

County Buildings  
Wellington Square  
AYR KA7 1DR  
Telephone No. 01292 612102



28 August 2025

**To: Councillors Dettbarn (Chair), Bell Kilpatrick, Lamont, McGinley, Pollock, 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, 3 September 2025 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 25 June 2025 (copy herewith).
4. Action Log and Work Programme (copy herewith).

### **Internal Audit Reports**

5. Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC) - Submit report by the Chief Internal Auditor (copy herewith).

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

### **External Audit Reports**

7. External Audit Reports – Progress to 31 June 2025 - Submit report by the Chief Financial Officer (copy herewith)

### **Other Governance Reports**

8. Corporate Lets - Submit report by the Director of Communities and Transformation (copy herewith).
9. Treasury Management and Investment Strategy Quarter 1 Update Report 2025/26 - Submit report by the Chief Financial Officer (copy herewith).
10. Strategic Risk Management - Submit report by the Chief Governance Officer (copy herewith).

### **Internal Audit Report**

11. **Internal Audit Investigation Outcome Report - Submit report by Chief Internal Auditor (Members Only).**
12. Consideration of Disclosure of the above Confidential Report.

For more information on any of the items on this agenda, please telephone June Chapman, Committee Services on 01292 272015, Wellington Square, Ayr or  
e-mail: [committeeservices@south-ayrshire.gov.uk](mailto:committeeservices@south-ayrshire.gov.uk)  
[www.south-ayrshire.gov.uk](http://www.south-ayrshire.gov.uk)

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**AUDIT AND GOVERNANCE PANEL.**

Minutes of a hybrid webcast meeting on 25 June 2025 at 10.00 a.m.

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

Present  
Remotely: Councillor Kenneth Bell.

Apology: Councillor Mary Kilpatrick.

Attending in  
County Hall: L. McRoberts, Acting Chief Executive; T. Baulk, Chief Financial Officer; C. McGhee, Chief Internal Auditor; W. Carlaw, Service Lead - Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; S. McCardie, Service Lead – Performance, Community Planning and Sustainability; D. Love, Co-ordinator - Corporate and Service Finance; K. Copland, Senior Accountant/Senior Finance Officer (Capital/Treasury) Corporate and Service Finance; J. Chapman, Committee Services Officer; and E. Moore, Clerical Assistant.

**Opening Remarks.**

The Chair

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

**1. Sederunt and Declarations of Interest.**

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

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

The Panel noted that there were no call-ins from Cabinet of 17 June 2025.

**3. Minutes of Previous Meeting.**

The Minutes of the meeting of 4 June 2025 ([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 there were no actions outstanding.

It was noted that there was a typographical error in the final item and should read June 2026.

The Panel

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

#### 5. **Annual Account 2024/25.**

There was submitted a report ([issued](#)) of 17 June 2025 by the Chief Financial Officer presenting the unaudited Annual Accounts for the year ended 31 March 2025 ('the unaudited Accounts').

A Member of the Panel gave their views on transparency. The Service Lead, Corporate Accounting advised that the 15 working days' public inspection period commenced on 30 June 2025 with a series of public notices displayed to make the public aware of the procedures. He further stated that it was important that the public looked at the annual accounts and that they were made aware of the Council's robust financial management processes.

A Member of the Panel requested clarification as to what the dash meant in respect of an item under the housing revenue account. The Service Lead, Corporate Accounting advised that the dash represented a zero balance.

Having heard from a Panel Member and from the Service Lead, Corporate and Service Finance it was agreed that the first section of the document, the Management Commentary which provided a useful and informative summary of the Council's financial and operational performance, key risks and future plans would be circulated to all Elected Members.

The Panel

**Decided:**

- (1) to approve the accounting policies contained in Appendix 1 used in preparing the 2024/25 Annual Accounts;
- (2) having considered the unaudited Annual Accounts in Appendix 1, to note that all figures remained subject to audit;
- (3) having considered the unaudited Charitable Trust Accounts in Appendix 2, to note 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 2024/25.**

There was submitted a report ([issued](#)) of 13 June 2025 by the Chief Internal Auditor presenting to the Audit and Governance Panel the annual report on the internal audit activity during 2024/25, 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 2025.

Having heard from a Member of the Panel and the Chief Internal Auditor in respect of the footnote on Page 12, Annex A it was noted that she confirmed that the team cleared draft reports with the Services concerned.

A Member of the Panel commended the Chief Internal Officer and gave his views on the Report.

A Member of the Panel asked the reason why there was a high number of actions with regards to malicious damage invoices in Page 11, Annex A, The Chief Internal Auditor advised that the Audit was in respect of malicious damage at schools and was a slightly disjointed process as no one had had full oversight of the repairs from start to finish.

The Panel, having scrutinised the contents of Internal Audit Report 2024/25

**Decided:** to note the contents of the report.

**7. Delivering Good Governance – 2024/25 Assessment.**

There was submitted a report ([issued](#)) of 13 June 2025 by the Depute Chief Executive and Director of Education inviting Members to review the 2024/2025 year-end assessment against the Council's Delivering Good Governance Framework.

A Member of the Panel enquired about what work was used to profile the roles of the elected members, what it would involve and would Elected Members be involved. The Acting Chief Executive advised that plans were in place and in terms of involving members, it would be a joint approach.

A Member of the Panel stated that the Annual Report reflected on how the Council was performing in certain areas including governance. and given current circumstances, the information provided may not be a true reflection. The Service Lead – Democratic Governance advised that Officers and Members were aware of the duties placed upon them in terms of governance documents, codes of conduct and training undertaken, and also of the consequences where the processes and training were not followed, and the Chief Internal Auditor had confirmed that to date, no council wide concerns had been identified, accordingly officers were able to report that , in relation to governance, the processes in place were effective.

Following comments from a Member of the Panel about being explicit in decision making, The Service Lead - Performance, Community Planning and Sustainability advised that they would review how reporting on this Framework might be improved.

The Panel

**Decided:**

- (1) to review and agree the 2024/25 year-end assessment as set out in Appendix 1 of the report;
- (2) to note progress against the 2024/2025 Improvement Actions; and
- (3) to note the new set of Improvement Actions agreed by Corporate Leadership Team for the period 2025/2026.

**8. Treasury Management Annual Report 2024/25.**

There was submitted a report ([issued](#)) of 18 June 2025 by the 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 2024-25 (as attached at [Appendix 1](#)) and seeking Members' consideration of its contents.

A Member of the Panel commented favourably on the report and asked for clarification on the public borrowing rates. The Chief Financial Officer gave his view on this and advised the rates took into account the short and long-term activity implications and that he was confident the budgets that were in place for 2025/2026 would reflect the type of environment the Council was in.

Having heard from a Panel Member and from the Chief Financial Officer it was noted that the Council were only permitted to borrow in advance of needs based on the next 3 years investment plans.

The Panel, having considered the Annual Treasury Management Report 2024/25, as attached at [Appendix 1](#);

**Decided:** to remit the Annual Treasury Management Report to Council on 18 September 2025 for approval.

The meeting ended at 11:08 a.m.

# Audit and Governance Panel

Agenda Item No. 4.

## Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
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\*\*\*\*Nothing to Report\*\*\*\*

## Audit and Governance Panel

### Work Programme 2025

	<b>Issue</b>	<b>Actions</b>	<b>Assigned To</b>	<b>Due Date to Panel</b>	<b>Latest update</b>
1.	<b>Corporate Lets</b>	Report to Panel	Director of Communities and Transformation	September 2025 (Annually)	Report this panel
2.	<b>Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)</b>	Report to Panel	Chief Internal Auditor	September 2025 (Annually)	Report this panel
3.	<b>Internal Audit – Progress Report Quarter 1</b>	Report to Panel	Chief Internal Auditor	September 2025 (Quarterly)	Report this panel
4.	<b>Treasury Management and Investment Strategy Quarter 1 Update Report 2025/26</b>	Report to Panel	Chief Financial Officer	September 2025 (Quarterly)	Report this panel
5.	<b>External Audit Reports – Progress to 31 June 2025</b>	Report to Panel	Chief Financial Officer	September 2025 (Quarterly)	Report this panel
6.	<b>Strategic Risk Management</b>	Report to Panel	Chief Governance Officer	September 2025 (Biannually)	Report this panel
7.	<b>Final Report on the 2024/25 Audit</b>	Report to Panel	Chief Financial Officer	Special September 2025 (Annually)	Being Drafted
8.	<b>Best Value Action Plan – Progress Update</b>	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	October 2025 (Biannually)	Not yet started

## Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
9.	<b>Accounts Commission – Delivering for the Future – Responding to the workforce challenge</b>	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	October 2025 (Annual)	Not yet started
10.	<b>South Ayrshire IJB External Annual Audit Report 2024-25</b>	Report to this Panel	Director of Health & Social Care	November 2025 (Annually)	Not yet started
11.	<b>Internal Audit – Progress Report Quarter 2</b>	Report to Panel	Chief Internal Auditor	November 2025 (Quarterly)	Not yet started
12.	<b>Audit and Governance Panel – 2025 Annual Self-Assessment Outcome</b>	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2025 (Annually)	Not yet started
13.	<b>Treasury Management and Investment Strategy Mid-Year Report 2025/26</b>	Report to Panel	Chief Financial Officer	December 2025 (Quarterly)	Not yet started
14.	<b>Corporate Fraud Team – Activity Report Update</b>	Report to Panel	Chief Internal Auditor	December 2025 (Biannually)	Not yet started
15.	<b>External Audit Reports – Progress to 31 December 2025</b>	Report to Panel	Chief Financial Officer	January 2026 (Quarterly)	Not yet started
16.	<b>Best Value Action Plan – Progress Update</b>	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	February 2026 (Biannually)	Not yet started
17.	<b>Internal Audit – Progress Report Quarter 3</b>	Report to Panel	Chief Internal Auditor	February 2026 (Quarterly)	Not yet started

## Audit and Governance Panel

	<b>Issue</b>	<b>Actions</b>	<b>Assigned To</b>	<b>Due Date to Panel</b>	<b>Latest update</b>
18.	<b>Treasury Management and Investment Strategy Quarter 3 Report 2025/26</b>	Report to Panel	Chief Financial Officer	February 2026 (Quarterly)	Not yet started
19.	<b>Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter)</b>	Report to Panel	Chief Internal Auditor	March 2026 (Annually)	Not yet started
20.	<b>Annual Audit Plan 2025/26</b>	Report to Panel	Chief Financial Officer	March 2026 (Annually)	Not yet started
21.	<b>Strategic Risk Management</b>	Report to Panel	Chief Governance Officer	March 2026 (Biannually)	Not yet started
22.	<b>Audit and Governance Panel – 2024/25 Annual Report</b>	Report to Panel	Chief Financial Officer/ Chief Governance Officer	June 2026 (Annually)	Not yet started
23.	<b>Annual Accounts 2025/26</b>	Report to Panel	Chief Financial Officer	June 2025 (Annually)	Not yet started
24.	<b>Delivering Good Governance – 2025/26 Assessment</b>	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	June 2025 (Annually)	Not yet started
25.	<b>Internal Audit Annual Report 2025/26</b>	Report to Panel	Chief Internal Auditor	June 2025 (Annually)	Not yet started
26.	<b>Treasury Management Annual Report 2025/26</b>	Report to Panel	Chief Financial Officer	June 2025 (Annually)	Not yet started

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 3 September 2025**

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**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 2025.

**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 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 2024/25 and the proposed IJB Annual Internal Audit Plan for 2025/26 were submitted to the PAC on 25 June 2025. The proposed annual plan was approved at that meeting. Both reports will be shared with the NHSAAA Audit and Risk Committee at their meeting in November 2025.

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## 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 2025.

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 2024/25 (included in [Appendix 1](#) and [Annex A](#)).
- IJB Internal Audit Plan 2025/26 (included in [Appendix 2](#)).

### ***Internal Audit Annual Opinions 2024/25***

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 24 June 2025. Their opinion concludes that NHSAAA 'has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, except in relation to aspects of financial sustainability and the management of GP sustainability payments'.

4.2.3 The Internal Audit opinion for South Ayrshire Council, prepared by the Chief Internal Auditor, was provided to this Panel on 25 June 2025. In 2024/25, 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 2025.

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 2025.

### ***Internal Audit Plan for 2025/26***

4.2.5 The South Ayrshire IJB internal audit plan for 2025/26 was approved by the PAC on 25 June 2025. One audit assignment is included within the audit plan; Financial Sustainability. If there are any changes proposed to the IJB internal audit plan, these will be presented for approval to the PAC in line with the Global Internal Audit Standards (GIAS) in the UK Public Sector.

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. Integrated Impact Assessment (incorporating 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 integrated 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 and IJB Strategic Plan**

12.1 Internal Audit supports the delivery of Council priorities and IJB priorities. Therefore 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; and to the Integration Joint Board Strategic Plan 2021-2031 strategic objective number six, 'We are transparent and listen to you'.

13. **Link to Shaping Our Future Council** Yes  No

13.1 Not applicable.

14. **Results of Consultation**

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

14.2 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 2024-2025](#)

[IJB Internal Audit Plan 2025 - 2026](#)

[Public Sector Internal Audit Standards 2017](#)

[Global Internal Audit Standards](#)

[The Application Note: GIAS in the UK Public Sector](#)

[CIPFA Code of Governance of Internal Audit](#)

[IJB Financial Regulations](#)

**Person to Contact**

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**Date: 25 August 2025**

**South Ayrshire Integration Joint Board**  
**Internal Audit Annual Report 2024/25**

## **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 2024/25 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 2025.

## **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 Health 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 During 2024/25 the Internal Audit Section operated in compliance with PSIAS.
- 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 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 2024/25 self-assessment. The overall conclusion was that Internal Audit fully conforms with 10 areas and generally conforms with 4 areas. There were no areas assessed as partially or not conforming. An action plan containing seven improvement actions in relation to low priority areas was prepared and fully implemented by the due date of 31 March 2025.

- 3.4 New Global Internal Audit Standards (GIAS) which became effective from January 2025 have been developed and the existing PSIAS updated to reflect the new standards within a UK public sector context. The new standards will be referred to as the GIAS in the UK Public Sector and all future QAIPs will assess compliance with the new standards.
- 3.5 During 2024/25 Internal Audit operated within the Internal Audit Charter approved by the Audit and Governance Panel on 20 March 2024.

#### **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 2024/25 allowed for 25 audit days to undertake IJB internal audit services. The 2024/25 Internal Audit Plan for the IJB was approved by the Performance and Audit Committee on 28 May 2024.
- 4.2. The Internal Audit service of NHSAAA was provided by Azets in 2024/25. Azets' internal audit methodology is aligned to PSIAS. The NHSAAA internal audit plan for 2024/25 was agreed with management and approved by the NHSAAA Audit Committee.
- 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.
- 4.4. Neither the Chief Internal Auditor of the IJB nor the Performance and Audit Committee have responsibility for the internal audit service of NHSAAA or for providing assurance to NHSAAA.

#### **5. Achievement of Annual Internal Audit Plan 2024/25**

- 5.1. Internal audit activity during the year was undertaken in accordance with the approved annual internal audit plan. The plan included a review of Business Continuity and Resilience.
- 5.2. The objective of this review was to ensure there are adequate arrangements in place within the South Ayrshire Health and Social Care Partnership (HSCP) to adequately respond to unexpected events or emergencies and continue to provide critical services. Testing has concluded for this assignment and the draft report is currently being prepared. 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. Assurance over the South Ayrshire IJB's internal control arrangements is also reliant on the core systems within the Council operating effectively. The core systems work carried out in 2024/25 for the Council included reviews around controls within the new Fusion System in relation to Main Accounts, Human Resources and Payroll, Procurement, and continuous auditing of customer payments. The three Fusion system audit reviews resulted in reasonable assurance and continuous auditing in substantial assurance. A review of the CM2000 system was also completed for South Ayrshire's HSCP in 2024/25. The objective of this assignment was to obtain assurance that the system objectives included within the CM2000 project's business

case were achieved. The draft report is currently being agreed with service management.

