in Fife. It has given us the opportunity to communicate with Scottish Care, Fife Council and External Providers together to input ideas and suggestions across to help each other and the people we care for.'

The collaborative makes use of a GPS tool called 'Pin-Point' which is a live dashboard of services used to manage commissioning. The IJB is able to manage capacity across the whole system by using monitoring and escalation systems that are connected to the collaborative.

A recent self-evaluation saw that previous recruitment and retention issues encountered by providers have been continuously improving and attributable to the success of the Collaborative.

Source: Fife Health and Social Care Partnership

Appendix 2
Methodology

Previous work

In 2022 and in 2023, the Accounts Commission published bulletins setting out the financial performance of IJBs. Together with the Auditor General for Scotland and Audit Scotland, we have reported more widely on the progress of health and social care integration and social care in Scotland. This includes reports in 2015 and 2018 setting out improvements needed by integration authorities. Our work in 2014 and 2017 set out the progress of the self-directed support legislation implementation and found while implementation was happening successfully in some areas, not everyone was getting the choice and control in their social care support envisaged in the legislation. In January 2022, a joint Social Care briefing set out the significant ongoing challenges impacting the delivery of social care services.

We aim to answer the following audit questions in this report:

- How well are IJBs responding to contextual challenges and improving their performance and the outcomes for people?

- How financially sustainable are IJBs and how are they responding to the financial challenges they face?

- How are IJBs using commissioning and procurement to improve performance and deliver improved outcomes in the lives of people who use social care services?

Our findings are based upon:

- the 2022/23 audited accounts and annual audit reports of IJBs and supplementary returns provided by appointed auditors

- the 2022/23 annual performance reports and Chief Social Work Officer reports of IJBs

- national data sets including core integration indicators and the Local Government Benchmarking Framework (LGBF)

- a review national reports and guidance

- a review of relevant published research

- interviews with key stakeholders including IJB chief officers and chief finance officers.

In February 2024, we hosted a roundtable discussion bringing together key stakeholders to consider the critical issues for IJBs and in particular

the provision of social care. The discussion covered immediate challenges as upcoming issues in the medium and long term. The discussion helped to inform this report and also identify future work for the Accounts Commission. The additional output sets out a summary of discussion.

Advisory Group

To support our work, an Advisory Panel was established to provide challenge and insight at key stages of the audit process. Members sat in an advisory capacity only and the content and conclusions of this report are the sole responsibility of Audit Scotland.

Members of the group included representatives from Health and Social Care Scotland, COSLA, Care Inspectorate, The ALLIANCE, Coalition of Care and Support Providers Scotland, Scottish Care and SPICe. We would like to thank them for their support.

Integration Joint Boards
Boards

Finance and performance 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	Audit Scotland: Integration Joint Boards – Finance and Performance 2024
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)
Eliminate unlawful discrimination, **harassment and victimisation**	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low

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

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)	~~YES~~ **NO**
Rationale for decision: **This report advises Members of the findings of the report by Audit Scotland. Their decision on this has no specific equality implications**	
Signed : Tim Baulk **Chief Financial Officer** **Date:** 25 July 2024	

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 4 September 2024**

Subject: Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25

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1.   Purpose

1.1   The purpose of this report is to provide Members with an update on the 2024/25 treasury prudential indicators for the period April-June 2024 (Quarter 1) and provide an update on the latest wider economic position.

2.   Recommendation

2.1   It is recommended that the Panel:

   2.1.1   scrutinises the contents of this report; and

   2.1.2   remits the Quarter 1 Update Report to the next Cabinet meeting on 25 September for approval.

3.   Background

3.1   The Council's Treasury Management and Investment Strategy for 2024/25, approved by Council in March 2024.

3.2   The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned to meet expenditure commitments but also to invest surplus monies in low-risk counterparties (organisations with which the Council has a financial relationship in terms of borrowings or investments), providing adequate liquidity initially before considering optimising investment return.

3.3   The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash will involve arranging long or short-term loans or using longer term cash flow surpluses. In addition, in certain interest rate environments debt previously drawn may be restructured to meet Council risk or cost objectives.

4. Proposals

4.1   This Quarter 1 report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management and provides an update on Economic activity and Interest rates in Appendix 1 and Prudential and Treasury Indicators in Appendix 2.

4.2   The Panel is requested to scrutinise the contents of this report and thereafter remit to the Cabinet meeting on 25 September for approval.

4.3   The change to accounting standards to IFRS16 for leasing arrangements requires that all leasing contracts are held on the balance sheet. This is the change from the previous accounting standard IAS17.   The work has started to prepare for the transition for the reporting of this in the year end accounts 2024/25. This will mean that the Capital Financing Requirement figures (CFR) and the Operational Boundaries will increase to reflect the change in accounting policy. The financial impact of these changes will be reflected in the mid-year Treasury report 2024/25.

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** –

The Council budgeted for investment income of £2.130m in 2024/25, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 5.50% on these balances.

At June 2024 (Qtr1) the full year budgeted income is projected at £2.184m, a surplus of £0.054m. This surplus has arisen due to a higher than projected level of interest rates, therefore for a similar investment a greater return is being achieved.

6.1.2   **Capital Financing Costs** –

The budget for loan charges in 2024/25 is £17.610m, comprising £6.457m for loan principal, £10.979m for interest costs and £0.174m for loans fund expenses.

The current projection for loans charges to the General Fund is an over-spend of £1.23m in interest and expenses. This is offset by the projected surplus of income of £0.054m bringing an overall overspend of £1.18m.

This has arisen due to higher than projected interest rates and a subsequent reprofiling of external borrowing. This projected overspend will be monitored as the year progresses and borrowing will only be taken if required.

6.2   *Housing Revenue Account (HRA)*

6.2.1   **Interest on Revenue Balances** –

The HRA budgeted for investment income of £0.240m in 2024/25, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 5.50% on these balances.

At June 2024 (Qtr1) the full year estimate for investment income earned is £0.350m resulting in a surplus of £0.110m. Similar to General Services, a higher than anticipated interest rate has resulted in an over achievement of returns on investments.

6.2.2   **Capital Financing Costs** –

The budget for HRA loan charges in 2024/25 is £7.278m, comprising £2.443m for loan principal, £4.763m for interest costs and £0.072m for loans fund expenses.

The current projection for loans charges to the HRA is an under-spend of £0.022m in interest and expenses. This is in addition to the projected surplus of income of £0.110m bringing an overall underspend of £0.132m.

This underspend has resulted from greater than anticipated income from higher interest rates.

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   Should the recommendations be rejected, then the Council will not be in compliance with the CIPFA Code of Practice on Treasury Management.

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 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   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 the Public Services**
	Report to South Ayrshire Council of 6 March 2024 – [Treasury Management and Investment Strategy 2024/25](#)
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**

Date: 27 August 2024

1. Economic Activity

- The first quarter of 2024/25 saw:

    - Gross Domestic Product (GDP) growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.

    - A stalling in the downward trend in wage growth, with the headline 3myy rate staying at 5.9% in April.

    - Core Consumer Price Index (CPI) inflation falling from 2.3% in April to 2.0% in May.

    - CPI inflation decreasing from 3.9% in April to 3.5% in May.

    - The Bank of England holding rates at 5.25% in May and June.