- 5.4. The Council also participated in the latest National Fraud Initiative (NFI) which included investigations in relation to Creditors and Payroll.

## **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 2024/25. There is no limitation of scope on the 2024/25 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 2025.

### **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 South Ayrshire Council and NHS Ayrshire and Arran (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**

South Ayrshire Council's Internal Audit section is responsible for delivering the annual Internal Audit Plan for the IJB.

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

In 2024/25 South Ayrshire Council's Internal Audit section operated in accordance with Public Sector Internal Audit Standards (PSIAS) which came into force with effect from 1 April 2013 (and updated in 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 in the year to 31 March 2025. Azets' internal audit methodology is aligned to PSIAS.

The operational delivery of services within 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 provides an annual report and assurance statement for 2024/25 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 2024/25.

The NHSAAA internal auditors plan for 2024/25 was approved by the NHSAAA Audit Committee on 20 March 2024. The most up to date position for the NHSAAA internal audit plan (May 2025) is that the audit plan would be delivered to give an annual audit opinion to the NHSAAA Audit and Risk Committee in June 2025.

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 2024/25**

One review, Business Continuity and Resilience was completed for the IJB in 2024/25. Testing has concluded and the draft report is currently being prepared therefore the results of this review have been considered in the audit opinion.

The core systems reviews carried out in 2024/25 for the Council which are relevant to the operations of the IJB included reviews around controls within the new Fusion System in relation to Main Accounts, Human Resources and Payroll, Procurement, and continuous auditing of customer payments. The three Fusion system audit reviews resulted in reasonable assurance and continuous auditing in substantial assurance.

Testing has also concluded for the South Ayrshire's HSCP review of the CM2000 system and a draft report is currently being agreed with service management. The results of this review have also been considered in the overall opinion for 2024/25 for the SA IJB.

### **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 2025 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 2024/25.

### **Opinion/**

## **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 2025.

**Cecilia McGhee, Chief Internal Auditor**  
**South Ayrshire Integration Joint Board**  
**11 June 2025**

**South Ayrshire IJB Internal Audit Plan  
2025/26**

<b>Job Ref</b>	<b>Internal Audit Assignment</b>	<b>Internal Audit Resource</b>	<b>Indicative days</b>	<b>Link to HSCP Risk Register</b>
A	Financial Sustainability	South Ayrshire Council	20	Risk 6 – Financial Position
B	Support to the Integration Joint Board and Performance and Audit Committee	South Ayrshire Council	5	N/A
		<b>Total audit days</b>	<b>25</b>	

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 3 September 2025**

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**Subject: Internal Audit – Progress Report to 30 June 2025**

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**1. Purpose**

- 1.1 The purpose of this report is to advise Members of progress of the 2024/25 internal audit plan, progress of the 2025/26 internal audit plan and directorate's progress against implementation of internal audit action plans.

**2. Recommendation**

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

**2.1.1 considers the content of this report, and**

**2.1.2 approves the request for an extension to Internal Audit action 2025/06.01- to develop good practice guidance for using consultancy service to 30 September 2025.**

**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 26 February 2025 and included progress for the third quarter of 2024/25 to 31 December 2024. The 2024/25 annual report was presented to the Panel on 25 June 2025 and detailed the progress of the 2024/25 Internal Audit Plan up to 22 May 2025.
- 3.2 This report provides an update on the progress of the 2024/25 and the 2025/26 Plans for the period 1 January 2025 to 30 June 2025 and the progress of implementation of Internal Audit actions as at 24 July 2025.

**4. Proposals**

- 4.1 It is proposed that Members note the updates and consider the progress made by Internal Audit to deliver the 2024/25 and 2025/26 Internal Audit plans in the period to 30 June 2025. It is also proposed that Members consider the progress made by directorates to implement Internal Audit actions as at 24 July 2025.
- 4.2 Following the conclusion of the audit assignment on the Use of Consultancy Services (IA2025-06), it was agreed that, given the Council wide nature of this area, Internal Audit, in consultation with Procurement Services would take responsibility

for the development of good practice guidance in relation to the use of consultants. When developing this guidance, it was identified that it would be useful to have input from the Transformation Team on options appraisal and benefit tracker processes and templates. This has resulted in more time being required to fully implement this action than was originally anticipated. The draft guidance has been prepared by Internal Audit and passed to Procurement for review. However, to allow for a reasonable time for Procurement to carry out their review and provide comments and for the guidance to be issued, it is proposed that the implementation of this action is extended from 30 June 2025 to 30 September 2025.

### ***Progress of Internal Audit Plan 2024/25***

4.3 Ten final reports for South Ayrshire Council (SAC) have been issued since the last quarterly update report in February 2025. One of these ten reports (Taxi and Private Hire Licence Checks) was completed as a contingency assignment. A Network Support Grant claim was also certified in this period. Of the ten SAC reports issued for 2024/25, four reported substantial assurance, four reasonable assurance and two limited assurance. A total of 36 improvement actions were raised within these reports, 33 actions were accepted by management. The three actions not accepted related to:

- changes to process which the Service believe may lead to delays/inefficiencies in processing,
- the reduction in access rights for the Enterprise Resource Planning (ERP) team, although it was agreed that a report showing any employee assignment-based changes made by the ERP team would be produced for review by Payroll and;
- anonymising the internal user guides where employee details were visible. Management accepted the risk in these areas.

4.4 In addition to the ten SAC audit reports issued, an audit report was also issued for the AVJB (Staff Training) in this period. There is one assignment (Financial Intervention/Corporate Appointeeship) from the 2024/25 Audit Plan which has not started and four SAC assignments in progress. A further five draft reports have been issued and are currently being cleared with service management. A summary of the status of all 2024/25 assignments as at 30 June 2025 can be found in [Appendix 1](#).

### ***Internal Audit Annual Audit Plan 2025/26 Progress***

4.5 One 2025-26 SAC assignment (Annual return on the Housing Charter) was completed during the first quarter of 2025/26 and five assignments started. The completed assignment concluded in substantial assurance with no improvement actions raised.

4.6 A summary of the of the status of all 2025/26 assignments as at 30 June 2025 can be found in [Appendix 2](#).

4.7 A summary of the findings for each assignment completed between 1 January 2025 and 30 June 2025 has been included in [Appendix 3](#). The full audit report for these assignments was shared with all Members after being cleared with the relevant service and issued to management.

## Performance Indicators 2025/26

4.8 As agreed as part of the External Quality Assessment (EQA) Action Plan, performance indicators in relation to the delivery of the overall Internal Audit Service have been developed and are included in all quarterly progress reports to this Panel. The Performance included in the table below relates to Internal Audit activity since the last quarterly report in February 2025. Performance in relation to delivery of the IJB and AVJB plans is included within their annual audit reports. 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. <i>(Quarterly Indicator)</i>	90%	100% (16/16)
2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report. <i>(Quarterly Indicator)</i>	100%	100% (11/11)
3. Audit Plan Delivery	2025/26 Audit Plan completed to draft by 30 April 2026 <i>(Annual Indicator)</i>	90%	4% as at 30 June 2025
4. Audit Budget	Percentage of audits completed within budgeted days. <i>(Quarterly indicator)</i>	80%	60%
	Direct Audit Days delivered <i>(Quarterly indicator)</i>	83%	85%
5. Audit Recommendations	Internal Audit recommendations agreed (measured from 1 April) <i>(Quarterly indicator)</i>	90%	92% (33/36)
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above. <i>(Quarterly Indicator)</i>	100%	100% (2/2)
8. Delivery of Annual Report	Annual opinion /report presented to AGP <i>(Annual Indicator)</i>	By 30 June annually	Target Met Reported 25 June 2025
9. Audit Plan	AGP Approval of audit charter and annual plan <i>(Annual Indicator)</i>	By 31 March annually	Target Met Approved 26 March 2025

- 4.9 The internal audit plan for 2025/26, approved by the Panel on 26 March 2025, includes 26 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 numbers 28 and 29 in the audit plan) and to audit the Ayrshire Rural and Island Fund (ARIA) 2025/26 Grant Claim. A summary of the status of 2025/26 plan for SAC deliverable assignments as at 30 June 2025 is included in the table below:

Status	No. of Deliverables	Percentage
Complete	1	4%
Work in progress	5	19%
Not started	20	77%
<b>Total</b>	<b>26</b>	<b>100%</b>

- 4.10 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 received in the quarter to 30 June 2025. This request was in relation to reimbursement from a school fund. There were two investigations ongoing as at 30 June 2025.

#### ***Implementation of Internal Audit Action Plans***

- 4.11 Three follow up assignments are included in the 2025/26 internal audit plan. A further 15 days is also included in the annual plan to carryout follow up assignments where required for 2024/25 audit assignments not yet conclude. Follow up assignments are completed on a risk basis and 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 10 overdue actions and 18 actions due for completion in the next six months. Details of these actions together with the 'latest note' recorded in Ideagen by the action owners 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 nine of the 13 outstanding actions. One extension was required to allow further development of bespoke software for contract management, completion of two actions has been impacted by the Redwood upgrade to Oracle Fusion, one extension was required to allow continued discussion with Trade Unions in relation to updates to the employee Code of Conduct, one extension was requested to allow Waste Management to consult the Transformation Team on process mapping, one extension was requested as implementation was impacted by the accommodation/property works at Heathfield recycling site, one extension was required to allow for adequate time for

Procurement review of guidance and provide comments (see para. 4.2) and two extensions were required due to staff absence impacting on the implementation.

- 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 were no such requests made during this reporting period.

### ***Quality Assurance and Improvement Programme (Compliance with Global Internal Audit Standards in the UK Public Sector)***

- 4.16 New Global Internal Audit Standards became effective in the Public Sector from 1 April 2025 (GIAS in the UK Public Sector). As with the previous Public Sector Internal Audit Standards (PSIAS) the new standards require the CAE<sup>1</sup> to develop a quality assurance and improvement programme (QAIP) that covers all aspects of the Internal Audit function and includes both periodic internal self-assessments and External Quality Assessments (EQA).
- 4.17 An allocation of time to complete a self-assessment against the GIAS in the UK Public Sector is included within the 2025/26 Internal Audit Plan. The self-assessment will be completed in quarter three of 2025/26. As agreed by this Panel on 4 June 2025 the results, including an action plan if required, will be reported to the Audit and Governance Panel in February 2026.
- 4.18 The EQA will continue to be undertaken at least once every five years as part of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) reciprocal agreement. The next external assessment is scheduled to be completed in 2026/27. The results of this assessment will be reported to the Audit and Governance Panel once completed.
- 4.19 The last 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 all seven actions have been fully completed.

## **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/**

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<sup>1</sup> CAE in South Ayrshire Council is the Chief Internal Auditor

## 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 Global Internal Audit Standards in the UK Public Sector.

## 9. Integrated Impact Assessment (incorporating 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. Link to Shaping Our Future Council Yes No

13.1 Not applicable.

## 14. Results of Consultation

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

14.2 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**     **Report to Audit and Governance Panel of 6 November 2024 – [Internal Audit Plan 2024/25 – Midyear Review](#)**

**Report to Audit and Governance Panel of 26 March 2025 – [Proposed Internal Audit Plan 2025-26 \(including Annual Review of Internal Audit Charter\)](#)**

**[Internal Audit Charter 2025-26](#)**

**[Global Internal Audit Standards](#)**

**[The Application Note: GIAS in the UK Public Sector](#)**

**[CIPFA Code of Governance of Internal Audit](#)**

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**Date: 25 August 2025**

## PROGRESS AGAINST INTERNAL AUDIT PLAN 2024/25 (AS AT 30 June 2025)

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
<b>Key Corporate Systems</b>										
1	Main Accounts	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓		
2	HR & Payroll	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓	✓	3 Sept 2025
3	Procurement	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓		
<b>Governance/Best Value</b>										
4	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise.		✓	N/A	✓	✓	Included in the Corporate Fraud Update Reports		4 Dec 2024
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.		✓	✓	✓	✓	✓		

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	
6	Governance and Best Value	Obtain assurance that adequate arrangements are in place for the use of consultancy services throughout the Council.		✓	✓	✓	✓	✓	✓	3 Sept 2025	
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.	Deferred to 2025-26 Audit Plan								
<b>ICT Auditing</b>											
8	Access Controls	Obtain assurance that there are adequate controls in place over the employee access to Council networks, systems and devices within schools.		✓	✓	✓					
<b>Directorates</b>											
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	✓		✓	✓	✓	✓	✓	3 Sept 2025	

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
		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) Certificate in place where required.	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025
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.		✓	✓	✓	✓	✓	✓	26 Feb 2025
17	Housing Operations and Development	Obtain assurance that the new procedure for malicious damage invoices includes adequate controls and is operating effectively.		✓	✓	✓	✓	✓	✓	3 Sept 2025

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
<b>Regularity</b>										
18	Continuous Auditing	Account Payables, Payroll and Debtors and develop the use of Continuous Audit throughout the Council.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
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.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
21	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Social Work Locations.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
22	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Schools.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
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
<b>Follow Up Reviews</b>										
24	Directors	Follow up of Actions from 2023/24 Audit Assignment - <b>Waste Management.</b>		✓	N/A	✓	✓			

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	ICT Auditing	Follow up of Actions from 2023/24 Audit Assignment- <b>Social Media.</b>		✓	N/A	✓	✓	✓	✓	26 Feb 2025	
26	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - <b>Systems Access Controls.</b>	✓	✓	N/A	✓	✓	✓			
27	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment- <b>Participatory Budgets.</b>	Deferred to 2025/26 IA Plan								
28	Directorates	Follow up of Actions from 2023/24 Audit Assignment- <b>Cash income at Leisure facilities.</b>		✓	N/A	✓	✓	✓	✓	3 Sept 2025	
29	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - <b>Procurement - Framework Agreements.</b>	✓	✓	N/A	✓	Being completed as part of investigation				
<b>Other Entities</b>											
30	AVJB	<b>Elections Act 2022</b> - To provide assurance that the changes required to processes around on-line postal voters and divergence of Scottish/UK Postal and Overseas have been implemented and are operating effectively		✓	✓	✓	✓	✓	✓	26 Feb 2025	
		<b>Staff Training - Council Tax System</b> - To provide assurance that training has been fully carried out on the new Council Tax system.	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025	

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
31	IJB	<b>Business Continuity and Resilience</b> – To provide assurance that there are adequate arrangements in place to ensure business continuity and resilience within the HSCP	✓	✓	✓	✓	✓	✓		
<b>Other</b>										
32	Investigations	Allowance for investigations of irregularities.	Two investigations started in 2024-25 carried forward into 2025-26							
33	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	Complete – New budget allocation for 2025-26							
34	Transformation Programme	Allocation of time to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.		✓	N/A ( Advice and Guidance Assignment)	✓	✓	N/A – no report required		3 Sept 2025
35	Contingency	Contingency budget for unplanned commitments arising during the year.	Complete – New budget allocation for 2025-26							
36	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25.	2023-24 Assignments Complete							
37	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	Complete – New budget allocation for 2025-26							

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
38	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with PSIAS.		✓	N/A	✓	✓	Completed as part of the annual report submitted to AGP 25 June 2025		3 Sept 2025

## PROGRESS AGAINST INTERNAL AUDIT PLAN 2025/26 (AS AT 30 June 2025)

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
<b>Key Corporate Systems</b>										
1	Main Accounts	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	✓							
2	HR & Payroll	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments		✓						
3	Procurement	Review of compliance with the updated One-time Payment process	✓							
4 4	Procurement	Review compliance with the new Framework Agreement procedures	✓							
<b>Governance/Best Value</b>										
5	Financial Sustainability	To provide assurance that there are adequate arrangements in place within the Council to manage the Council's financial sustainability	✓							
6	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise	✓	✓	N/A	✓				