    - 10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.

- The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m, as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.

- On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may continue to strengthen.

- Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the effect from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).

- Nonetheless, the on-going elevated levels for wage growth in April will be a lingering concern for the Bank of England. The 3myy rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. These higher levels partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.

- Despite the high levels of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise

in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.

- The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have managed to get CPI inflation back to 2.0% first. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.

- The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%). And the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.

- There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer, (potentially in August or September). First, two members of the Monetary Policy Commission (MPC), Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted "indicators of inflation persistence had continued to moderate" and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding "as part of the August forecast round".

- Throughout the quarter there was a degree of volatility in the gilt market, and, by way of example, the 10-year gilt yield rose from 4.05% on 2nd April to finish at 4.15% on 28th June but it has exceeded 4.30% on several occasions. Overall, investors judged that interest rates will need to remain high for longer to keep inflation around the 2.0% target.

MPC meetings – May, June and August 2024

- On 9th May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.

    On 1st August, the Bank of England's MPC voted to cut interest rates to 5.00%, the first rate cut since March 2020. Five members of the Monetary Policy Committee (MPC) voted to reduce Bank Rate by 0.25% while four members voted to hold interest rates. Bailey, The new inflation forecasts have estimated CPI will be 1.7% in Q3 2026 and 1.5% in Q3 2027.

2. Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate

minus 20 bps) which has been accessible to most authorities since 1st November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 28th May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in removing excess inflation out of the economy, despite a backdrop of a persistently robust economy and a tight labour market.

Moreover, whatever the shape of domestic data, recent gilt market movements have been heavily influenced by the sentiment pertaining to US monetary policy. Again, inflation and labour data has proven slow to move and the market's expectation for rate cuts has gradually reduced throughout the course of the year, so that possibly rates may not be cut more than once, or possibly twice, before the end of 2024. In any event, even if the Bank of England starts to cut rates first, it may mean that the medium and longer parts of the curve take longer to fully reflect any such action until the US yield curve shifts lower too.

C
However, given the increased uncertainty surrounding Link's central gilt market forecasts, and the significant issuance that will be on-going from several of the major central banks, it has marginally increased its PWLB forecasts by c20 to 30 basis points across the whole curve since the previous quarter.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link March Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

1.1 *The Council's Capital Expenditure and Prudential Indicators*

(1) The following section provides the information relating to the 2024/25 capital position and prudential indicators.

- The Council's capital expenditure plans.

- How these plans are being financed.

- The impact of the capital expenditure plans on the prudential indicators and the underlying need to borrow.

- Compliance with the limits in place for borrowing activity.

(2) The tables below draw together the main movement in terms of the capital expenditure plans compared to the original plan, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements for capital expenditure. The borrowing element of Table 1 for both General Services and HRA below revises the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

Table 1

	2024/25 Original Estimate £'000	*2024/25 Latest Estimate £'000*
Prudential Indicator – General Services		
Capital Expenditure	**102,570**	**68,619**
General Services - Financed By		
General and Specific Grant	8,360	8,931
Capital Receipts/Other	32,426	3,530
Borrowing	61,784	56,158
	102,570	**68,619**

Prudential Indicator – HRA		
Capital Expenditure	**64,389**	**84,271**
HRA - Financed By		
CFCR, Draw on surplus	1,798	8,835
Other Receipts/ Grants	1,045	3,164
Borrowing	61,546	72,272
	64,389	**84,271**

1.2 *Capital Financing Requirement, Debt Position and Operational Boundary Indicators*

(1) Table 2 shows the CFR, which is the underlying need to incur borrowing for a capital purpose.

Table 2

Prudential Indicator – CFR	2024/25 Original Estimate £'000	2024/25 Updated Estimate £'000
Capital Financing Requirement – GS	484,081	478,461
Capital Financing Requirement – HRA	158.041	173,591
Total Capital Financing Requirement	**642,122**	**652,052**

(2) Prudential Indicators Chart
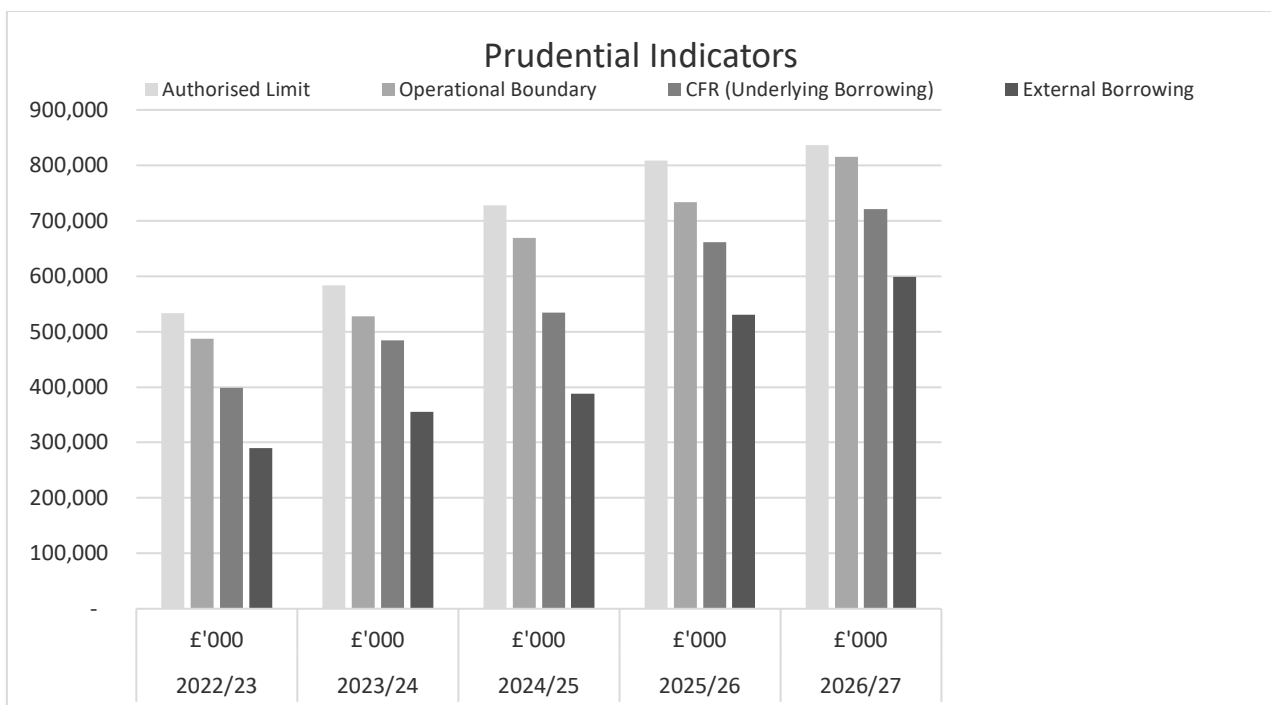
The chart shown at (2) above shows estimated key prudential indicators in bar chart format:

1.   **External Borrowing –** shows significant increase in the next two years as the Council utilises borrowing to fund capital investment

2.   **Capital Financing Requirement –** shows increases in CFR in line with external debt. The Council ended 2023/24 in an under borrowed position (CFR compared with external debt) of £58.801m. The current strategy

will be to reflect an under-borrowed position in the short/medium term as reflected in the chart.