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
7	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2024/25 Assignment ( if required) and review of high risk areas.	✓							
8	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	✓							
9	Capital Contract Management	Review of updated contract management procedures, to provide assurance on the governance arrangements around the management of capital projects	✓							
10	Ward Capital Management	Review of the management and delivery of the Ward Capital programme to provide assurance that governance arrangements are in place and operating satisfactorily	✓							
<b>Transformation</b>										
11	Transformation Programme	To provide assurance that approved governance arrangements are being applied consistently with transformation projects	✓							
<b>ICT Auditing</b>										
12	Cloud Based System	To provide assurance over the Council's arrangements to ensure data security where	✓							

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
		business is transacted through the Cloud.								
13	Business Continuity and Resilience	To provide assurance that there are adequate arrangements in place to ensure business continuity and resilience within Council hosted and cloud based ICT systems.		✓						
14	Health and Social Care Partnership	To provide assurance that the <b>Quality Assurance Process</b> in place is effective	✓							
15	Corporate Policy and Strategy	To provide assurance that the updated <b>Housing Allocations Policy</b> and guidance adequately reflects statutory guidance		✓						
16	Corporate Policy and Strategy	To follow up actions from 2024/25 <b>Climate Change</b> audit assignment and confirm Council policies and strategies are in place and effective	✓							
17	Corporate Policy and Strategy	To provide assurance that the <b>Integrated Impact Assessment</b> is being completed where required	✓							
18	Communities and Transformation	To provide assurance that there are adequate controls in place and operating effectively within the <b>Ambition Fund</b> programme	✓							

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
19	Housing Operations and Development	To provide assurance that there are adequate controls in place to ensure the Council's estate is properly valued and managed in line with the <b>Asset Management Plan/Transforming Our Estate</b> project	✓							
20	Housing Operations and Development	Review Performance information included in the <b>Annual Return on the Charter (ARC)</b> .	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025
<b>Regularity</b>										
21	Continuous Auditing/Data Analytics	Account Payables, Bank Accounts, Payroll and Expenses and develop the use of Continuous Audit in other Council Services.		✓	N/A	✓				
22	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	✓							
23	Grants	Review of evidence to support Network Support Grant claim.	✓							
<b>Follow Up Reviews</b>										
24	Directorates	Follow up of Actions from 2024/25 Audit Assignment - <b>Malicious Damage</b>	✓							
25	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - <b>Participatory Budgeting</b>	✓							

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
26	Governance and Best Value	Follow up of Actions from 2024/25 Audit Assignment - <b>Use of Consultancy Services</b>	✓							
27	Follow Up Contingency	Follow up of Actions from 2024/25 Audit Assignment not yet concluded	Time will be allocated from this budget when the 2024-25 Internal Audit Plan has been completed							
<b>Other Entities</b>										
28	AVJB	Civil Penalty Notices	✓							
		Training and Development	✓							
29	IJB	Financial Sustainability	✓							
30	East Renfrewshire - Audit of Trust Accounts	Part of reciprocal arrangements between South Ayrshire, North Ayrshire and East Renfrewshire Council	✓							
<b>Other</b>										
31	Investigations	Allowance for investigations of irregularities.	Two investigations started in 2024-25 carried forward into 2025-26							
32	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	Ongoing through the year							
33	Contingency	Contingency budget for unplanned commitments arising during the year.	✓							
34	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2025/23.	Ongoing							
35	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal	Ongoing through the year							

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
		Auditor Review of assignments.								
36	Quality Assurance Improvement Programme (QAIIP)	Annual self-assessment of compliance with GIAS in the UK Public Sector.	✓							

2024/25 Internal Audit Reports Issued in period 1 January 2025 to 30 June 2025

Assignment Name/Ref	Assurance <sup>2</sup>	No of Actions Raised
<p><b>2025-02 HR &amp; Payroll Fusion Controls – Employee Set Up</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to obtain assurance that there are adequate HR and Payroll System Controls in place following the implementation of Oracle Fusion and that they are operating effectively. The assignment sought to provide assurances that controls are in place and operating effectively in the following areas:</p> <ul style="list-style-type: none"> <li>• New starts</li> <li>• Payroll Deductions</li> <li>• Variations to pay</li> <li>• Leavers and Transfers</li> <li>• Payments</li> <li>• Reconciliations</li> <li>• Reporting</li> <li>• System access controls</li> </ul> <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to 11 recommendations. The main recommendations relate to increasing the review of data input to the system, particularly in high risk areas such as changes to the establishment, input of pending worker details and manual calculations. Recommendations were also raised in relation to; creating system reports for areas of the HR/ Payroll system which require review such as late leavers and audit trail for key changes, creation of DPIAs to ensure Fusion compliance with Data Protection Legislation, investigating whether system controls could be increase to restrict the number of positions to</p>	<p>Reasonable</p>	<p>11 (1 high risk, 8 medium risk, 2 low risk) 3 actions not accepted</p>

<sup>2</sup> **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 <sup>2</sup>	No of Actions Raised
<p>posts ensuring segregation of duties where multiple changes are input against specific assignments. Unless these recommendations are addressed, there is a risk that input errors or unauthorised changes may not be identified. Financial loss can occur where overpayments or fraudulent payments are made. If DPIAs are not complete, there is a risk that the Fusion system does not meet SAC's GDPR requirements.</p> <p>Management agreed to implement eight of the 11 actions recommended. The three actions not accepted by the service related to changes to process as the service believed this would lead to delays/inefficiencies in processing, the reduction in access rights for the ERP team, although it was agreed that a report showing any employee assignment based changes made by the ERP team would be produced for review by Payroll. The action regarding anonymising the internal user guides where employee details were visible was not accepted, as the service believed the risk of breaches in GDPR in this area were low as only HR and Payroll staff, who already have access to all employees details, have access to the guides . Management has accepted the risk in these areas.</p>		
<p><b>2025-06 Use of Consultancy Services</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to obtain assurance that adequate arrangements are in place for the use of external consultancy services throughout the Council. The assignment sought to provide assurances that controls are in place and working satisfactorily in the following areas</p> <ul style="list-style-type: none"> <li>• Identifying the need for Consultancy Service;</li> <li>• Engaging Consultancy Services; and</li> <li>• Monitoring the work and output of Consultants.</li> </ul> <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to two recommendations which management agreed to implement. The recommendations relate to ensuring best practice is followed when engaging the services of consultants to deliver Council projects and services and ensuring financial regulations are adhered to. Unless these recommendations are addressed, there is a risk that the Council will not secure Best Value, revenue budgets will not reflect the true spend on consultancy service and financial regulations could be breached.</p>	<p>Reasonable</p>	<p>2 (2 medium risk)</p>
<p><b>2025–11 Pupil Equity Fund</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to obtain assurance that there are adequate controls in place to ensure the use of the Pupil Equity Fund (PEF) within South Ayrshire schools complies with National and Council guidance and procedures. The assignment sought to provide assurances that there are controls</p>	<p>Substantial</p>	<p>0</p>

Assignment Name/Ref	Assurance <sup>2</sup>	No of Actions Raised
<p>in place and operating effectively to ensure PEF expenditure incurred by SAC schools complies with National and Council guidance and procedures, that it is properly approved, recorded, monitored and correctly reclaimed.</p> <p>Overall substantial assurance was obtained in the areas within the scope of the assignment.</p> <p>There were no recommendations arising from this assignment</p>		
<p><b>2025-13 Data Analytics – PVG Certificate</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to determine if those employees in roles that require a Protecting Vulnerable Groups (PVG) certificate at South Ayrshire Council (SAC) have one and that sufficient information is recorded on Fusion to ensure that PVG certificates can be identified for renewal when required. The assignment sought to provide assurances that:</p> <ul style="list-style-type: none"> <li>• SAC employees conducting PVG regulated work have a current PVG certificate.</li> <li>• Controls within HR are operating effectively to ensure that PVG certificates are in place for those members of staff who require them within their role and that sufficient information is recorded to allow these to be identified for renewal when required.</li> </ul> <p>Limited assurance was obtained in the areas within the scope of the assignment. Assurance was not obtained that all staff in PVG regulated roles have a PVG membership. Data Integrity issues were identified in the PVG scheme information recorded on Fusion. Information was found to be incomplete and potentially inaccurate.</p> <p>The audit gave rise to two recommendations which management agreed to implement. The recommendations relate to ensuring all those employees in a PVG regulated role have a PVG membership and that the data recorded on Fusion is accurate and complete. Unless these recommendations are addressed, there is a risk that legislation could be breached, potentially putting the safety of SAC vulnerable group service users at risk.</p>	<p>Limited</p>	<p>2 (2 high risk)</p>
<p><b>2025-17 Malicious Damage Invoices</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to obtain assurance that the procedures in place for processing malicious damage invoices include adequate controls and are operating effectively. The assignment sought to provide assurances that there are adequate controls in the following areas:</p> <ul style="list-style-type: none"> <li>• Raising the request for malicious damage repairs.</li> <li>• Verification of completion of the repair; and</li> </ul>	<p>Limited</p>	<p>6 (5 high risk, 1 medium risk)</p>


Assignment Name/Ref	Assurance <sup>2</sup>	No of Actions Raised
<ul style="list-style-type: none"> <li>Processing payment for work completed</li> </ul> <p>Limited assurance was obtained in the areas within the scope of the assignment. Assurance was not obtained that there were adequate controls in place over the payment of Malicious Damage invoices.</p> <p>The audit gave rise to six recommendations which management have agreed to implement. The recommendations relate to developing operational procedures for MD repairs, assigning specific responsibilities to appropriate Officers, ensuring all relevant documentation has been fully completed and there is adequate evidence to support MD charges and ensuring that there are adequate processes in place to monitor the progress and costs of MD repairs. Unless these recommendations are addressed, there is a risk of increased/unnecessary costs to the Council resulting from ineffective management of MD repairs. This could lead to potential harm to school staff or pupils resulting from repairs not being carried out timeously or satisfactorily or through failure to make premises safe resulting in or legal challenges through non-compliance with the respective contracts.</p>		
<p><b>2025–18 Continuous Auditing</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to assess the risk of undetected duplicate supplier payments using audit Data Analysis Software (IDEA) to review vast volumes of data and, to review income bank account transactions to ensure that there are no third-party payments which have been set up to fraudulently to extract monies from the council.</p> <p>Testing was conducted on a sample of 41 potential duplicates invoices paid by the council from 1 April 2024 to 20 January 2025. Four duplicate invoices were identified by Internal Audit which had had not already been identified by the Service or CAP team This represented an overpayment of £6,877 and the CAP team are currently following up with the suppliers to return the funds paid in error.</p> <p>Income bank accounts covering the period from 1 January 2024 to 18 October 2024 were reviewed and sample testing conducted on direct debits and other transactions which transferred income out of each bank account. 23 transactions of this nature were tested to ensure they were valid and not fraudulent transactions. Testing confirmed that all such transactions had relevant back up to support the transactions and had been previously reviewed by the Cashier’s section.</p> <p>Overall substantial assurance was obtained in the areas within the scope of the assignment.</p> <p>There were no recommendations arising from this assignment</p>	Substantial	0
<p><b>2025-21 Internal Control Self Assessment Toolkit – Social Work Locations</b></p>	Substantial	1 (1 low risk)



Assignment Name/Ref	Assurance <sup>2</sup>	No of Actions Raised
<p><i>Assignment Summary</i></p> <p>The objective of the assignment was to collate and report the results of the 2024/25 annual Social Care locations self-assessment exercise. The assignment sought to provide assurance that there is an awareness of relevant governance arrangements, that key controls in relation to security of cash and assets are in place and to highlight areas for improvement where required. The review of the self-assessment returns also sought, where possible, to confirm improvement had been made in the areas highlighted in the 2023/24(IA2024-21) action plan.</p> <p>On the basis of responses received from locations, overall substantial assurance was obtained over the system of control within the areas included in the self-assessment toolkit.</p> <p>The audit gave rise to one recommendation which management agreed to implement. The action relates to implementing the improvements identified through the self-assessment exercise. Unless this action is implemented there is a risk that there will be a lack of effective internal controls within the service area and possible financial loss and reputational damage to the Council.</p>		
<p><b>2025-22 Internal Control Self Assessment Toolkit – Schools</b></p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to collate and report the results of the 2024/25 annual School 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.</p> <p>On the basis of responses received from locations, overall reasonable assurance was obtained over the system of control within the areas included in the self-assessment toolkit.</p> <p>The audit gave rise to 10 recommendations which management agreed to implement. The actions relate to improvement around; Self-Assessment Checklist Use and Governance, Cash Holding, Safe Keys – Physical Security, Safe access – pin/ combination lock, Banking/ transfer of cash, Imprest, Use of bank cards/ online banking and account signatories, Inventory, School Funds and Social Media. Unless these recommendations are addressed, there is a risk of ineffective internal controls, possible financial loss and reputational damage.</p>	<p>Reasonable</p>	<p>10 (3 medium risk, 7 low risk)</p>
<p><b>2025-28 Follow Up Review – Cash Collection Arrangements – Leisure Facilities</b></p> <p><i>Assignment Summary</i></p>	<p>100% Sufficiently Implemented</p>	<p>0</p>

Assignment Name/Ref	Assurance <sup>2</sup>	No of Actions Raised
<p>The objective of the assignment was to follow up the ten actions raised in report IA2024/16 Cash Collection Arrangements - Leisure Facilities to assess that they have been effectively implemented. Of the ten actions agreed eight were fully implemented with no further action required, one was sufficiently implemented with no further action required and one was sufficiently implemented with some further action advised. The further action advised relates to the service taking steps to continue to reduce the time taken to update paye.net where possible. Where further action is advised, it is recommended that Management monitor the action to ensure it is sufficiently and timeously completed. Outstanding actions will continue to be included in Internal Audit Quarterly Progress Reports to the Audit and Governance until completed.</p>		
<p><b>2025-35-05 Taxi and Private Hire Vehicle Licence checks</b></p> <p><i>Assignment Summary</i></p> <p>This assignment was added to the Internal Audit Plan as the result of the identification of a potential risk area following the report in the media of taxi/ private hire licences being inappropriately granted within another Scottish Local Authority. The objective of the assignment was to obtain assurance that there are adequate controls in place and operating effectively to ensure licences granted for Taxi and Private Hire Vehicles are awarded in accordance with South Ayrshire Council Procedures. The review was completed using time allocated from the contingency balance included in the 2024/25 Internal Audit Plan.</p> <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to four recommendations which management agreed to implement. The recommendations relate to maintaining a clear audit trail of documentation, conducting sample testing to ensure all applications and inspections are fully supported with the appropriate checks conducted, removing licence plates where a vehicle fails its MOT or inspection and expanding the Standard Conditions for operators to include their responsibilities where the vehicle fails its MOT or inspection. Unless these recommendations are addressed, there is a risk that incomplete application and inspection documentation could go undetected which could lead to licences being issued inappropriately. If licence plates are not removed and responsibilities of licence holders are not clearly communicated, there is a risk that the vehicle could continue to operate as a taxi/ private hire where it does not meet the conditions required by SAC.</p>	<p>Reasonable</p>	<p>4 (1 medium risk, 3 low risk)</p>


Assignment Name/Ref	Assurance	No. of Actions
<p><b>2025/15 - Annual Return on Housing Charter Review</b></p> <p><i>Assignment Summary</i></p> <p>The objective of this assignment is to obtain assurance that there are adequate procedures in place for the collection of information included in the Annual Return on Housing Charter (ARC) 2024/25 and that reported Charter and contextual indicators are accurate. The assignment sought to provide assurances 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.</p> <p>Overall substantial assurance was obtained in the areas within the scope of the assignment.</p> <p>There were no recommendations arising from this assignment</p>	<p>Substantial</p>	<p>0</p>