3.   **Operational Boundary** – this indicator is higher than external debt and CFR as it includes provision for other long term financing liabilities such as PPP and Finance leases, and short term cash flow variations.

4.   **Authorised Limit** – the limit which cannot be exceeded in terms of the Council's debt position. This indicator is higher than the operational limit as provision is made for other cash flow variation and potential borrowing in advance.

Table 3

Prudential Indicators – Debt	2024/25 Original £'000	2024/25 Updated £'000
Authorised Limit	697,680	727,680
Operational Limit	641,720	661,720
External Debt	507,674	527,674

1.3   **Liability Benchmark**

(1)   The third prudential indicator for 2024/25 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

CIPFA notes in the 2021 TM Code: "The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement). The treasury strategy should explain how the treasury risks inherent in these mismatched positions will be managed."

(2)   There are four components to the Liability Benchmark:

1.   **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.

2.   **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments. (Note only approved prudential borrowing is included).

3.   **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential

borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.

4. **Liability benchmark (or gross loans requirement**): this equals net loans requirement plus short-term liquidity allowance.

(3)   The graph below shows each of the 4 components, Existing Loan Debt Outstanding as shown in the bar chart of graph with overarching pale blue line, Loans CFR as shown by the green line, Net loans requirement as shown in the grey line and finally the liability benchmark as shown in the dark blue line.

This liability benchmark indicator is relevant for all authorities, including those with a net cash surplus. For such authorities, it becomes a measure of the forecast net investment requirement and guides the appropriate size and maturity of investments needed.

Any years where actual loans are less than the benchmark indicate a future borrowing requirement. Any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

From chart below you can see SAC loans are less than the benchmark for at least the next 13 years which as stated indicates a future borrowing requirement. This is in line with SAC future capital plans and to replace existing borrowing which is due to mature in the coming years.

**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.southayrshire.gov.uk/equalities/impact-assessment.aspx

Further guidance is available here: https://www.equalityhumanrights.com/en/publicationdownload/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	Treasury Management and Investment Strategy Quarter 1 2024-25
Lead Officer (Name/Position/Email)	Kate Copland, Senior Finance Officer Treasury/ Capital – kate.copland@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)	-	-

	Negative Impacts	Positive impacts
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)**
Eliminate unlawful discrimination, **harassment and victimisation**	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low

Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)	~~YES~~ **NO**
Rationale for decision: **The strategy outlines the approach to be taken in managing the Council's cash flow and capital funding arrangements and is a mechanism for ensuring that budget targets are achieved: a full EQIA is, therefore, not required**	
Signed: Tim Baulk Chief Financial Officer **Date:** 20 August 2024	

South Ayrshire Council

**Report by Chief Governance Officer
to Audit and Governance Panel
of 4 September 2024**

Subject: Strategic Risk Management

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1.   Purpose

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

2.   Recommendation

2.1   It is recommended that the Panel:

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

2.1.2   notes the 15 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks.

3.   Background

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

3.2   The Strategic Risk Register was reported to the Audit and Governance Panel of 20 March 2024 for scrutiny and to Cabinet on 23 April 2024 for endorsement.

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

4.   Proposals

4.1   The Strategic Risk Register has been reviewed by Chief Officers / Risk Owners and updates provided on progress against implementation of proposed risk mitigations. Risks are referenced against the themes of Governance, Protection and Resources. 15 Strategic Risks are being managed and these are listed as follows:

	Risk	*Risk Rating*	*Theme*
1.	Decision Making and Governance	8	Governance
2.	External Factors including Contingency Planning	10	Governance

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

4.2   Full detail of strategic risk management arrangements is provided within the register (Appendix 1).   Ownership is assigned to ensure there is clear accountability and responsibility in terms of risk management. The cause, potential effect, risk score and current mitigations are also recorded.

4.3   Unless considered 'ongoing' throughout the life of the risk register, proposed risk mitigations have a target completion date, and their progress is outlined by use of a percentage completion bar in the report. A status icon is also included which indicates whether or not the specific initiative is on target.

4.4   Members are requested to note that the Health and Social Care Partnership (HSCP) provide information on the risk management of Child and Adult Protection within the Council's Strategic Risk Register. HSCP also develop and report on wider Partnership risk issues within their own bespoke Strategic Risk Register which is presented to the HSCP Performance and Audit Panel on a 6 monthly basis for scrutiny. A link to the most recent HSCP risk register and related reports is provided on page 9 of Appendix 1.

4.5   It has also been considered appropriate to include a new risk in relation to Transformational change.   Current mitigations are in place and proposed mitigations have been identified with target timescales in order to further reduce the likelihood of risks occurring.

4.6   Members are also requested to note that Chief Officers regularly consider new or emerging risks and there is a process whereby significant operational risks, managed at directorate level, can be elevated to strategic level as required.

4.7   It is anticipated that Members will consider the strategic risk management arrangements outlined within this report and be assured that there is a robust system in place for identifying and managing those threats which could have a significant impact on the successful delivery of the Council's objectives.

5.   Legal and Procurement Implications

5.1   The recommendations in this report are consistent with legal requirements.

5.2   There are no procurement implications arising from this report.

6.   Financial Implications

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

7.   Human Resources Implications

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

8.   Risk

8.1   *Risk Implications of Adopting the Recommendations*

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

8.2   *Risk Implications of Rejecting the Recommendations*

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

9.   Equalities

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

10.   Sustainable Development Implications

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

11.   Options Appraisal

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

12.   Link to Council Plan

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

13.   Results of Consultation

13.1   Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.
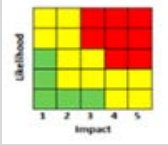
Background Papers   None

Person to Contact   Stephanie Rodger, Risk and Safety Co-ordinator
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Date: 27 August 2024
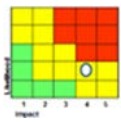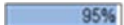
SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (Draft – July 2024) Appendix 1

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

Governance	Protection	Resources
1.Decision Making and Governance 4 x 2 = 8	**7. Adult and Child Protection** 5 x 2 = 10	**12. Financial Constraints** 4 x 4 = 16
2.External Factors including Contingency Planning 5 x 2 = 10	**8. Public and Employee Protection** 5 x 2 = 10	**13. Employee Absence** 3 x 3 = 9
3. Strategic Planning 4 x 2 = 8	**9. Sustainable Development and Climate Change** 4 x 3 = 12	**14. ICT – Digital Resilience, Protection & Capability** 4 x 2 = 8
4.Integrity 4 x 2 = 8	**10. Financial Inclusion** 4 x 3 = 12	**15. Management of Assets** 3 x 2 = 6
5. Internal Audit Actions 3 x 2 = 6 **6. Transformation** 3 x 3 = 9	**11. Grounds Maintenance - Ash Tree Die Back** 5 x 2 = 10	

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

Page break

Risk 1			Risk Title – Decision Making and Governance			Risk Theme - Governance

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Chief Governance Officer	1. There is a risk that key decisions are taken on behalf of the Council which may contradict agreed Council Plan objectives or increase risk exposure to the organisation.	Updates to Government legislation and advice. Changes to political structure. Levels of scrutiny on information made available or provided.	Lack of compliance. Failure to meet statutory requirements. Poor best value audit. Financial Impact Reputational damage.	4 x 2 = 8	1. Members are supported by a range of training programmes to ensure effective Panel participation and good decision making. 2. Service Leads ensure there is full consultation with PFH's on Panel reports. 3. Webcasting/live broadcasting allows both hybrid meetings and public access. External public website has an area dedicated to this where meetings are live streamed, the future meeting schedule is visible and recordings of the meeting archive can be viewed. 4.Reports outline key headings on legal, procurement, financial, HR, risk, equalities and sustainable development implications of decision making. 5. The new Council Plan is complete and approved, as are the associated Service Plans across all Directorates. (Cross reference - Risk 3 - Strategic Planning).