## Overdue Actions (As At Date of Report 24 July 2025)


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-Mar-2025	Christina Cox	Pauline Bradley	04-Jul-2025 Funding has been approved for the further development of bespoke software for contract management and roll out should be complete for the end of 2025.		95%	1st Extension granted to 31/3/2025 2nd Extension granted to 31/12/2025

IA2024/02 and IA2025/02a HR and Payroll Fusion Controls - employee set-up							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/02a.01 Completion of Data Protection Impact Assessment (DPIA)	30-May-2025	Louise Reid	Stewart McCall	21-Jul-2025 Work underway to complete this but timeline has been impacted by resource availability from the Service. Completion has been impacted by Redwood upgrade to Fusion.		35%	1 <sup>st</sup> Extension granted to 30/9/2023
IA2025/02a.05 Late leavers reporting and review	30-Jun-2025	Wendy Wesson	Jane Murray; Bernie Sanderson			0%	



IA2024/03 Procurement - Fusion Controls							
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Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/03.04 Process for reporting outstanding orders and invoices to be established and communicated	31-Dec-2024	David Alexander	Stephen Simpson	24-Jul-2025 This action is pending as we need to wait until the Oracle Fusion Redwood update is deployed, this upgrade was pushed back by approximately 2 months, once live we will update and communicate guidance. (Extension to 30 September requested)		90%	1st Extension to 31/12/2024 agreed at AGP 6/11/2024  2nd Extension to 30/9/2025 granted



### IA2024/09 Social Media Accounts

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/09.14 Responsibilities regarding personal use of Social Media by employees	31-Jan- 2025	Lyndsay McRoberts	Wendy Wesson	04-Jul-2025 A report on the amendments to the Code of Conduct was prepared to present to Cabinet in June. Despite TU consultation, shortly before Cabinet the TUs asked to continue discussions on this subject matter therefore the report was withdrawn pending further discussions. We are aiming to conclude this activity by end July to bring forward the report on the amended Code of Conduct to Cabinet after recess.		95%	1st extension granted to 31 Jan 2025  2nd extension granted to 31 July 2025


### IA2024/10 Waste Management Procedures



Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/10/01 Develop written procedures/processes for all key business operations	31-Mar-2025	Fiona Ross	John Morrison	11-Jun-2025 Extension granted by CM as part of follow up assignment (Service waiting on input from Transformation Team to conclude)		85%	1st Extension granted to 31 October 2025
IA2024/10/04 Implement a suitable stock control system	31-Mar-2025	Fiona Ross	Paul Dougall	11-Jun-2025 Extension granted by CM as part of follow up work - (delayed pending accommodation/property works at Heathfield)		55%	1st extension granted to 31/3/2025  2nd extension granted to 31/5/2026


IA2025/06 Use of Consultancy Services							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/06.01 Develop good practice guidance for using consultancy services for the delivery of capital projects or Council services	30-Jun-2025	Cecilia McGhee	Stewart Muir	18-Jul-2025 Typo - extension requested to 30 September 2025		90%	Extension requested to 30 September 2025

IA2025/17 Malicious Damage Invoices							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/17.04 Monitor completion of Malicious Damage Repairs	30-Apr-2025	Christina Cox	Derek Yuille	24-Jul-2025 As advised by CC via email 23/7/2025 -0% due to long term absence of a key member of staff and replacement staff covering only able to cover item 3.. Expect to be able to resume 4th August 2025		0%	1st Extension granted to 30 September 2025
IA2025/17.06 Monitoring of Malicious Damage Spend	30-Apr-2025	Christina Cox	Derek Yuille	24-Jul-2025 As per email from CC 23/7/2025 - 0% due to long term absence of a key member of staff and replacement staff only able to cover item 3. Expect to be able to resume 4th August 2025		0%	1st Extension to 30 September 2025 granted

## Actions Due within next 6 Months (As At Date of Report 24 July 2025)



IA2021/06 Scottish Housing Regulator Annual Return 2019/20							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/06/02 Asset management system	30-Nov-2025	Michael Alexander	John Hodge	10-Jan-2024 Extension granted to 30/11/2025 as per the AGP 8/11/2023		30%	

IA2024/02 and IA2025/02a HR and Payroll Fusion Controls - employee set-up							
IA2025/02a.06 Audit trail	31-Jul-2025	Jane Murray	Amy Meechan	21-Jul-2025 Call raised with ERP team to create report		1%	
IA2025/02a.11 Tasks/ Client journeys	31-Aug-2025	Jane Murray	Amy Meechan	21-Jul-2025 Still to look into what exactly managers/new employees etc see for each Journey task, once this is checked - I will look at how to make the process/wording more clear, will need sent to Mastek at this point to amend journey page		0%	



IA2024/08 Records Management							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/8/03 Obtain assurance of Compliance	31-Dec-2025	Catriona Caves	Deborah McVey	08-Jul-2025 Two temporary members of staff have been recruited to Information Governance, via the Transformation Project, to support development of M365 and SharePoint to support the record retention scheduling of Council data in this format. Staff have a one- year contract. They are currently being trained in the requirements of the post, and a pilot is taking place in ICT and Information Governance, to introduce record retention labels.  The Records & Data officer is currently on maternity leave, which may result in timescales		0%	

				not being achieved, the Information Governance team is however continuing to support implementation with resources available.			
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**IA2024/11 Housing Lets - Anti Fraud Review**

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/11/01 Housing Services should take action to ensure that the policy is reviewed every two years	31-Oct-2025	Michael Alexander	Chris Carroll	<p>03-Apr-2025 Lead Officers from both Housing Policy &amp; Strategy and Housing Operations have been identified to review each of the sections of the existing policy document. The Officer group has met and a work plan was agreed. The review process is underway and is expected to be completed by end of April 2025. Thereafter, any necessary consultation with tenants will be undertaken. It will then be determined if any proposed changes require formal council approval.</p> <p>To allow all processes to be completed and time for any necessary panel/council approvals for proposed changes to policies, the due date was extended to 31 October 2025.</p>		45%	1st extension granted to 31 Oct 2025
IA2024/11/06 Housing Services should consider incorporating a section into the policy document in relation to prevention/detection of fraudulent activities or attempted fraud when applying for Council houses.	31-Oct-2025	Kenny Dalrymple	Michael Alexander	<p>03-Apr-2025 As part of the policy review work underway, a section will be incorporated into the policy document in relation to prevention/detection of fraudulent activities or attempted fraud when applying for Council houses. Discussions are ongoing with Revenues and Benefits, and consideration will be given to strengthening existing anti-fraud measures taking account of established good practice and any data sharing restrictions.</p>		45%	1st extension granted to 31 Oct 2025

				<p>At the present time, existing safeguards and statements are in place on the housing application, to make applicants aware that the Council has a duty to manage public funds, and to prevent and detect fraud. It also advises applicants how their personal information will be used by the Council, and that where appropriate, relevant information will be shared with other agencies. Furthermore, the declaration included on the housing application form clearly states that If the Council gives an applicant a tenancy based on false or misleading information, the Council may take legal action to get the property back.</p> <p>To allow all processes to be completed, any required tenant consultation and time for any necessary panel/council approvals for proposed changes to policies, the due date was extended to 31 October 2025.</p>			
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<b>IA2025/13 Data Analytics - PVG Certificate</b>							
<b>Action</b>	<b>Due Date</b>	<b>Managed By</b>	<b>Assigned To</b>	<b>Latest Note</b>	<b>Status</b>	<b>Progress</b>	<b>Agreed Revisions</b>
IA2025/13.01 Review to be conducted on Positions on the Establishment	30-Aug-2025	Wendy Wesson	Noemi Cecconi; Bernie Sanderson	11-Aug 2025 Review is in progress		50%	
IA2025/13.02 Data Integrity	30-Aug-2025	Wendy Wesson	Noemi Cecconi; Bernie Sanderson	11-Aug 2025 Review is in progress		50%	

<b>IA2025/22 Education Self-Assessment Results 24-25</b>
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Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/22.01 Self Assessment Checklist use and Governance	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025.		50%	
IA2025/22.02 Cash Holdings	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.03 Safe keys – physical security	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.04 Safe access – pin/ combination lock	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.05 Banking/ transfer of cash	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.06 Imprest Cash	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.07 Use of bank cards/ online banking and account signatories	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.08 Inventory	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.09 School Funds	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	
IA2025/22.10 Social Media	31-Oct-2025	Scott Mulholland	Gavin Cockburn	21-Jul-2025 Comms plan programmed and communications drafted for issue between 26/09/2025 & 10/10/2025		50%	

**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 3 September 2025**

**Subject: External Audit Reports – Progress to 30 June 2025**

**1. Purpose**

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

**2. Recommendation**

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

**3. Background**

3.1 The Final Report on the 2023/24 Audit was presented to the Audit and Governance Panel (Special) of 26 September 2024. This report covers progress against the three recommended improvement actions from that report.

**4. Proposals**

4.1 Progress to 30 June 2025 is summarised below:

Status of External Audit Actions as at 30 June 2025	Completed since 31 March 2025	On Target	Not on Target	Total
Annual Report on 2023/24 Audit – Sept 24	1	-	-	1
<b>Overall</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

4.2 During the reporting period the final action from the 2023/24 External Audit report was completed as noted in [Appendix 1](#).

**5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 None.

## **7. Human Resources Implications**

7.1 None.

## **8. Risk**

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

8.1.1 There are no risks associated with adopting the recommendations.

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

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

## **9. Integrated Impact Assessment (incorporating Equalities)**

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

## **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. Link to Shaping Our Future Council** Yes  No

13.1 Not applicable.

## **14. Results of Consultation**

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

14.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

**Background Papers**    **Report to Audit and Governance Panel (Special) of 26  
September 2024 – [Final Report on the 2023/24 Audit](#)**

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

**Date: 25 August 2025**

# External Audit Reports - completed

Generated on: 23 July 2025

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2023/24 Final Report on the 2023/24 Audit	<p><b>Recommendation</b> All rental agreements and support service agreements should be reviewed and updated as required.</p> <p><b>Management Response</b> A paper reviewing the service and rental agreements between the council and the Common Good is currently being prepared and will be submitted to Members for formal consideration and approval later this year.</p>	31-Dec-2024	Kevin Braidwood	23-Jul-2025 Report presented to Council of 14th May approving proposed changes to South Ayrshire Council management of Common Good Funds. Changes to come in to effect by 1st October 2025.	✓	100%		23-Jul-2025

**South Ayrshire Council**

**Report by Director of Communities and Transformation  
to Audit and Governance Panel  
of 3 September 2025**

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**Subject: Corporate Lets**

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**1. Purpose**

1.1 The purpose of this report is to provide an annual update in relation to requests for discretion to be applied to let charges from 1 April 2024 to 31 March 2025.

**2. Recommendation**

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

**3. Background**

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

3.2 During the previous reporting period of 1 April 2023 to 31 March 2024, the number of applications for discretion to let charges was thirty-three. Twenty-five applications were approved and eight were declined

3.3 During the reporting period of 1 April 2024 to 31 March 2025, the number of applications for discretion to let charges was thirty-four. Twenty-six applications were approved and eight were declined. The register of discretionary applications is set out in [Appendix 1](#).

**4. Proposals**

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

**5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

**6. Financial Implications**

6.1 Applying the discretion has resulted in a net reduction of income to the Council, however the income targets for the Ayr Town Hall and Troon Concert and Walker Halls were met during the reporting period 2024/25.

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

## 7. Human Resources Implications

7.1 Not applicable.

## 8. Risk

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

8.1.1 There are no risks associated with adopting the recommendations.

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

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

## 9. Integrated Impact Assessment (incorporating Equalities)

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

## 10. Sustainable Development Implications

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

## 11. Options Appraisal

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

## 12. Link to Council Plan

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

13. **Link to Shaping Our Future Council** Yes  No

13.1 Not applicable.

## **14. Results of Consultation**

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Alec Clark, Portfolio Holder for Tourism, Culture and Rural Affairs and the contents of this report reflect any feedback provided.

**Background Papers**    **Report to Audit and Governance Panel of 26 June 2024 – [Corporate Lets](#)**

**Person to Contact**    **George Hunter, Assistant Director – Communities  
County Buildings, Wellington Square, Ayr KA7 1DR  
Phone 01292 612994  
E-mail [george.hunter@south-ayrshire.gov.uk](mailto:george.hunter@south-ayrshire.gov.uk)**

**Date: 25 August 2025**

Approved Discretion Applications

Name of Organisation/ Group	Venue Requested	Reason for Let	Frequency of Let	Level of Discretion Requested	Reason for Decision	Total Cost of Let	Amount of Discretion Applied	Costs to Council	Total Charge to Customer
Ayr Community Gospel Choir	Ayr Town Hall	Christmas Concert for Charity	One off let/ annual let	Any	<ul style="list-style-type: none"> <li>Fundraising event for local charity</li> <li>Charge FOH and stage only</li> </ul>	£758.00	£250.00	£328.00 + stage build of £180.00	£508.00
Ayr Community Gospel Choir	Ayr Town Hall	Summer Concert for Charity	One off let/ annual let	Any	<ul style="list-style-type: none"> <li>Free event</li> <li>All proceeds go to local charity</li> <li>Not suitable for a community venue</li> <li>Charge FOH and stage only</li> </ul>	£758.00	£250.00	£328.00 + stage build of £180.00	£508.00
Ayr Model Railway Group	Ayr Town Hall	Model Railway Show	One off let/ annual let	Use of kitchen free of charge	<ul style="list-style-type: none"> <li>Supporting local charity</li> </ul>	£1895.00	£240.00	£0.00	£1655.00
Ayr Rotary	Ayr Town Hall	Senior(P7) Primary Schools Careers Fair	One off let/Annual let	£256	<ul style="list-style-type: none"> <li>Free event for targeted young people</li> <li>Group are also providing transport costs, etc</li> </ul>	£256.00	£256.00	£0.00	£0.00
Ayrshire Fiddle Orchestra	Maybole Town Hall	Community Concert	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Local fundraising</li> </ul>	£199.25	£148.00	£0.00	£51.25

Name of Organisation/ Group	Venue Requested	Reason for Let	Frequency of Let	Level of Discretion Requested	Reason for Decision	Total Cost of Let	Amount of Discretion Applied	Costs to Council	Total Charge to Customer
					<ul style="list-style-type: none"> <li>All proceeds to local charity</li> </ul>				
Ayrshire Music Festival Association	Ayr Town Hall	Ayrshire Music Festival	One off let/Annual let	£4200.00	<ul style="list-style-type: none"> <li>Pan-Ayrshire schools event</li> <li>Local orchestras</li> <li>Long-standing local arts event</li> <li>Minimal ticket costs</li> </ul>	£6471.00	£2816.00	£0.00	£3655.00
Ballroom Dancing @ Troon	Troon Concert & Walker Hall	To provide ongoing ballroom dancing twice weekly, previously provided for 30 years by South Ayrshire Council	Regular let (Weekly/monthly)	We would love it if you please continue to support us with the same discretion	<ul style="list-style-type: none"> <li>No additional staffing costs to open facility</li> <li>Continue to support long-standing activity for older population</li> </ul>	£122.50 per let	£5573.50	£0.00	£5573.75
Charity - OiR - Town Hall Talks - fortnightly	Ayr Town Hall	OiR Talks	Regular let (Weekly/monthly)	50%	<ul style="list-style-type: none"> <li>Charity providing free activities for a targeted group</li> </ul>	£880.00	£440.00	£0.00	£440.00
Department for work and Pensions	Ayr Town Hall	Recruitment event	One off let/Annual let	100%	<ul style="list-style-type: none"> <li>Free public event for targeted group</li> </ul>	£128.00	£128.00	£0.00	£0.00
Dundonald Baby & Toddler Group	Montgomerie Hall	Regular let (Weekly/monthly)	Twice Weekly	£15 per let	<ul style="list-style-type: none"> <li>Rural Location</li> </ul>	£936.00	£468.00	£0.00	£468.00
Dundonald Craft & Social Club	Montgomerie Hall	Dundonald Craft & Social Club	Regular let (Weekly/monthly)	100%	<ul style="list-style-type: none"> <li>Long standing group running in rural location</li> </ul>	£39.00	£39.00	£0.00	£0.00