Proposed Mitigations (with dates)	Status	Progress Bar
1.Members are supported to deliver good decision making through training and briefings. Officers in conjunction with Members felt that Members would benefit from further training on scrutiny and two training sessions were delivered on scrutiny of business cases by the Improvement Service. Both new and more experienced Members of the Service and Performance and Audit and Governance Panels felt this improved their understanding of scrutiny. A & G Panel also undertook a self-assessment and officers are implementing the recommendations identified by the Panel. Specific recommendations were previously made for one-to-one meetings with Members to assess training needs and produce an individualised plan. These take place by request from Members utilising the Improvement Service's Political Skills Self- Assessment tool and this allows Members to consider particular areas that they would benefit from training on. Further steps are being taken by the leads of Democratic Governance and Organisational Development to analyse this process and to fine tune the personal development process for Members. Members' briefings are available online and group officers encourage Members to access these, as well as maintaining records on uptake for future audit purposes. (June 2024)	▶	95% *No change*

Page Break

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

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Chief Governance Officer	There is a risk that a range of external factors out with the Council's control such as pandemic, Brexit, Ukraine, cost of living crisis, inflation, industrial action, disruptive weather or other, may adversely impact on ability to fulfil Council objectives and deliver critical services.	Adverse incidents or Civil Emergencies. Factors imposed upon the Council such as legislative change, Government policy change, cost-of-living crisis, implications of Brexit, Ukraine, political change nationally or locally. Unanticipated updates to Government legislation and advice.	Requirement to re-allocate resources, failure to deliver services to an acceptable level or drive desired improvements. Restrictions on budget, reputational damage.	 5 x 2 = 10	1. Continued Horizon scanning to anticipate and respond to risks – four main civil contingencies risks identified for Ayrshire. 2. Watching brief and continual discussion on funding requirements for any unanticipated emergencies. 3. Dissemination of information to Officers and Members around CoSLA and Chartered Institute of Public Finance and Accounting (CIPFA) briefings. 4. The Ayrshire Civil Contingencies Team (ACCT) supports the Ayrshire Local Resilience Partnership (ALRP). Chief Executive attends Strategic ALRP. 5. The level of interaction between Health / Councils and partners has increased and allows for more efficient collaboration in emergency planning. The HSCP Risk and Resilience Forum is well established. 6. 24/7 on call service in place via Civil Contingencies for response and assistance in coordinating the Council emergency input to major incidents. 7. Staffing and resourcing arrangements are in place to support those individuals and families arriving in South Ayrshire from Ukraine. 8. *Cross reference to mitigations at Risk 9 – Financial Inclusion.*

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

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| Risk 3 | | | Risk Title – Strategic Planning | | Risk Theme - Governance | |

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Service Lead – Policy and Performance	1. There is a risk that the Council fails to fulfil agreed strategic objectives in light of the cost-of-living crisis, staffing, budgetary or external pressures and therefore current service, financial and resource planning is not aligned. 2.There is an associated risk that corporate and service targets and performance measures may be adversely impacted.	Recent pressures may have contributed to delays in Corporate and Directorate Planning processes.	Failure to deliver on Corporate and Directorate Plans or achieve priority outcomes. Failure to meet expectations of the public, partners, service users, local businesses. Reputational damage	 4 x 2 = 8	1.Existing Council Plan with clearly defined priorities is in place, as are the individual Service Plans. Governance is included and underpinned by the enhanced requirement for performance measures and targets. 2.Plans have been developed by each Council Service Lead to take account of future operational delivery models. These include workforce planning considerations. 3.Delivering Good Governance framework and reporting in place. 4. Robust financial governance, linked to the Council Plan and priorities, is in place. 5.The Future Operating Model has been implemented and the Council is now operating its new ways of working.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Council Plan actions were reported to the Service and Partnerships Panel over 2023/24 as part of the Council Plan 23-28 Performance Management Framework. New Council Plan and Service Improvement actions have been developed by all services as part of the 24/25 performance reporting. Performance against the Council Plan and other KPIs are also subject of an annual report to Council. (next due date TBC)	▶	*Ongoing*
2. Quarterly budget monitoring continues and is reported by Financial Services in order to measure impact. (ongoing)	▶	*Ongoing*
3. Service Planning session took place with service leads in Feb 24 and new service planning guidance was made available to support planning and improvement. Service planning sessions were delivered and new Council Plan and Service Improvement plan actions have been uploaded to pentana.	▶	100% *Increased from 75%*

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Risk 4		Risk Title – Integrity				Risk Theme - Governance
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Accountable – ELT Responsible - CLT Risk Owner – Chief Governance Officer	1. There is a risk that the integrity of the Council is breached through a range of failures such as Information / Asset Security, Cyber Crime, non-compliance with the General Data Protection Regulations (GDPR), CCTV Governance, Procurement Fraud, Contractual Failures, Vetting or Financial Irregularities. 2. There is a risk of failure to maintain sources of assurance and levels of scrutiny.	Existing Council Policy or systems may be ineffective or inconsistently implemented. Lack of ownership, training or communication. Difficulty to respond timeously to FOI and GDPR requests. Additional levels of Cybercrime and Fraud because of external global events.	Reputational damage, financial loss, fines, prosecution, civil liability.	4 x 2 = 8	1. Current policies / encryption / firewalls, specifically mandatory online Data Protection training, robust processes for reporting and dealing with data breaches. 2. Adherence to the Records Management Plan that has been agreed with the Keeper and is being implemented. 3. Standing Orders relating to Contracts and to Meetings, Scheme of Delegation, Financial Regulations, Council Procurement Policy. 4. SAC Code of Conduct, range of HR, H&S, Fleet policies, employee vetting processes. 5. Fraud Officers, Fidelity Guarantee Insurance Policy and National Fraud Initiative. 6. Internal Audit activity. 7. Establishment of Integrity Group / management of Integrity Group Risks. 8. Additional Communications with Staff and Public with advice re Cyber Crime and Fraud. 9. CCTV governance is set out in established policy. Duty Holders in relevant premises are responsible for compliance with GDPR as it relates to CCTV.	

Proposed Mitigations (with dates)	Status	Progress Bar
1. The actions referred to above are progressed by an Integrity Group, which monitors existing risks and identifies any new and emerging risks for SAC. The Group monitors and develops appropriate mitigations. The Chief Executive chairs the group and officers responsible for each key heading report on the risks. Various Service Leads attend and report on their operational areas as they relate to integrity. (ongoing).	▶	*Ongoing*
2. The reporting process of the risks from Integrity Group to Members has been reviewed. Reporting mechanisms include regular briefings from relevant Chief Officers or Service Leads on pertinent integrity matters to assist in Member awareness and further support good decision making. This is considered to be an ongoing mitigation through the life of the integrity group. (ongoing)	▶	*Ongoing*

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Risk 5			Risk Title – Internal Audit Actions		Risk Theme - Governance	

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Chief Internal Auditor and Service Leads	There is a risk that actions identified by Internal Audit are not progressed within agreed timeframes and improvements to the control environment not achieved.	Staffing resources. Competing Service priorities. Delays in implementation of corporate or service specific systems.	Service Governance arrangements are compromised. Depending on the significance of the outstanding action the Council may be exposed to risks relating to statutory compliance, public or employee safety, financial loss, reputational damage, legal challenge.	 **3 x 2 = 6**	1 The Audit Plan is formulated on an annual basis. There is also a mid-year review and approval is sought from Audit and Governance Panel for any changes. 2. Follow up Audits are undertaken for all 'red' reports as well as a sample of 'amber' reports, where resources permit. These include testing to confirm the service has evidence to support the completion of internal audit actions. 3. Progress against actions is included in Internal Audit update reports the Audit and Governance Panel.	

Proposed Mitigations (with dates)	Status	Progress Bar
1. Service Leads are required to attend Audit and Governance Panel to explain any 'red' reports, any overdue or outstanding actions from these and further explanation of requests for more than 2 extensions to due dates. They may be required to bring a formal report to Panel if deemed appropriate. (Ongoing)		*Ongoing*
2. Through the dissemination of Audit reports, Service Leads are reminded to ensure relevant risk registers are updated to reflect risks highlighted in the Audit reports where required. Managers are required to record progress against implementation of all actions in Ideagen (Pentana) and this is the information that is included within the Internal Audit update reports to the AGP. (Ongoing)		*Ongoing*
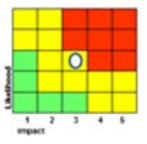
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Risk 6			Title – Transformation *NEW*			Risk Theme - Governance
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**		**Current Mitigations**
Accountable – CLT Responsible – Director Communities & Transformation Risk Owners – Director of Communities and Transformation, Assistant Director – Transformation, Service Lead - Transformation	There is a risk that the Council will fail to deliver its vision for transformation 'Shaping Our Future Council' set out in the four priority transformation areas (our workforce; our assets; our technology; our delivery model). There is a risk the Council will fail to deliver the projects and programmes defined in the Transformation Portfolio. There is a risk that staff will not engage with the Councils transformation requirements or develop 'change fatigue'	Lack of understanding from elected members and officers of the scope and breadth of change required to meet 'Shaping Our Future Council' aspirations. Officers are not empowered to drive forward the required changes across the Council and services. Services do not have capacity/ capability required to support and deliver the transformation agenda. Staff and services are misinformed/ uninformed on the Councils transformation agenda and delivery activity.	The long-term financial sustainability of the Council cannot be achieved. Transformation cannot be executed in a planned and managed way that delivers the best outcomes for the Council, staff, customers and stakeholders. Instead of a joined up, strategic approach to transformation - 'salami slicing', service closure or cessation is adopted to meet financial pressures. Transformation and change projects and programmes cannot be delivered due to lack of support from required Council services to take activity forward. Transformation fails due to lack of elected member or staff buy in.	 **3 x 3 = 9**		1.Council approved 'Shaping Our Future Council' in March 2024 including 4 priority areas, new management structure and resourcing arrangements. 2.Transformation Board, Transformation Fund and Transformation Delivery group established. 3.Scheme of Delegation to be reviewed to consider powers and authority required to drive transformation agenda forward. 4.Transformation Service PMO established to manage and report on transformation activity. 5.Project governance, including business case template established with internal audit acting as 'critical friend' 6.Ongoing review and issue escalation where enabling or operational services are not able to provide capability to support delivery of transformation activities.

Proposed Mitigations (with dates)	**Status**	**% Progress**
1. Transformation Portfolio approval by Transformation Board. (August 2024)	▶	80%
2. Scheme of Delegation reviewed to reflect requirements to drive forward Transformation activity at officer level and necessary authority required for approvals (August 2024) – Assistant Director - Transformation	▶	100%
3. Finalise Transformation Communications Plan and roll out comms activity (September 2024) – Service Lead - Transformation	▶	40%
4. Finalise Transformation Reporting and Scrutiny Schedule and seek Cabinet approval (September 2024) – Service Lead – Transformation	▶	50%
5. Tier 1 Project Briefs presented to Transformation Board (August 2024) – Service Lead – Transformation	▶	80%
6. Business Cases presented to Transformation Board including investment requirements and proposed benefits (ongoing - various)	▶	*Ongoing*
7. Portfolio issue escalation to Chief Executive (ongoing - Director Communities and Transformation)	▶	*Ongoing*
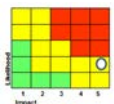
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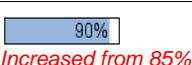
Risk 7			Risk Title - Adult and Child Protection		Risk Theme – Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owner – Director of Health and Social Care and Chief Social Work Officer (CSWO).	1.There are increased levels of hidden harm in our community as a result of a range of external factors leading to more complex family and adult needs. 2. There is a risk of failure to provide adequate protection and the necessary level of support to vulnerable adults and children. 3. There are additional risks facing the HSCP and these are being managed, monitored and reviewed via the HSCP Performance and Audit Panel. (link to latest reports – October 2023 – below).	Deprivation, cost of living crisis, changing demo-graphic and challenges in the care sector.	Potential harm to clients and vulnerable service users. Potential for litigation, financial loss or reputational damage.	 **5 x 2 = 10**	1.There are quarterly Chief Officer Group (COG) meetings. 2.There are quarterly Public Protection subgroups (Child Protection; Adult Protection; Violence Against Women/Criminal Justice and Alcohol and Drugs Partnership) reporting into COG that are monitoring the operational context and responding in a coordinated way to issues. 3.HSCP Directorate Management Team meets regularly to provide leadership and oversight. 4. Established governance in place via Clinical and Care Governance, Social Work Governance and Adult Governance Groups. 5.APC and CPC meet regularly and review business plans 6.Multi Agency Public Protection Arrangements (MAPPA) including Management Oversight Group and Strategic Oversight Group) are in place and report quarterly to COG. 7.The Community Services Oversight Group supports in house and commissioned services and provides assurance on a range of issues to key local and national stakeholders. 8.Initial Referral Data (IRD) activity is now audited to provide scrutiny and assurance in relation to this key activity. There are now annual Child Protection 'Trend Analysis' produced for the CPC and COG to reflect on the changing culture in South Ayrshire towards Child Protection and to invite scrutiny of annual data. 9.Adult Support Protection Lead Officer engages first line managers in developing our response to vulnerable adults. 10.CSWO engages with operational staff in relation to complex cases in both adult and children's services where there are complex risk factors. 11. Care First implemented across all children and adult social work teams. 12. CPC/APC subgroup structure is now established and the Policy and Performance Subgroup is leading this review work and reports progress at each meeting 13.Governance on new policy and procedure is via CPC/APC through to COG. 14. Development of Practice Standards in Social Work is in progress to support the policy framework. 15. The quality assurance framework is operational providing triangulated information to the Community Services Oversight Group from a range of sources in order to ensure minimum standards are met across all commissioned services. 16. HSCP strategic and operational risk registers are complete and approved by HSCP Performance and Audit Committee. 17. New Adult Services structure fully implemented. 18 Learning reviews implemented in relation to ADP, Public Protection and Adult Social Work services.