Name of Organisation/ Group	Venue Requested	Reason for Let	Frequency of Let	Level of Discretion Requested	Reason for Decision	Total Cost of Let	Amount of Discretion Applied	Costs to Council	Total Charge to Customer
					<ul style="list-style-type: none"> <li>No additional staffing costs required</li> </ul>				
Forehill After School Club Ltd	Forehill Primary School	Childrens holiday club (out of school care service)	One off let/Annual let	Reduce to £60 per day	<ul style="list-style-type: none"> <li>Consistent approval on the basis of childcare provision in the local community and no extra janitorial costs</li> </ul>	£1,540.00	£770.00	£0.00	£770.00
Forehill After School Club Ltd	Forehill Primary School	Childrens holiday club (out of school care service)	One off let/Annual let	Reduce to £60 per day	<ul style="list-style-type: none"> <li>Consistent approval on the basis of childcare provision in the local community and no extra janitorial costs</li> </ul>	£720.00	£360.00	£0.00	£360.00
Glasgow Taxi Outing Fund	Troon Concert & Walker Hall	Glasgow Taxi Outing Fund trip to Troon	One off let/Annual let	100%	<ul style="list-style-type: none"> <li>This is a high profile charity event that brings footfall into the area and supports targeted groups</li> </ul>	£773.00	£773.00	£123.00	£0.00
Maybole Indoor Carpet Bowling Club	Maybole Town Hall	Carpet Bowling	Regular let (Weekly/monthly)	£10/hour	<ul style="list-style-type: none"> <li>Low entry cost</li> <li>Provide social support for targeted group</li> <li>Not suitable for other venues due to the size required</li> </ul>	£2,000.00	£1,000.00	£0.00	£1,000.00

Name of Organisation/ Group	Venue Requested	Reason for Let	Frequency of Let	Level of Discretion Requested	Reason for Decision	Total Cost of Let	Amount of Discretion Applied	Costs to Council	Total Charge to Customer
Maybole Juniors Football Club	Maybole Town Hall	Fundraising Event	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Local fundraising event for club</li> </ul>	£343.00	£220.00	£0.00	£123.00
NHS Ayrshire & Arran Orthoptic department	Marr College	NHS Pre school Orthoptic visual screening	One off let/Annual let	100%	<ul style="list-style-type: none"> <li>NHS completing pre-school orthotic sessions</li> <li>No additional staff costs.</li> </ul>	£82.50	£82.50	£0.00	£0.00
Rotary Club of Troon	Troon Concert & Walker Hall	Fundraising Concert	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Fundraising for local charities</li> </ul>	£694.25	£499.50	£0.00	£194.75
Royal British Legion Maybole Branch	Maybole Town Hall	Remembrance Service	One off let/Annual let	100%	<ul style="list-style-type: none"> <li>Supporting local group and British Legion for Remembrance Day</li> </ul>	£75.00	£75.00	£0.00	£0.00
RSCDS Ayr Branch	Ayr Town Hall / Maybole Town Hall / Troon Concert & Walker Hall	Days of Dance for South Ayrshire schoolchildren	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Supporting South Ayrshire Schools</li> </ul>	£332.50	£210.00	£123.00	£122.50
Troon Development Trust	Troon Concert & Walker Hall	Hold a free pop up cinema for children of community	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Local Group Fundraiser</li> </ul>	£277.50	£216.00	£61.50	£61.50
Troon RNLI	Troon Concert & Walker Hall	Christmas Fayre	One off let/Annual let	50% or more if possible	<ul style="list-style-type: none"> <li>Local Group Fundraiser and link to Light switch on</li> </ul>	£679.00	£679.00	£0.00	£0.00
Troon Round Table - Scottish	Troon Concert & Walker Hall	Community Ceilidh to celebrate and	One off let/Annual let	20%	<ul style="list-style-type: none"> <li>Community Engagement</li> </ul>	£520.00	£65.80	£123.00 + Function	£454.20

Name of Organisation/ Group	Venue Requested	Reason for Let	Frequency of Let	Level of Discretion Requested	Reason for Decision	Total Cost of Let	Amount of Discretion Applied	Costs to Council	Total Charge to Customer
Charity Number : SC051983		thank the community for their hard work and continued support						with Alcohol £70.00	
West of Scotland Brass Band Association (SBBA)	Troon Concert & Walker Hall	Brass Band Entertainment Festival/Contest	One off let/Annual let	100% ideal or 75%	<ul style="list-style-type: none"> <li>Community group</li> <li>Tourism to town</li> </ul>	£1,205.00	£500.00	£205.00	£705.00
Whiteleys Retreat	Ayr Town Hall	Charity Movie Event for Whiteleys Retreat	One off let/Annual let	100%	<ul style="list-style-type: none"> <li>Target Group Fundraising</li> </ul>	£90.00	£90.00	£0.00	£0.00

## Declined Discretion Applications

NAME OF ORGANISATION/ GROUP	VENUE REQUESTED	REASON FOR LET	FREQUENCY OF LET	LEVEL OF DISCRETION REQUESTED	REASON FOR DECISION	TOTAL COST OF LET	AMOUNT OF DISCRETION APPLIED	COSTS TO COUNCIL	TOTAL CHARGE TO CUSTOMER
Charity - OiR - Bridge Group, Friday afternoons, Citadel	Citadel Leisure Centre	Bridge Group - over 60s	Regular let (Weekly/monthly)	50%	<ul style="list-style-type: none"> <li>Room hire is priced appropriately and does not require reduction</li> </ul>	£39 per let	£0.00	N/A	£39 per let
Doonfoot After School Service	Doonfoot Primary School	After School Club	Regular let (Weekly/monthly)	£18.00 per let	<ul style="list-style-type: none"> <li>Already low price level for let. Wider price/partnership discussion required with Early Years/Education team</li> </ul>	£18 per let	£0.00	N/A	£18 per let
Epilepsy Scotland	Ayr Town Hall	Epilepsy Get Together to offer support to those living with epilepsy	Regular let (Weekly/monthly)	£288. As a registered charity providing support to those living with epilepsy we are hoping to make as many savings possible to continue our services.	<ul style="list-style-type: none"> <li>These activities are not Town Hall events - should be signposted to community venues</li> </ul>	£24 per session	£0.00	N/A	£24.00 per session
HSC Futures Ltd	Ayr Town Hall	To deliver a training course for Ayr DWP clients	One off let/Annual let	£176.00	<ul style="list-style-type: none"> <li>External partner. Could use a community facility if they</li> </ul>	£176.00	£0.00	N/A	£176.00

NAME OF ORGANISATION/ GROUP	VENUE REQUESTED	REASON FOR LET	FREQUENCY OF LET	LEVEL OF DISCRETION REQUESTED	REASON FOR DECISION	TOTAL COST OF LET	AMOUNT OF DISCRETION APPLIED	COSTS TO COUNCIL	TOTAL CHARGE TO CUSTOMER
					would like a cheaper option				
Lodge St. John Maybole No.11	Maybole Town Hall	Lodge Tercentenary Burns Supper	One off let/Annual let	£256.20	<ul style="list-style-type: none"> <li>High entry fee for attending, not fundraising</li> </ul>	£356.20	£0.00	N/A	£356.20
Police Scotland	Troon Concert & Walker Hall	Police exercise	One off let/Annual let	£540	<ul style="list-style-type: none"> <li>We have staff costs to cover and the let is for a staff base</li> </ul>	£540.00	£0.00	N/A	£540.00
Tarbolton Community Council	Tarbolton Community Campus and Wilson Park	Gala Day	One off let/Annual let	Any	<ul style="list-style-type: none"> <li>Declined considering the previously approved DSA grant</li> </ul>	£364.00	£0.00	N/A	£364.00
The Dance Depot	Troon Concert & Walker Hall	Dance Showcase	One off let/Annual let	Any. In particular, there was an unexpected cost of £656 for front of house staff	<ul style="list-style-type: none"> <li>For profit company with large income from event</li> </ul>	£1661.00	£0.00	N/A	£1,661.00

**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 3 September 2025**

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**Subject: Treasury Management and Investment Strategy  
Quarter 1 Update Report 2025/26**

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**1. Purpose**

- 1.1 The purpose of this report is to provide Members with an update on the 2025/26 treasury prudential indicators for the period April-June 2025 (Quarter 1) and provide an update on the latest wider economic position.

**2. Recommendation**

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

**3. Background**

- 3.1 The Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. Per the Prudential code 2021:

*‘monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority’s integrated, capital and Balance Sheet monitoring ‘*

- 3.2 CIPFA published revised Treasury Management and Prudential Codes in December 2021 which stated that revisions contained in the Codes needed to be included in the reporting framework from the 2025/25 financial year.

- 3.3 The Council’s Treasury Management and Investment Strategy for 2025/26, approved by Council in March 2025, contained the requirements of the updated codes. For reporting purposes, the Strategy incorporated the intention to introduce two further quarterly update Treasury Management and Investment Strategy reports (this report being the first of the two additional reports) in addition to the current mid-year and out-turn reports.

- 3.4 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.

3.5 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.

3.6 The change to accounting standards to IFRS16 for leasing arrangements requires that all leasing contracts are held on the balance sheet. The implementation of IFRS 16 bringing off-balance sheet leased assets onto the balance sheet was implemented during 2024/25. Right of Use Assets (ROU) are now included in the Capital Financing requirement (CFR) figures for Quarter 1 2025/26.

#### **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.

#### **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 £1.930m in 2025/26, based on an estimate of the average revenue balances held during the year, achieving an assumed interest rate return of 4.00% on these balances.

At June 2025 (Qtr1) the full year projected investment income on balances held is projected at £1.767m, a shortfall of £0.163m. This shortfall has arisen due to lower than projected revenue balances for General Services.

###### **6.1.2 Capital Financing Costs –**

The budget for loan charges in 2025/26 is £20.133m, comprising £6.408m for loan principal, £13.552m for interest costs and £0.173m for loans fund expenses.

The current projection for loans charges for the General Fund is an underspend of £0.501m in interest and expenses. This underspend has arisen due to lower than projected capital borrowing to date for General Services. This projected underspend will be monitored as the year progresses and borrowing and investments will be undertaken accordingly.

- 6.1.3 The projected underspend in Capital Financing Costs is reduced by the projected shortfall in investment income on revenue balances of £0.163m, resulting in an overall projected underspend for the year of £0.338m.

## 6.2 **Housing Revenue Account (HRA)**

### 6.2.1 **Interest on Revenue Balances –**

The HRA budgeted for investment income of £0.400m in 2025/26, based on an estimate of the average revenue balances held during the year, achieving an assumed interest rate return of 4.00% on these balances.

At June 2025 (Qtr1) the full year estimate for investment income earned is £0.441m resulting in a surplus of £0.041m. This surplus has arisen due to higher than projected revenue balances for HRA.

### 6.2.2 **Capital Financing Costs –**

The budget for HRA loan charges in 2025/26 is £9.016m, comprising £3.361m for loan principal, £5.584m for interest costs and £0.071m for loans fund expenses.

The current projection for loans charges for the HRA is an overspend of £0.042m in interest and expenses This small overspend has resulted from higher than anticipated capital borrowing for HRA in the first quarter.

- 6.2.3 The projected overspend in Capital Financing costs is reduced by the projected surplus of investment income on revenue balances held of £0.041m, resulting in an overall projected overspend of £0.001m for the year.

## 7. **Human Resources Implications**

- 7.1 Not applicable.

## 8. **Risk**

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

- 8.1.1 There are no risks associated with adopting the recommendations.

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

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

## 9. **Integrated Impact Assessment (incorporating Equalities)**

- 9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

**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 Commitment 1 of the Council Plan: Fair and Effective Leadership/Leadership that promotes fairness.

**13. Link to Shaping Our Future Council** Yes  No

13.1 Not applicable.

**14. Results of Consultation**

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

14.2 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 2025 – [Treasury Management and Investment Strategy 2025/26](#)

**Person to Contact** Tim Baulk, Chief Financial Officer  
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**Date:** 25 August 2025

### 1. Economic Update

- The first quarter of 2025/26 (1<sup>st</sup> April to 30<sup>th</sup> June) saw:
- A 0.3% m/m fall in real Gross Domestic Product (GDP) in April – the first fall since October 2024
- The 3myy rate of average earnings growth excluding bonuses fall from 5.5% to 5.2% in May
- Core Consumer Price Index (CPI) inflation ease from 3.8% in April to 3.5% in May as temporary Easter-related effects faded
- The Bank of England cut interest rates from 4.50% to 4.25% in May, holding them steady in June
- The 10-year gilt yield fluctuate between 4.4% and 4.8%, and end the quarter at 4.50%
- The 0.3% m/m fall in real GDP in April was the first fall since October 2024 and the largest fall since October 2023. This is a significant shift from the 0.7% q/q rise in Q1 2025, probably as a result of the boosts from net exports and business investment unwinding. The decline in exports was mostly due to a reversal of US tariff front-running with export values to the US falling by 31% m/m after rising 34% in total in the five months to February. April's GDP figures also showed manufacturing output falling by 0.9% m/m along with the domestic economy showing signs of weakness in April. Despite construction output growing by 0.9% m/m, services output declined by 0.4% m/m, reversing all of March's 0.4% m/m rise. This weakness in services likely reflects higher labour costs from April's rise in National Insurance Contributions for employers. May's GDP may have fallen a bit further as the boosts in Q1 continued to unwind. Overall, GDP in Q2 is likely to have flatlined and the economy will probably be hindered by subdued overseas demand and domestic businesses cutting spending given a rise in costs due to April's increase in taxes. The Bank of England expects growth in 2025 to be around 0.8%.
- Despite the rise in the composite Purchasing Managers Index (PMI) from 50.3 in May to 50.7 in June, it is still below its level in March, prior to the rise in business taxes and Trump's Liberation Day tariffs. This rise was driven by increases in both the services and manufacturing output balances. Although the services PMI rose from 50.9 to 51.3, that is consistent with non-retail services output growth slowing from 0.5% 3m/3m in April to 0.3% 3m/3m in June.
- The sharp 2.7% m/m drop back in retail sales volumes in May adds to other evidence that the burst of economic growth in Q1 is over. The weakness was widespread with sales falling in all seven of the major categories. This decline was partly due to the unwinding of the previous boost from April's unusually warm and dry weather along with inflationary pressures prompting consumers to cut back. The latter would be a more persistent hindrance on retail spending.
- While the £17.7bn of public sector borrowing in May was higher than the Office of Budget responsibility (OBR) forecast of £17.1bn, borrowing was £2.9bn below the OBR's forecast in the first two months of the 2025/26 fiscal year. The current budget deficit was £12.8bn in May, a touch below the OBR's forecast of £13.0bn. Within that, government spending surprised to the downside. Central government expenditure was £0.5bn lower than the OBR's forecast in May, leaving it £1.6bn lower in April and May combined. That has been largely driven by debt interest payments, which were

£1.1bn below the OBR's forecast in May. But if the rises in gilt yields since the Spring Statement in March are sustained, the OBR will revise up its forecast for debt interest payments in the years ahead. That in itself would take £1.0bn off the Chancellor of the Exchequer's £9.9bn of headroom against her fiscal mandate and the subsequent Government changes on benefit and welfare spending and higher borrowing costs may mean that, to maintain her current £9.9bn buffer, The Chancellor has to raise upwards of £13bn later this year. And with the gilt market sensitive to significant increases in borrowing, all this means substantial tax rises are looking very likely.