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Risk 7		Risk Title - Adult and Child Protection (Continued…)			Risk Theme – Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
					19. The Adult Protection Self Evaluation Improvement Plan is reviewed regularly and a review of the impact of actions implemented in response to the Adult Support and Protection Inspection. The establishment of our locality model has also brought with it the formation of multi agency forums to review and support intervention and support for those in our communities with multiple complex needs to promote early intervention and prevention.

Proposed Mitigations (with dates)	Status	Progress Bar
1.The ADP Is developing a framework in relation to risk around drug related deaths. Regular meetings have been established and we are working with Public Health Scotland and other agencies to share information / analyse trends and provide information to public and employees in regard to safety and harm reduction. We have a range of services such as naloxone, standards in relation to medical assisted treatment and through our Start team have established residential rehabilitation pathways to those we are assessed as ready (October 2024)	▶	100% *Increased from 90%*
2.The implementation of the transformational work within Children and Families which has been supported by the Council. Belmont family support has commenced and the implementation of Signs of Safety is progressing in partnership with the National Signs of Safety organisation. This model is being further developed with our Family First Model being rolled out across all secondary schools in South Ayrshire.	▶	90% *Increased from 85%*

Further explanation on progress to date in terms of implementation of the above mitigations can be found by cross-referencing to the Health and Social Care Strategic Risk Register Performance and Audit Committee - 6th August 2024 - Health and Social Care Partnership (south-ayrshire.gov.uk). Additional information is also provided within this document on a range of other risks being managed by the Partnership including; Climate Change & Sustainability, Communication and Reputation, External Factors including Contingency Planning, Financial Position, Good Governance, Strategic Planning and Business Resilience, ICT, Population, Premises, Provider Organisations,Service Quality, Workforce Protection and Workforce Capacity and Capability.

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Risk 8			Risk Title - Public and Employee Protection			Risk Theme – Protection

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owners - Service Lead – Risk and Safety and Service Lead – Asset Management	1. There is a risk of failure to provide the agreed standards of protection to the Public and Council Employees in line Health and Safety Executive and Scottish Fire and Rescue Service legislation and guidance. 2. There is a risk that health & safety risk assessments in some areas may not currently identify adequate mitigations to safeguard employees / service users from hazards such as Violence and Aggression. 3. There is a risk that proposals by Scottish Fire and Rescue Service to reduce response to fire alarms will impact people safety and property protection.	Staffing resourcing pressures. Budget constraints across Services. Ambiguity around responsibilities or inconsistent application of policy	Accident, incident, injury or ill health to employees /service users. Prosecution and Civil litigation. Damage to Council's reputation. Financial impact of claims, increased premiums or fines.	5 x 2 = 10	1. Existing H&S Policies and procedures. H&S Guidance prepared and issued. Range of resources, information, links and training on H&S CORE page and Learn Pro platform. Sample H&S Risk Assessments developed for Service use. 2. Central H&S team undertake H&S Audits and Fire Risk Assessments (FRAs) over a 1,2 and 3-year rolling programme. Risk Assessment self-evaluation process rolled out. 3. The PDR process allows for identification of key H&S training requirements for all Council employees. 4. Risk Assessment Training & Support, plus Council Standard and a range of courses on Management of Actual or Potential Aggression, Dealing with Difficult Behaviour, De-escalation etc. 5. V&A measures across services including a range of security systems, Campus Police Officers, '2 to attend' protocols, panic buttons in offices, modifications to office design. 6. Review of causes of 'Unwanted Fire Alarm Signals' (UFAS) complete – processes in place to tackle via FRA programme. 7. Revised guidance has been issued along with new online training modules to reflect the changes implemented by SFRS on 1 July 2023.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Review and refresh a range of health and safety policies, guidance, sample risk assessments and work procedures. Development of new online health and safety training modules for managers / employees. (December 2024)	▶	65% *Increased from 60%*
2. Asset Management team continue to review and action, based on risk priority, compliance and/or property related issues raised through Fire Risk Assessments, Health and Safety Audits and Vacant Property Inspections. (ongoing).	▶	*Ongoing*
3. All duty holders / building managers monitoring and updating outstanding H&S actions via Pentana (ongoing)	▶	*Ongoing*
4. Continue to utilise self-evaluation method to ensure all Services have identified significant hazards and fully developed their H&S risk assessments – (Internal Audit Action). (Ongoing)	▶	*Ongoing*
5. In light of revised SFRS protocols Asset Management team has rolled out bespoke fire panel training to all Council Duty Holders. (June 2024)	▶	100% *Increased from 35%*

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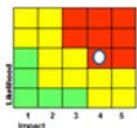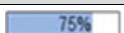
Risk 9		Risk Title - Sustainable Development and Climate Change			Risk Theme - Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT Responsible – CLT Risk Owner/s; Service Leads – Policy and Performance, Asset Management (buildings) and Neighbourhood Services (for Fleet)	There is a risk of failure to meet climate change duties, reduce emissions and support the community to adapt and mitigate risks in relation to climate change. Risk of failure to ensure a just transition and a green recovery.	Services do not necessarily recognise the role they need to play, lack of input and accountability by services leaving key areas inadequately addressed. Decisions and infrastructure while meeting short term goals are currently not fit for the future. Actions in place are currently not fully coordinated across services.	Reduction in emissions not achieved to 1.5 degrees scenario therefore accelerating the pace of climate change. United Nations Sustainable Development Goals not adequately addressed. South Ayrshire may not be resilient. Effect may be further detriment to those already disadvantaged, increasing inequalities and exacerbating deprivation. Communities may be unprepared for a low carbon future.	 **4 x 3 = 12**	1. Council approved Sustainable Development and Climate Change Strategy 2. Baseline data on Sustainable Development and Climate Change now assembled to allow future progress to be measured. 3. Proposals endorsed by the MOWG agreed at Cabinet and assigned for implementation. 4. Carbon budgeting in place. 5. Green recovery communications plan and climate literacy training plan in place. 6. Pan Ayrshire Energy Masterplan to be completed by 31st October 2024. 7. LHEES strategy to be developed. A LHEES officer was appointed in May 2024.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Fully implement Climate Change Strategy (target date 2024, at which point strategy will be reviewed). Review to be pursued to ensure delivery of strategy outcomes in a changed landscape with increased national targets and new duties and supporting the new Local Outcome Improvement Plan (LOIP) being developed in 2024. (Revised to Dec 2024).	🔺	50% *No change*
2. Review the means of 'cross cutting' the Strategy by embedding within Council policy making, as well as service planning. This is now going forward as part of the integrated impact assessment led by Performance, Policy and Community Planning with further climate literacy and service planning work required and likely to be included in the refreshed strategy. (Revised to Dec 2024).	🔺	50% *No change*
3.Investigation of scope 3 accounting methodologies for Council procurement emissions to develop existing carbon budgeting process. A final decision on this has been deferred pending the outcome of national research. Consultation has now been undertaken by Scottish Government on scope 3 reporting. We aim to build the outcomes into our forward pathway to be set out in refreshed strategy. (Revised to December 2024)	🔺	30% *Increased from 20%*
4. A Net Zero Estate Strategy review was completed in November 2021. Following this a Net Zero Board group was established in 2022 to drive forward this agenda. The Board has 6 agreed workstreams (noted in Cabinet log) and progress is being against each of these in order that the Council can meet both its own and SG's commitment to 'net zero' in 2045 (ongoing to 2045)	▶	*Ongoing*
5.Adopt fleet decarbonisation strategy in line with targets and duties alongside ULEV (Ultra Low Emission Vehicles) infrastructure for both fleet (SAC) and public charging (ARA). Current position on small SAC vehicles reflects a position where 60 of 80 are now electric. NS continue to implement charging points for staff access and are investigating a charging 'hub' at a location within the vicinity of County Buildings. Ongoing progress is captured as part of Service Plan Improvement Action for NS and forms part of Service Plan Performance Reports to Council.	▶	50% *No change*