- The decline in the jobs market has increased. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. Overall, the payroll measure of employment has now fallen by 276,000 since the announcement of the rise in payroll taxes and the minimum wage in the October Budget. The job vacancies data also portrays a rapidly weakening labour market. The number of job vacancies is now falling a bit faster, dropping from 760,000 in the three months to April to 736,000 in May. Capital Economics' seasonally adjusted measure of single-month vacancies declined sharply from 763,000 in April to 713,000 in May.
- A weaker labour market is reducing wage pressures. The 3myy rate of average earnings growth excluding bonuses fell from 5.5% to 5.2% in May. The rate for the private sector slipped from 5.5% to 5.1%, putting it on track to undershoot the Bank of England's Q2 forecast of 5.2%. And after rising in April as the 6.7% rise in the minimum wage took effect, the timelier PAYE median earnings measure fell back from 6.2% y/y in April to 5.8% in May. Softer wage growth is feeding through to lower services inflation, pointing to a slowdown from 4.7% in May to around 3.0% by the end of the year.
- CPI inflation fell slightly from 3.5% in April to 3.4% in May – close to consensus. The sharp falls in services inflation from 5.4% to 4.7% and in core inflation from 3.8% to 3.5% confirmed that the previous month's jumps partly reflected an increase in relation to the Easter holiday period. Services inflation is expected to continue to fall as wage growth slows, supporting a view that CPI inflation will fall close to 2.0% by the start of 2027. An upside risk, however, in the near term is that higher oil/gas and food prices could trigger another bout of second-round effects on wages and inflation expectations, meaning CPI inflation stays above 3.0% for longer and causes the Bank to shift to an even slower rate cutting path. CPI is expected to peak at 3.8% in September.
- The yield on the 10-year gilt moved sideways in the second quarter of 2025. After rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, gilt yields eased back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%. We expect this trend to continue over the next year. However, it is more difficult to be confident that the longer part of the curve will also see falls in yields, although that is still our central case, as that part of the curve is increasingly held by transient investors, such as foreign investors and hedge funds. Pension funds and insurance companies have more appetite in the short to medium part of the curve nowadays.

- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1<sup>st</sup> April to 7,702 on 7<sup>th</sup> April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025.

### **MPC meetings: 8<sup>th</sup> May & 19<sup>th</sup> June 2025**

- There were two Monetary Policy Committee (MPC) meetings this quarter. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June’s vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for “signs of weak demand,” “supply-side constraints” and higher “inflation expectations,” mainly from food prices rising. By repeating the well-used phrase “gradual and careful,” the MPC continued to suggest that rates will be reduced further.
- At the start of June, amid escalating tensions between Israel and Iran, oil prices surged to over \$75 per barrel. However, following a ceasefire agreement near the end of the month, oil prices eased back to levels prior to the conflict. Given the drop back in energy prices and the relatively muted reaction to fears of a ceasefire violation, along with a large drop in the services PMI output prices balance, our central view is that once inflation begins to trend downwards in the final months of 2025, Bank Rate reductions can begin again from November (pause in August as inflation remains close to its peak), falling to a low of 3.5% in May 2026. However, if the conflict in the Middle East were to result in higher energy prices and/or domestic inflationary pressures grow stronger, there is a risk the Bank of England may skip cutting rates further.

## **2. Interest rate forecasts**

The Council has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 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 was provided on 6 August 2025: February:

<b>MUFG Corporate Markets Interest Rate View 06/08/2025</b>											
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28
<b>BANK RATE</b>	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50
<b>3 month ave earnings</b>	4.30	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.50	3.50	3.50
<b>6 month ave earnings</b>	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50
<b>12 month ave earnings</b>	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50
<b>5yr PWLB</b>	4.80	4.70	4.60	4.50	4.40	4.40	4.30	4.20	4.20	4.10	4.00
<b>10yr PWLB</b>	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.50	4.50	4.40	4.40
<b>25yr PWLB</b>	5.60	5.50	5.40	5.30	5.20	5.10	5.00	5.00	4.90	4.90	4.80
<b>50yr PWLB</b>	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.60	4.50

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

- The MUFG Corporate Markets 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.

The forecast has proved robust over the period since February, setting out a central view that short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors. Nonetheless, the longer dated part of the forecast also reflects the increased level of Government borrowing over the term of the current Parliament and the weakness in the public finances, with the Government struggling to deliver on the efficiencies detailed in the 30<sup>th</sup> of October Budget.

Moreover, there is still on-going debate as to when, and if, the Government's policies will lead to a material uptick in growth given their reliance on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

Overall, MUFG's central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. MUFG forecast the next reduction in Bank Rate to be made in November and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August, and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data releases in the coming months.

International factors could also impact the prospect for longer dated gilt yield falls. President Trump's wide-ranging bill has successfully made its way through the House of Representatives in July and given that it will signal a continued large budget deficit position in the US finances, any uptick in Treasury yields will likely impact other developed economies markets too. There will also be a keen focus on whether US-driven tariff policies result in upward pressures on inflation.

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

(1) The following section provides the information relating to the 2025/26 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**

	<b>2025/26 Original Estimate £'000</b>	<b>2025/26 Latest Estimate £'000</b>
<b>Prudential Indicator – General Services</b>		
Capital Expenditure	<b>98,357</b>	<b>92,337</b>
<b>General Services - Financed By</b>		
General and Specific Grant	10,561	10,811
Capital Receipts/Other	8,255	11,993
Borrowing	79,541	69,533
	<b>98,357</b>	<b>92,337</b>

<b>Prudential Indicator – HRA</b>		
Capital Expenditure	<b>58,837</b>	<b>59,527</b>
<b>HRA - Financed By</b>		
CFCR, Draw on surplus	3,226	3,226
Other Receipts/ Grants	7,260	7,901
Borrowing	48,351	48,400
	<b>58,837</b>	<b>59,527</b>

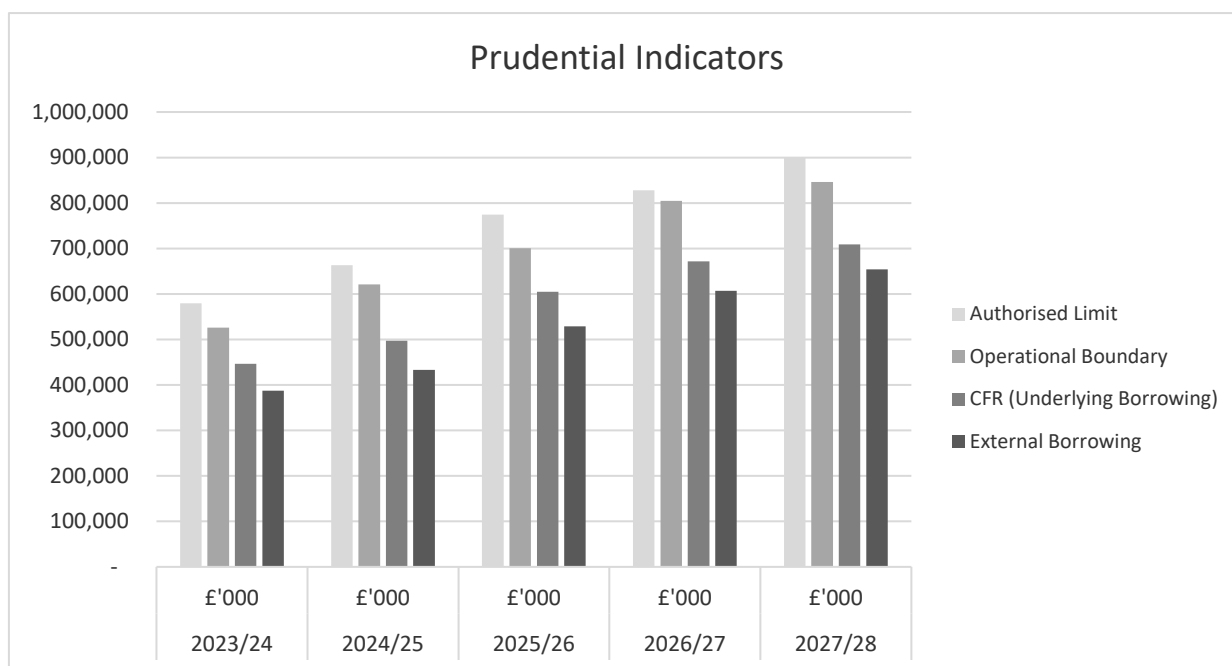
## 1.2 Capital Financing Requirement, Debt Position and Operational Boundary Indicators

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

**Table 2**

<i>Prudential Indicator – CFR</i>	<i>2025/26 Original Estimate £'000</i>	<i>2025/26 Updated Estimate £'000</i>
Capital Financing Requirement – GS	507,453	547,009
Capital Financing Requirement – HRA	168,229	179,567
<b>Total Capital Financing Requirement</b>	<b>675,682</b>	<b>726,575</b>

### (2) Prudential Indicators Chart



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

- External Borrowing** – shows significant increase in the next two years as the Council utilises borrowing to fund capital investment
- Capital Financing Requirement** – shows increases in CFR in line with external debt. The Council ended 2024/25 in an under borrowed position (CFR compared with external debt) of £60,712m. 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**

<i>Prudential Indicators – Debt</i>	<b>2025/26 Original £'000</b>	<b>2025/26 Updated £'000</b>
Authorised Limit	745,000	774,582
Operational Limit	690,000	700,684
External Debt	537,039	529,039

### 1.3 Liability Benchmark

- (1) The third prudential indicator for 2025/26 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.”*

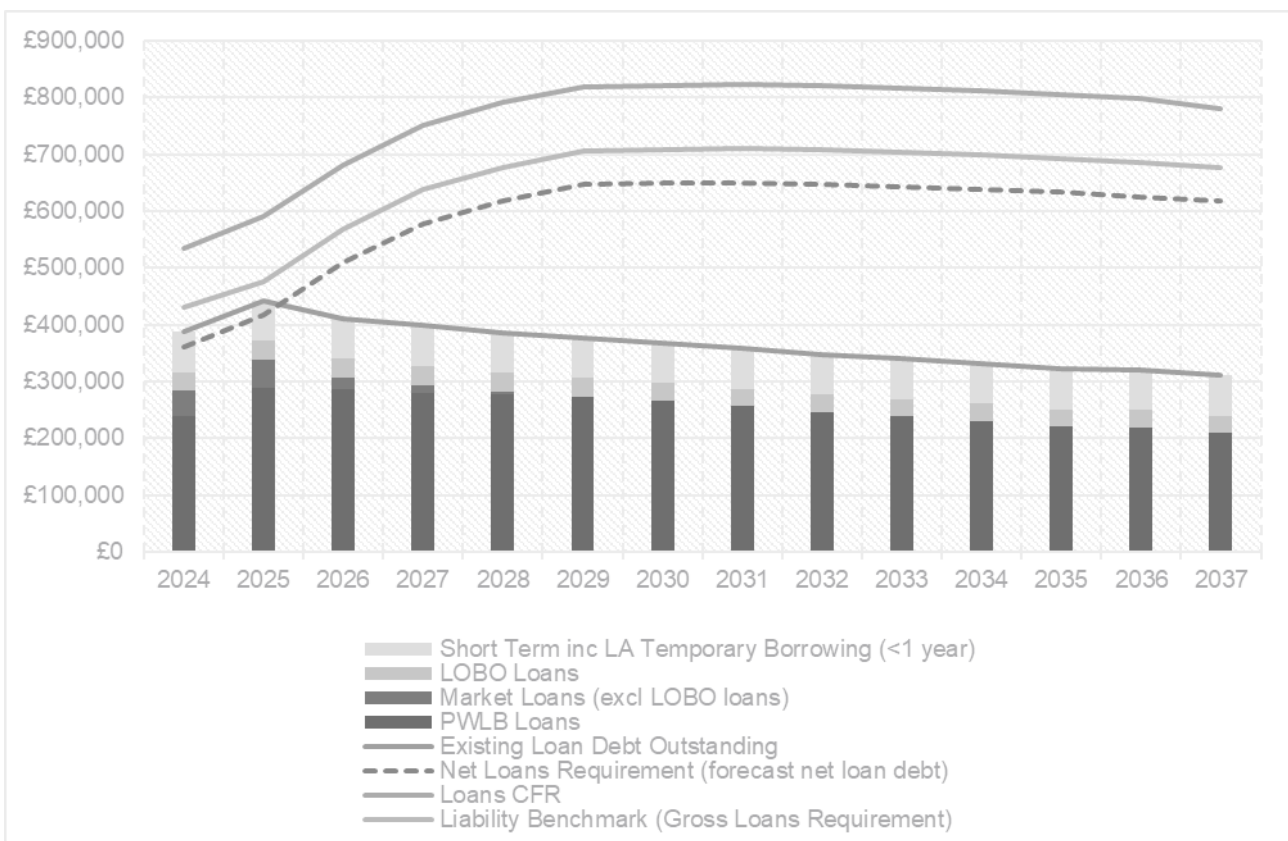
- (2) There are four components to the Liability Benchmark:
  - a. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
  - b. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments. (Note only approved prudential borrowing is included).
  - c. **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.
  - d. **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, Loans CFR, Net loans requirement and finally the liability benchmark.

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**

**Report by Chief Governance Officer  
to Audit and Governance Panel  
of 3 September 2025**

**Subject: Strategic Risk Management**

**1. Purpose**

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

**2. Recommendation**

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

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

**2.1.2 notes the 16 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 26 March 2025 for scrutiny and to Cabinet on 29 April 2025 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. 16 Strategic Risks are being managed and these are listed as follows:

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

	<b>Risk</b>	<b>Risk Rating</b>	<b>Theme</b>
4.	Integrity	8	Governance
5.	Internal Audit Actions	6	Governance
6.	Transformation	9	Governance
7.	Child and Adult Protection	10	Protection
8.	Public and 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.	Prevent – Counter-terrorism	10	Protection
13.	Financial Constraints	16	Resources
14.	Employee Absence	9	Resources
15.	ICT – Digital Resilience, Protection and Capability	8	Resources
16.	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 10 of Appendix 1.

4.5 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.

4.6 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. Integrated Impact Assessment (including 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. Link to Shaping Our Future Council** Yes  No

13.1 Not applicable.

**14/**

## **14. Results of Consultation**

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

**Background Papers**    **None**

















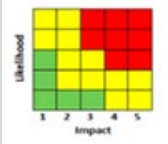
**Person to Contact**    **Stephanie Rodger, Acting Risk and Safety Service Lead**  
**River Terrace**  
**Phone 01292 613068**  
**E-mail [stephanie.rodger@south-ayrshire.gov.uk](mailto:stephanie.rodger@south-ayrshire.gov.uk)**

**Date: 25 August 2025**

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

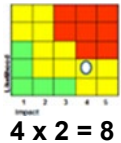


Appendix 1

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														
<b>1. Decision Making and Governance</b> $4 \times 2 = 8$ 	<b>7. Adult and Child Protection</b> $5 \times 2 = 10$ 	<b>13. Financial Resilience</b> $4 \times 4 = 16$ 														
<b>2. External Factors including Contingency Planning</b> $5 \times 2 = 10$ 	<b>8. Public and Employee Protection</b> $5 \times 2 = 10$ 	<b>14. Employee Absence</b> $3 \times 3 = 9$ 														
<b>3. Strategic Planning</b> $4 \times 2 = 8$ 	<b>9. Sustainable Development and Climate Change</b> $4 \times 3 = 12$ 	<b>15. ICT – Digital Resilience, Protection &amp; Capability</b> $4 \times 2 = 8$ 														
<b>4. Integrity</b> $4 \times 2 = 8$ 	<b>10. Financial Inclusion</b> $4 \times 3 = 12$ 	<b>16. Management of Assets</b> $3 \times 2 = 6$ 														
<b>5. Internal Audit Actions</b> $3 \times 2 = 6$ 	<b>6. Transformation</b> $3 \times 3 = 9$ 	<b>11. Ash Tree Die Back</b> $5 \times 2 = 10$ 														
<b>12. Prevent (Counter-terrorism)</b> $5 \times 2 = 10$ 		<table border="1" style="font-size: small;"> <thead> <tr> <th colspan="2">Risk Rating</th> </tr> <tr> <th>Impact</th> <th>Likelihood</th> </tr> </thead> <tbody> <tr> <td>1 Minor</td> <td>1 Unlikely</td> </tr> <tr> <td>2 Moderate</td> <td>2 Possible</td> </tr> <tr> <td>3 Major</td> <td>3 Likely</td> </tr> <tr> <td>4 Critical</td> <td>4 Very Likely</td> </tr> <tr> <td>5 Catastrophic</td> <td>5 Almost Certain</td> </tr> </tbody> </table> 	Risk Rating		Impact	Likelihood	1 Minor	1 Unlikely	2 Moderate	2 Possible	3 Major	3 Likely	4 Critical	4 Very Likely	5 Catastrophic	5 Almost Certain
Risk Rating																
Impact	Likelihood															
1 Minor	1 Unlikely															
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3 Major	3 Likely															
4 Critical	4 Very Likely															
5 Catastrophic	5 Almost Certain															
<p>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.</p>																

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



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	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.	 <p><b>4 x 2 = 8</b></p>	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 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.						

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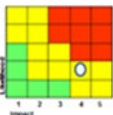
## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

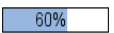
							
Risk 2	Risk Title – External Factors including Contingency Planning				Risk Theme - Governance		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations		
Accountable – ELT Responsible – CLT Risk Owner – Chief Governance Officer	There is a risk that a range of external factors 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. <i>Cross reference to mitigations at Risk 10 – Financial Inclusion.</i>		
Proposed Mitigations (with dates)						Status	Progress Bar
1. Practitioner Ayrshire Local Resilience Partnership (ALRP) and Strategic Ayrshire Local Resilience Partnership meet with required frequency to co-ordinate individual responses from all agencies to major incidents or adverse events. Ayrshire wide Tactical Groups are established where circumstances dictate. Additionally, the Ayrshire ALRP identifies and manages 4 concurrent civil contingencies risks to support an Ayrshire response. These are 1. Pandemic or Emerging Infectious Diseases, 2. Marauding Terrorist Attack, 3. Disruptive Weather and 4. National Electricity Transmission System (NETS) Failure (Power Resilience/Black Start) ( <i>ongoing</i> )							<i>Ongoing</i>
2. Risk and Safety Team and the Ayrshire Civil Contingencies Team continue to support SAC civil contingency and business continuity arrangements. SAC Civil Contingencies Response Plan is reviewed every three years and Council Incident Officer training has been rolled out to key Chief Officers, operational Service Leads and Coordinators. Civil Contingencies exercises to test plans continue to be developed and rolled out (ongoing). Council Managers undertake a rolling review of Service Business Continuity Plans on a 6 monthly basis.							<i>Ongoing</i>
<i>(New)</i> 3. To further implement and embed the Business Continuity process in the Council, a review of the BC Strategy is currently underway. A formal BC testing exercise programme has been developed (for both Corporate and Service Led testing) and will be rolled out. A review of the current scrutiny and reporting arrangements will be undertaken. (Dec 2025)							 <i>New</i>
4. 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. A part-time seconded officer has been appointed since January 2025 and is currently investigating best practice across Ayrshire and the wider Scotland Local Authorities to develop a robust process to ensure that all events taking place in South Ayrshire are considered in advance of a decision to refer to the Safety Advisory Group (target date TBC)							

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



**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 Performance, Community Planning and Sustainability	<p>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.</p> <p>2. There is an associated risk that corporate and service targets and performance measures may be adversely impacted.</p> <p>3. There is a risk that the Council fails to meet the Accounts Commission Statutory Performance Information Direction (SPI).</p>	Recent pressures may have contributed to delays in Corporate and Directorate Planning processes.	<p>Failure to deliver on Corporate and Directorate Plans or achieve priority outcomes.</p> <p>Failure to meet expectations of the public, partners, service users, local businesses.</p> <p>Reputational damage</p>	 <b>4 x 2 = 8</b>	<p>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.</p> <p>2. Plans have been developed by each Council Service Lead to take account of future operational delivery models. These include workforce planning considerations.</p> <p>3. Delivering Good Governance framework and reporting in place. Last update provided to Audit and Governance Panel on the 25th June regarding the <a href="#">2024/2025 assessment</a>.</p> <p>4. Robust financial governance, linked to the Council Plan and priorities, is in place.</p> <p>5. The Future Operating Model has been implemented and the Council is now operating its new ways of working.</p> <p>6. Council Plan actions progress Year 2 (<a href="#">Q2</a> and <a href="#">Q4</a>) were reported to the Service and Partnerships Performance Panel during 2024/2025 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. Performance against Council Plan and other KPIs were the subject of a <a href="#">2023/2024 Annual Performance Report</a> which was approved by South Ayrshire Council on the 12<sup>th</sup> December 2024. Work on the 2024/2025 Annual Performance Report has begun and will be presented to Full Council in December 2025.</p> <p>8. Service Lead LGBF data packs were produced in March 2024. The LGBF data packs have been reviewed and have been updated in line with the new SPI Direction which has been produced. These data packs will be reported to Service and Partnerships Performance Panel in August and September for scrutiny.</p>

Proposed Mitigations (with dates)	Status	Progress Bar
1. Quarterly budget monitoring continues and is reported by Financial Services in order to measure impact.		<i>Ongoing</i>
2. Ensure that the Council's public performance reporting webpage is continually reviewed with relevant performance reports added		<i>Ongoing</i>
3. Service Planning session took place with service leads in Feb 24 and May 25 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. Work is currently underway with Services to Review their current Service Improvement Plans and self-evaluation templates to finalise 2025/2026 Service Improvement Plans.		 60% <i>New</i>

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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



**Risk 4**

**Risk Title – Integrity**

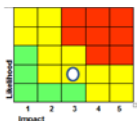

**Risk Theme - Governance**

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

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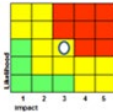
## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



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.	  <b>3 x 2 = 6</b>	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.  4. Senior Management require to confirm they are willing to accept the risk in areas where audit recommendations are not accepted. The Audit and Governance Panel are advised of this through the quarterly progress reports.  5. 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.  6. 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.	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
Current mitigations in place are deemed sufficient to manage the risk to an acceptable level, therefore, no further action required at this stage. Continue to monitor and review.						<i>Ongoing</i>

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



Risk 6		Title – Transformation			Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
<p>Accountable – CLT</p> <p>Responsible – Director Communities &amp; Transformation</p> <p>Risk Owners – Director of Communities and Transformation, Assistant Director – Transformation, Service Lead - Transformation</p>	<p>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).</p> <p>There is a risk the Council will fail to deliver the projects and programmes defined in the Transformation Portfolio.</p> <p>There is a risk that staff will not engage with the Councils transformation requirements or develop 'change fatigue'</p>	<p>Lack of understanding from elected members and officers of the scope and breadth of change required to meet 'Shaping Our Future Council' aspirations.</p> <p>Officers are not empowered to drive forward the required changes across the Council and services.</p> <p>Services do not have capacity/ capability required to support and deliver the transformation agenda.</p> <p>Staff and services are misinformed/ uninformed on the Councils transformation agenda and delivery activity.</p>	<p>The long-term financial sustainability of the Council cannot be achieved.</p> <p>Transformation cannot be executed in a planned and managed way that delivers the best outcomes for the Council, staff, customers and stakeholders.</p> <p>Instead of a joined up, strategic approach to transformation - 'salami slicing', service closure or cessation is adopted to meet financial pressures.</p> <p>Transformation and change projects and programmes cannot be delivered due to lack of support from required Council services to take activity forward.</p> <p>Transformation fails due to lack of elected member or staff buy in.</p>	<div style="text-align: center;">  <p><b>3 x 3 = 9</b></p> </div>	<ol style="list-style-type: none"> <li>1. Transformation Portfolio approved by Transformation Board (August 2024).</li> <li>2. Transformation Reporting and Scrutiny Schedule is in place with 6-monthly reporting schedule to SPP.</li> <li>3. Scheme of Delegation reviewed to reflect requirements to drive forward Transformation activity at officer level and necessary authority required for approvals.</li> <li>4. Transformation Network has been launched.</li> <li>5. Tier 1 Project Briefs presented to Transformation board.</li> <li>6. Transformation Communications Plan has been finalised and rolled out.</li> <li>7. The Council's Corporate Leadership Team undertook a benchmarking and self-evaluation exercise of its adoption of the five Audit Scotland transformation principles. An update was provided to AGP in January 2025. Remedial activity is ongoing.</li> <li>8. A report from Audit Scotland under a thematic review of Transformation was received in Spring 2025 and an update provided to AGP in March 2025. Actions to address the recommendations are now being taken forward.</li> <li>9. There are specific examples of staff/ service buy-in or engagement not meeting expectations. Issues continue to be discussed openly at the Transformation Board and escalated to the Chief Executive where appropriate.</li> <li>10. Full review of the Strategic Change Programme and Lessons Learned complete. Remedial activity, as agreed with CLT, progressing.</li> </ol>	
Proposed Mitigations (with dates)					Status	% Progress
1. Business Cases presented to Transformation Board including investment requirements and proposed benefits. (ongoing - various)						<i>Ongoing</i>
2. Portfolio issue escalation to Chief Executive. (ongoing - Director Communities and Transformation)						<i>Ongoing</i>

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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

Risk 6 (Continued....)	Title – Transformation	Risk Theme - Governance	
3. Remedial actions identified via CLT self-evaluation exercise and legacy Strategic Change Programme review. Owners identified and timescales for completion assigned (Ongoing and by June 2025) – Corporate Leadership Team		✓	<div style="border: 1px solid black; width: 50px; height: 15px; margin: 0 auto; background-color: #ADD8E6; display: flex; justify-content: space-between; align-items: center;"> <span>100%</span> </div> <i>Increased from 60%</i>
4. Remedial actions identified in Audit Scotland report. (Ongoing and by September 2025)		▶	<div style="border: 1px solid black; width: 50px; height: 15px; margin: 0 auto; background-color: #ADD8E6; display: flex; justify-content: space-between; align-items: center;"> <span>75%</span> </div> <i>Increased from 50%</i>
5. Transformation Partner procured to carry out an opportunities assessment. First phase of the work is complete and a report is being concluded with recommendations for future delivery. Timescale – TBC		TBC	TBC

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)






**Risk 7** **Risk Title - Adult and Child Protection** **Risk Theme – Protection**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
<p>Accountable – ELT</p> <p>Responsible - CLT</p> <p>Risk Owner – Director of Health and Social Care and Chief Social Work Officer (CSWO).</p>	<p>1. There are increased levels of hidden harm in our community as a result of a range of external factors leading to more complex family and adult needs.</p> <p>2. There is a risk of failure to provide adequate protection and the necessary level of support to vulnerable adults and children.</p> <p>3. There are additional risks facing the SAHSCP and these are being managed, monitored and reviewed via the HSCP Performance and Audit Panel and other governance groups.</p>	<p>Deprivation, cost of living crisis, changing demographic and challenges in the care sector.</p>	<p>Potential harm to clients and vulnerable service users.</p> <p>Potential for litigation, financial loss or reputational damage.</p>	<p><b>5 x 2 = 10</b></p>	<p>1. Chief Officer Group (Public Protection) are convened quarterly.</p> <p>2. Chief Officer Group meet to receive updates from established public protection groups:</p> <ul style="list-style-type: none"> <li>• Child Protection</li> <li>• Adult Protection</li> <li>• Alcohol and Drug Partnership</li> <li>• Multiagency Public Protection Arrangements</li> <li>• Multi Agency Risk Assessment Conference</li> <li>• Prevent</li> </ul> <p>3. Escalation process is clearly established to deal with emergent or urgent risks.</p> <p>4. HSCP Directorate Management Team meets regularly to provide leadership and oversight.</p> <p>5. Established governance in place via Clinical and Care Governance, Social Work Governance, Health and Care Governance and Adult Governance Groups.</p> <p>6. APC and CPC meet regularly and have robust subgroup structures to monitor and progress improvement actions inspection and national and local reviews.</p> <p>7. The Community Services Collaborative Group supports in house and commissioned services and provides assurance on a range of issues to key local and national stakeholders.</p> <p>8. Audit and scrutiny process and procedures in key areas such as Case File Audit, Child Protection Initial Referral, Adult Support and Protection referrals, Child Concerns and Adult Concerns.</p> <p>9. CSWO engages with operational staff in relation to complex cases in both adult and children's services where there are complex risk factors</p> <p>10. Child Protection Lead Officer and Adult Support and Protection Lead Officer available to all operational workforce to provide guidance and support when required.</p> <p>11. Increase in multiagency resource in public protection with establishment within NHS Ayrshire and Arran of Public Protection Health Team, Public Protection Evaluation Group, Police Scotland with increased focus on improvement arising from Inspection and emergent issues.</p>

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

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					Risk Theme – Protection	
Risk 7 (Continued...)		Risk Title - Adult and Child Protection				
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
					<p>12. HSCP strategic and operational risk registers are complete and approved by HSCP Performance and Audit Committee.</p> <p>13. New Adult Services structure fully implemented including the establishment of Connect online, in person and via telephony to ensure people can get the right support at the right time.</p> <p>14. Signs of safety approach is fully embedded and operational within Childrens and Families with good assurance around the impact on the safety and wellbeing of our young people.</p> <p>15. The ADP has developed a strategy and resource 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.</p> <p>16. The ADP has opened Compass a multiagency one stop shop for those experiencing issues with substances to receive support and assistance to safeguard them and promote recovery.</p> <p>17. Both Adult Services and Childrens and Families Justice services operate an out of hours cover of senior managers working in Partnership with Ayrshire Out of Hours Service and Ayrshire Urgent Care Service.</p> <p>18 Process for Learning Reviews / Large Scale Investigations is in place with reporting to the relevant governance groups.</p> <p>19. SAHSCP established lead on the Ayrshire Civil Contingencies Panel.</p>	
Proposed Mitigations (with dates)					Status	Progress Bar
1. In line with the current work of the Care Inspectorate relating to the role of Chief Officers Group reflection and review of current COG, structure and reporting.						
<p>Further explanation on progress to date in terms of implementation of the above mitigations can be found by cross-referencing to the Health and Social Care Strategic Risk Register <a href="#">Performance and Audit Committee - 18th February 2025 - Health and Social Care Partnership</a>. Additional information is also provided within this document on a range of other risks being managed by the Partnership including; Climate Change &amp; 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.</p>						

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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



**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.	<p><b>5 x 2 = 10</b></p>	1. Existing H&S Policies and procedures. H&S Guidance prepared and issued. Range of resources, information, links and training on H&S CORE page and Learn Pro platform. Sample H&S Risk Assessments developed for Service use. 2. Central H&S team undertake H&S Audits and Fire Risk Assessments (FRAs) over a 1,2 and 3-year rolling programme. Risk Assessment self-evaluation process rolled out. 3. The PDR process allows for identification of key H&S training requirements for all Council employees. 4. Risk Assessment Training & Support, plus Council Standard and a range of courses on Management of Actual or Potential Aggression, Dealing with Difficult Behaviour, De-escalation etc. 5. V&A measures across services including a range of security systems, Campus Police Officers, '2 to attend' protocols, panic buttons in offices, modifications to office design. 6. Review of causes of 'Unwanted Fire Alarm Signals' (UFAS) complete – processes in place to tackle via FRA programme. 7. Revised guidance has been issued along with new online training modules to reflect the changes implemented by SFRS on 1 July 2023. Asset Management team has rolled out bespoke fire panel training to all Council Duty Holders. Change in practice has now been implemented in order to mitigate false alarms including checking double knock systems are working.