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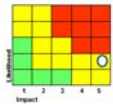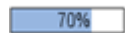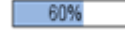
Risk 10					Risk Title – Financial Inclusion	Risk Theme – Protection

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

Proposed Mitigations (with dates)					Status	Progress Bar
On 23 May 2023, Cabinet approved the development of a Strategy and Action Plan to address the agenda on Financial Inclusion - Cost of Living Crisis. This work is aligned to the Member / Officer Working Group and reports to Cabinet £1.055m was identified to support Financial Inclusion projects. Service Leads have been asked to complete requests for funding and a report will be presented at Cabinet in March 2024 once proposals have been considered by the Members / Officers working group. (March 2024)					▶	75% *Increased from 50%*

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Risk 11			Risk Title - Ash Tree Dieback		Risk Theme - Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owner – Assistant Director - Housing and Operations	There is a risk of injury / damage to SAC residents and infrastructure as a result of Ash Dieback – a disease proliferating through SAC woodland. Disease has been identified and is spreading.	Principle cause is the spread of Ash Dieback throughout South Ayrshire /Scotland. Neighbourhood Services is currently not resourced to manage the extent of Ash Die Back.	Potential for fatality / injury to residents / employees. Potential for damage to property, listed structures, headstones, power / phone lines. Potential of falling Ash trees/limbs on roads/pavements/ footpaths within public open space and schools and associated obstruction to roads. Increased liability to Council in respect of above potential incidents. Financial pressure in terms of significant increased expenditure to mitigate risk including costs for replanting, cost of recruiting skilled operatives. Availability of skilled operatives likely to be restricted by market demand - this is a national problem. Potential for increased flooding risks for changes in waterways eg. banking failures due to tree failure. Loss of Ecosystems- air quality, biodiversity loss, increases in noise levels adjacent to roads, loss of visual screens. Increased liability and insurance premiums for residents due to property risks. Risk to European protected species (roosts/ food source). Loss of biodiversity of species dependant on Ash.	5 x 2 = 10	1.Survey of trees within lands managed by Neighbourhood Services has commenced. 2.Communication with ARA has taken place and regular meetings have been set up. 3.An Ash Dieback Plan has been developed and approved by Cabinet. This includes an inspection programme and cost projections for full implementation. 4.Year 1 delivery of plan almost complete. Yearly target exceeded.

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1. SAC is collaborating with recognised arboricultural bodies on managing this disease. A communication plan is being developed to reflect the SAC Ash Dieback plan. Proposed text is with the Tree Council and the Forestry Commission for review and will form the basis of standard text to be used by a number of authorities. Awaiting feedback on this. Communications team involved. (May 2024).	▶	70% *Increased from 60%*
2.Funding for Year 2 of Ash Dieback Plan approved by Cabinet in January 2024, commences April 2024-March2025. Service are now 60% through the second survey and felling, removal or crown reduction works are ongoing, works due for completion in November 2024.	▶	60%

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Risk 12				Risk Title – Financial Constraints		Risk Theme – Resources
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Accountable – ELT Responsible - CLT Risk Owner – Chief Financial Officer	1. There is a risk that current, planned or expected levels of service cannot be delivered.	UK and Scottish Government reductions in funding over a number of years. Impact of inflation on Council cost base.	Failure to deliver key services or meet change in service demands.	 **4 x 4 = 16**	1. Annual 2024/25 budget prepared and approved in February 2024. 2. Council agreed a programme of future activity as part of the 2024-25 budget proposals to commence immediately following approval of the budget in order to address the significant budget gaps expected in the medium term. 3. £5m Transformation Fund established in February 2024 as part of the budget setting process. With a Transformation team being set up within the newly established Communities and Transformation Directorate in March 2024 to oversee change activity throughout the Council. 4. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups. 5. Updated five year Medium Term Financial Plan approved by Cabinet in November 2023 6. Annual Treasury Management Strategy prepared and approved by Council February 2024. Details credit and counterparty risk. Next update due in March 2025 7. Treasury Management Practices (TMP's) updated annually to reflect Treasury risk such as credit and counterparty risk management, liquidity risk management, interest rate risk management and exchange rate risk management.	

Proposed Mitigations (with dates)	Status	Progress Bar
1. Lobby Scottish Government through discussions via CoSLA, Directors of Finance and Solace to ensure required funding continues to be made available to Local Government (ongoing).	▶	*Ongoing*
2. Rolling annual update of new five-year Medium Term Financial Plan to be implemented (next update due November 2024)	▶	65% *Increased from 60%*
3. Assess the impact/outcomes from the new deal between Local Government and the Scottish Government signed in June 2023 (Verity House Agreement) and the associated new Fiscal Framework is being developed. (Ongoing)	▶	30% *Increased from 20%*

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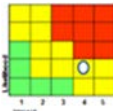
Risk 13	Risk Title – Employee Absence				Risk Theme - Resources
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT

Responsible - CLT

Risk Owner – Chief HR Officer | 1. There is a risk that employee absence levels fall below the standards which can be sustained by the organisation.

2. There is a risk that the cost of staff absence significantly increases the financial risk and budgetary constraints already impacting on the achievement of Council objectives.

In 2020/21 – for LGE - the direct 'cost of absence' was £3,851,547 (50% more than 2019/20 when the cost of absence was £2,550,800.) In 2021/22 – for Teachers - the direct 'cost of absence' was £1,224.774 (71% more than 2020/21 when absence cost was £714,310). In 2022/23 – overall absence levels decreased from 9.59 days in 21/22 to 9.56 days in 22/23. The overall cost of absence also decreased on the previous year.

3. There is a risk that the impact of employee absence creates an unsustainable burden and significant extra pressure on colleagues at all levels who are required to assume additional workloads as a result.

4. There is a risk that employee absence has an adverse effect on workforce planning arrangements. | Key reasons reported for employee absence;

Psychological Musculoskeletal Respiratory

Impact of employee 'culture'

Further statistical information via report to S&P | Additional risk to Service Users, gaps in Service delivery, slippage on achievement of targets.

Additional cost of temporary, agency, supply staff or other additional unbudgeted spend.

Adverse impact on health of 'attending' employees. |

3 x 3 = 9 | 1. Maximising Attendance Framework

2. Occupational Health Support

3. Counselling Services including Cognitive Behavioural Therapies

4. Physiotherapy Services

5. Employee Self-Referral Options to 'Access to Work' – fully funded initiative for non-medical intervention, support & sign posting.

6. Range of flexible working and family friendly HR policies.

7. Access for managers and employees to Mentally Healthy Workplace training online. |

Proposed Mitigations (with dates)	Status	Progress Bar
1. Review of maximising attendance framework and related policies in conjunction with Service leads and TU colleagues. Roll out mandatory training for managers in managing absence. This area of work has re-commenced as it had been put on hold due to the implementation of Oracle Fusion. The Framework is currently being reviewed based on the feedback provided from services and trade unions. (March 2025).		35% *Increased from 35%*
2.Ongoing work activity progressing via other services; Trauma Informed Officer rolling out Mental Health First Aid training and linked initiatives, re-introduction of Employee Lifestyle Screening via Risk and Safety, Workforce Planning Strategy with managers' toolkit should support employee experience. (March 2025).		30% *Increased from 30%*
3.HR, in conjunction with Trauma Informed Officer, is developing a Staff Wellbeing Strategy. Research is currently being undertaken in this area to benchmark wellbeing strategies (March 2025)		20% *Increased from 20%*

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Risk 14			Risk Title – ICT Digital Resilience, Protection and Capability			Risk Theme - Resources
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**		**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owner/s – Service Leads - ICT	There is a risk that major or widespread ICT failure will adversely affect delivery of Council services. ICT failure risks include non-compliance, failure of business systems, cyber-attack, and failure of ICT equipment.	Lack of corporate ICT planning in a robust and consistent manner. Cyber intrusion. Outdated / obsolete equipment and systems. The Business Continuity Plans of some Services may lack effective arrangements for ICT loss.	Inability to provide key services and recover quickly. Reputational damage, financial loss, litigation.	 **4 x 2 = 8**		1. Resilient infrastructure in place with dual data centres, duplicated network communication paths, internet links, and server hardware. 2. External contracts established with service providers for technical support and expertise across critical technologies. 3. SAC Data Centre's services will be migrated to cloud data centres, with the first phase completed in April 2023. 4. A bespoke ICT Risk Register in place, which is subject to review as part of standard operating practice. 5. The Integrity Group meets regularly to consider cyber security issues and develop further mitigations as required. 6. Compliance standards established as part of technology and process governance framework. 7. Service BC plans include some level of 'manual work around' for resilience in respect of ICT failure. Updates to all BC plans are requested on a 6 monthly basis. 8. ICT Asset Management function established to ensure currency of technology assets is maintained. Additional capacity created. Rolling replacement plans are now in place for technology towers.

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1. Live services being moved to McCall's Avenue Data Centre, which has enterprise facilities management services, with County Buildings being used for resilience purposes. Work is 99% complete in terms of live services being moved from County Buildings to McCall's Avenue, with low volume items remaining which have longer term timelines. (August 2024)	▶	95% *No change*
2. Works are underway to migrate services to a Cloud Data Centre with phase 1 completed in April 2023. Planning works for phase 2 have commenced and migration is scheduled to be completed by December 2024.	▶	80%
3. Reaccreditation process in progress for PSN. External health check complete and remedial actions being worked on prior to submission of application. Egress Defend and Protect fully operational. ICT will continue to work with a Cyber Security partner to assess and improve the overall security of the Council's ICT infrastructure as new threats and technologies emerge. (ongoing).	▶	*Ongoing*
4. In light of services migrating to a cloud data centre, work is required with all services to redefine the ICT element of their Business Continuity Plans. Engagement from ICT will take place to define priority applications which align to future plans for application rationalisation/replacement based on off-premises data centre provision. This engagement has not occurred and requires to form part of the workplan for 2024. (target date March 2025).	⚙	0% *No change*

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Risk 15		Risk Title – Management of Assets			Risk Theme – Resources	
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Accountable – ELT Responsible - CLT Risk Owner – Service Leads – Asset Management and Professional Design Services	1.Delivery of the agenda linked to Transforming the Estate may be impacted by a range of factors which could delay any resulting financial gains. 2.There is a risk of delay to projects within the General Services capital programme due to inflation of construction costs which could impact on deliverability of the programme.	Decisions re asset rationalisation, delays on asset disposal, staff placing logistics. Inflation Cost of Living Crisis	Impact on efficient recovery of Council services. Failure to deliver Asset Management Plan. Project delay or additional costs. Adverse incidents and compliance failure. Damage to Council's reputation.	 **3 x 2 = 6**	1. The Transforming the Estate project is underway and has superseded the former Asset Management Plan. 2. Professional Design Services continue to monitor construction costs and contractor's ability to progress and deliver works.	

Proposed Mitigations (with dates)	Status	Progress Bar
1. The Asset Management Plan (AMP) has been superseded by the 'Transforming Our Estate' Project. The proposed approach to the rationalisation of Council assets was approved by Cabinet on 23 May 2023. It has been agreed to note the strategic recommendations following conclusion of an external consultant's review and undertake further work to review the proposals for each asset type and validate cashable benefits and costs for the Council. A Transformation Board has been set up in May 2024 and is headed up by Louise Reid, Assistant Director – Transformation. The Transformation Programme will be reported to the transform board,	▶	40% *Increased from 30%*
2. The new Capital Plan was approved by Council on 29 February, 2024, covering the twelve financial years 2024/25 through to 2035/36. Quarterly Capital Monitoring Reports will be presented to Cabinet (August & October 2024, February & June 2025), and will include any issues required to be highlighted and any adjustments to be requested.	▶	*Ongoing*

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Risk No. x			Risk Title - xxxxx		Risk Theme – Resources / Protection / Governance	
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Who is accountable and responsible for managing the risk?	What could go wrong?	What may have caused this risk?	Possible outcomes or adverse effects?	3 x 3 = 9	What is already in place to manage the risk?	
S	**A**	**M**		**P**	**L** **E**	

Proposed Mitigations (with dates)			**Status**	**Progress Bar**
1. What is planned to mitigate the risk further? (and when it is due to be completed) <enter date>				33% *Increased from…?*

A status icon (Figure 3) is displayed along with a calculation from Risk Owners on percentage completion of the mitigating actions.
This information is closely scrutinised by Chief Officers via CLT and Elected Members through the Audit and Governance Panel and Cabinet and this assists in determining decisions on reducing or increasing risk ratings utilising the matrix at Figure 1.
New risk identification is considered against a broad range of risk types and these are represented at Figure 2.
Risk types are cross-cutting and not considered in isolation.
Further explanation of SAC Council Risk Management Methodology is available within the Corporate Risk Management Strategy RM Strategy

Fig 1

Fig 2

Risk Themes		
Governance	**Protection**	**Resources**
Risk Rating		

Impact	**x**	**Likelihood**	
1 Minor		**1**	Unlikely
2 Moderate		**2**	Possible
3 Major		**3**	Likely
4 Critical		**4**	Very Likely
5 Catastrophic		**5**	Almost Certain

Fig 3	**Status**
✔	Completed
▶	On Target
△	Not on target – some concerns
⬡	Not on target – major concerns
⚙	Not yet started