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 2025)		 65% No change
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. These include the statutory HSB Engineering 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

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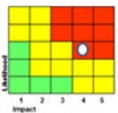

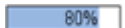
## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



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 Owners; Service Leads – Performance, Community Planning and Sustainability, 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.	<p>4 x 3 = 12</p>	<ol style="list-style-type: none"> <li>Council approved Sustainable Development and Climate Change Strategy</li> <li>Baseline data on Sustainable Development and Climate Change now assembled to allow future progress to be measured.</li> <li>Proposals endorsed by the MOWG agreed at Cabinet and assigned for implementation.</li> <li>Carbon budgeting in place.</li> <li>Pan Ayrshire Energy Masterplan has recently been produced with 22 actions</li> </ol>	
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) which was approved in April 2024. In addition, there has been a new Scottish Government template released in draft form for all Scottish Local Authority Climate Change Strategies. The Co-ordinator will meet with key Service Leads spring time to agree their new targets and actions in relation to the template (along with a wider consultation process) which will form the basis of the refreshed strategy which will be published during 2025 (revised to Dec 2025).						 Increased from 50%
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). Full roll-out of the Integrated Impact Assessment (IIA) (following a test phase) was <a href="#">approved</a> by Cabinet on the 25 <sup>th</sup> September 2025 and is now being used across the Council. Briefing sessions were provided for staff. All completed IIAs and Summary Reports (along with guidance documents) can be accessed on a <a href="#">sharepoint</a> site.						 Increased from 50%
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 2025)						 No change
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 measured 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.						 No change
6. Local Heating Energy Efficiency Strategy (LHEES) strategy has been approved in Sept 2024 by South Ayrshire Council. Post funded by Scottish Government for 5 years (up to 2028) to support this strategy. Action plan has been completed and approved by Council in April 2025.						 Increased from 10%

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

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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 and Service Lead Thriving 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.	  <b>4 x 3 = 12</b>	<p><b>Measures in place at National level;</b>                      Withdrawal of the National Insurance increase.</p> <p><b>Measures in place at Scottish Government level;</b>                      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 &amp; Community Care Grants) and Discretionary Housing Payments</p> <p><b>Measures in place at local level;</b>                      The Community Planning Partnership has a Financial Inclusion Strategic Delivery Group (SDP) who provide direction, identify any gaps in support and direct resources to areas of most need and demand. They consider themes linked to food, energy, money and community wellbeing.</p> <p>A range of Council services provide support to people most affected by the cost of living crisis. These include Thriving Communities, Housing Services, the Information and Advice Hub and Revenues and Benefits.                      Cabinet approved a report on 23 May 2023 <a href="#">Financial Inclusion</a> - 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 <a href="#">Food Pantries</a> and then again in May <a href="#">Food Pantries</a> that provided information on the food pantries and projects that SAC has funded.</p> <p>A Member Officer Working Group for the Cost-of-Living Crisis has been established to consider the activities being undertaken by the Council to mitigate the impact of the cost-of-living crisis.</p>		
Proposed Mitigations (with dates)						Status	Progress Bar
On 23 May 2023, Cabinet approved the development of a Strategy and Action Plan to address the agenda on <a href="#">Financial Inclusion</a> - 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 completed requests for funding and a cabinet paper has agreed key projects in support of financial inclusion across SAC and partners. The financial inclusion projects that were funded continue to support a range of interventions and services and including Education, Information and Advice hub and Housing. Progress of these projects is being monitored and will be reviewed by the Service and Partnership and Performance Panel and CPP Financial Inclusion and Growth SDP. Concerns have been raised about the short term and temporary nature of these projects due to the funding that is available. Officers are exploring external funding opportunities and new ways of working that will support and mitigate some of the risks beyond the funding. SAC committed an additional £125,000 per annum for two years to support financial inclusion work. Projects are being progressed by Services. Funding for 2026/27 will support the continuation of Information and Advice Hub service.							

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

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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.	<p><b>5 x 2 = 10</b></p>	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. 5. 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.	
Proposed Mitigations (with dates)					Status	Progress Bar
1.Funding for Year 2 of Ash Dieback Plan approved by Cabinet in January 2024, commenced in April 2024. Work is ongoing. A second survey has been completed and, at this moment in time, we have felled or managed 19% of the trees identified. With regards to year 3, there is concern around future funding in order to implement the ash tree dieback plan. Update Report is going to Cabinet in Feb 2025 in which information of works completed and expenditure is detailed. Funding for the new financial year is being requested to continue delivery. To date we have removed 601 Cat 4 trees; 760 Cat 3; 274 Cat 2 and 58 Cat 1. Second survey shows that 757 trees have progressed from Cat 1 to Cat 2; 114 from Cat 1 to 3. In Cat 2 ,337 progressed to Cat 3 and 155 to Cat 4. In Cat 3 247 have progressed to Cat 4. As of Mid Feb we are 95% complete for year 2.						
(New) 2. At Cabinet of 18 <sup>th</sup> February 2025 Council agreed to provide funding for year 3 of Ash Dieback Plan. Work on year 3 commenced 1 <sup>st</sup> April and progressing, there have been delays as teams still clearing up timber after storm Eowyn.						

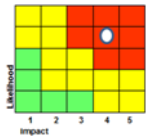




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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



Risk 12		Risk Title – Prevent (Counter-terrorism)		Risk Theme - Protection		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible – CLT Risk Owner – Mark Inglis, Prevent Single Point of Contact (SPOC)	There is a risk that of terrorist attack or event, with the potential of causing mass casualties and/or fatalities.	The unfettered development of radical groups, and local networks who are enabled to organise and coordinate significant fear and alarm in South Ayrshire for Political or Religious reasons.	<p>Potential of causing mass casualties and/or fatalities.</p> <p>Terrorist attack which could cause significant infrastructure damage, to buildings, transport networks (including Prestwick Airport, Ferry Terminal and Train travel) and power and energy supply.</p> <p>Resulting in civil disobedience and reaction towards minority people groups who are misunderstood to hold similar radicalised and terrorist views, such as Islamic Fundamentalist and the impact upon law abiding Muslims in South Ayrshire.</p>	 <b>5 x 2 = 10</b>	<ol style="list-style-type: none"> <li>The use of the National Prevent strategy in South Ayrshire, together with Partners, specifically Police Scotland and their Prevent Specialist team.</li> <li>The understanding of risk groups nationally will come from the Local Contest Delivery strategy, published by Scot Gov. every three years.</li> <li>South West issues will be identified through Contest boards or Prevent data based on our region.</li> <li>Local issues which become apparent will be passed to the SPOC to inform the Prevent Risk Assessment and appropriate mitigations on emergent risks will be enacted as and when required</li> </ol>	
Proposed Mitigations (with dates)					Status	Progress Bar
1. The implementation of the Prevent strategy in South Ayrshire						<div style="width: 100%;"><div style="width: 100%;"></div></div> 100%
2. Raise awareness across all South Ayrshire Directorates, through the completion of the COAST Prevent Module, (likely to be revised to the New Home Office, <a href="#">Prevent duty training - GOV.UK.</a> )						<div style="width: 50%;"><div style="width: 50%;"></div></div> 50%
3. Policies and procedures, for staff, commissioned services and use of SAC buildings and property to align with Prevent. This will ensure that:- <ul style="list-style-type: none"> <li>Staff understand how to raise a Prevent concern and that SAC Prevent PMAP process supports the prevention of vulnerable (or non vulnerable) individuals being drawn into Radicalisation and Terrorist activity</li> <li>all SAC commissioned services understand the Prevent duty and have clear awareness raising approaches in place and know how to raise a concern into the SAC Prevent PMAP process.</li> <li>SAC have clear policies and procedures in place to address radicalisation with staff groups and know how to raise a concern</li> <li>SAC has a clear policy and procedure in place for letting and use of all Council properties and buildings, that non are used for the purpose of radicalisation or terrorist propagation and recruitment.</li> </ul>						<div style="width: 20%;"><div style="width: 20%;"></div></div> 20%
4. Annual Audit and report to COG for Governance of Prevent and its application in SAC.						<div style="width: 70%;"><div style="width: 70%;"></div></div> 70%
(New) 5. The establishment of a South Ayrshire Prevent Oversight Group which ensures that emergent risks are understood and that there is a whole Council ownership and response to the Prevent Duty and to ensure actions and mitigations are monitored and reviewed on a Quarterly basis.						<div style="width: 10%;"><div style="width: 10%;"></div></div> 10%

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

<b>Risk 13</b>		<b>Risk Title – Financial Resilience</b>			<b>Risk Theme – Resources</b>		
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 real term funding over a number of years.  Impact of inflation on Council cost base.	Failure to deliver key services or meet change in service demands.	 <p><b>4 x 4 = 16</b></p>	<ol style="list-style-type: none"> <li>1. Annual 2025/26 budget prepared and approved in February 2025</li> <li>2. Council agreed a £4m contribution to uncommitted reserves at part of the 2025/26 budget thereby increase uncommitted reserves to circa 3% which is above the desired minimum level of 2% and improves the overall financial resilience of the Council.</li> <li>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.</li> <li>4. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups.</li> <li>5. Updated five-year Medium Term Financial Plan approved by Council in December 2024 (next update due December 2025)</li> <li>6. Annual Treasury Management Strategy prepared and approved by Council March 2025. Details credit and counterparty risk. Next update due in March 2026.</li> <li>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.</li> </ol>		
<b>Proposed Mitigations (with dates)</b>						<b>Status</b>	<b>Progress Bar</b>
1. Lobby Scottish Government through discussions via CoSLA, Directors of Finance and Solace to ensure required funding continues to be made available to Local Government (ongoing).							<i>Ongoing</i>
2. Rolling annual update of new five-year Medium Term Financial Plan to be implemented (next update due December 2025)							<i>Ongoing</i>
3. Assess the impact/outcomes from the new deal between Local Government and the Scottish Government signed in June 2023 (Verity House Agreement) and the associated new Fiscal Framework is being developed. (Ongoing) – Limited progress has been achieved between SG & Cosla to date but discussions are ongoing							 No change

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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



**Risk 14** **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	<p>1. There is a risk that employee absence levels fall below the standards which can be sustained by the organisation.</p> <p>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 2023/24, the average number of days lost per employee due to absence was 9.01 days. In 2024/25, this figure has increased to 9.62 days per employee. However, despite this increase, the cost of absence has decreased by 5% for Local Government Employees (LGE) and 16% for Teachers. Notably, the Council ranked first for both LGE and Teachers when compared to its Local Government Benchmarking Framework family group. The Annual Absence report is currently being prepared and will be considered by SP&amp;P in September.</p> <p>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.</p> <p>4. There is a risk that employee absence has an adverse effect on workforce planning arrangements.</p>	<p>Key reasons reported for employee absence;</p> <p>Psychological Musculoskeletal Hospitalisation</p> <p>Impact of employee 'culture'</p> <p>Further statistical information via report to SP&amp;P</p>	<p>Additional risk to Service Users, gaps in Service delivery, slippage on achievement of targets.</p> <p>Additional cost of temporary, agency, supply staff or other additional unbudgeted spend.</p> <p>Adverse impact on health of 'attending' employees.</p>	<p><b>3 x 3 = 9</b></p>	<p><b>1. Maximising Attendance Framework</b> – A structured approach to improving employee attendance and well-being.</p> <p><b>2. Occupational Health Services</b> – The Council has recently appointed a new Occupational Health provider, receiving positive feedback from both employees and line managers.</p> <p><b>3. Employee Assistance Programme (EAP)</b> – A comprehensive support service offering 24/7, year-round, in-the-moment telephone support for employees, including access to professional counselling services. Cognitive Behavioural Therapy (CBT) remains available through Occupational Health.</p> <p><b>4. Physiotherapy Services</b> – Supporting employees with musculoskeletal health and rehabilitation.</p> <p><b>5. Employee Self-Referral to 'Access to Work'</b> – A fully funded initiative providing non-medical interventions, support, and signposting to assist employees in maintaining workplace well-being.</p> <p><b>6. Flexible Working and Family-Friendly Policies</b> – A range of HR policies designed to promote work-life balance and accommodate employees' needs.</p> <p><b>7. Mentally Healthy Workplace Training</b> – Online training available to both managers and employees to support mental health awareness and resilience in the workplace.</p> <p><b>8. Be Well Live Well</b> programme – providing a range of employee events to support health and wellbeing has been developed. A dedicated LWBW page is available on the Core, providing employees with access to further information and resources.</p> <p>9. The <b>Mental Health First Aid training</b> has been successfully rolled out, with additional sessions to be provided as needed. A lifestyle screening health check pilot was also implemented and received positive feedback. Officers are currently coordinating future screening dates.</p>

Proposed Mitigations (with dates)	Status	Progress Bar
1. A draft Supporting Employee Wellbeing Policy has been developed and is scheduled to undergo formal consultation prior to seeking the necessary approvals. Progress in this area has been delayed due to the prioritisation of other policies by the administration, which have recently been approved by Council. Work on the Supporting Employee Wellbeing Policy will now resume, with full project completion anticipated by January 2026.		
2. The wellbeing initiatives currently being led by HR and the Trauma-Informed Officer will be integrated into the next iteration of the Council's Workforce Plan for the period 2026–2030.		

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

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**Risk 15** **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.	 <b>4 x 2 = 8</b>	<ol style="list-style-type: none"> <li>1. Resilient infrastructure in place with a fault tolerant primary data centre and many services migrated to a cloud hosting environment (Microsoft Azure).</li> <li>2. External contracts established with service providers for technical support and expertise across critical technologies.</li> <li>3. A bespoke ICT Risk Register in place, which is subject to review as part of standard operating practice.</li> <li>4. The Integrity Group meets regularly to consider cyber security issues and develop further mitigations as required.</li> <li>5. Compliance standards established as part of technology and process governance framework.</li> <li>6. Service BC plans include some level of 'manual work around' for resilience in respect of ICT failure. Updates to all BC plans are required on a regular basis.</li> <li>7. Rolling replacement plans are now in place, as part of the ICT Capital Programme, for technology towers.</li> <li>8. Remediation security works are scheduled into business as usual activities, which are a considerable resource/staffing demand.</li> </ol>

Proposed Mitigations (with dates)	Status	Progress Bar
1. Live services are provided by McCall's Avenue Data Centre, which has enterprise facilities management services, or via cloud hosting environments. Work is 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. (completed Dec 2024)	✔	<i>Completed</i>
2. A significant number of services are now live in Microsoft Azure and phase 2 migrations were completed in Dec 2024. Remaining on premises services will require to be redesigned and are subject to work with specific services. Phase 3 is looking at how best to complete this transition. The expectation is that the small number of remaining servers will be hosted in the current on premises data centre until they are replaced. Investigations are currently underway to determine a timescale for this work.	▶	90%
3. PSN Accreditation achieved for 2024 and works is ongoing. Submission will be made in September 2025. This remains a recurring annual activity and includes an ICT Health check and associated remediation, which is a resource intensive activity each year. It is planned that further accreditations will be considered in 2025, and this may include Cyber Essentials. (ongoing).	▶	<i>Ongoing</i>
4. In light of the new hybrid hosting model, with services migrated to a cloud data centre, work is required with all services to redefine the ICT element of their Business Continuity Plans. Scenario based planning exercises will require to take place in 2025 with services to take cognisance of increasing cyber threats from various threat actors including organised criminal gangs and state sponsored groups. (target date December 2025).	▶	10% <i>Increased from 0%</i>
5. A full Cyber roadmap will be planned, which will be a multi-year programme to augment/increase the digital security which is currently in place. This will be developed as part of the ICT Capital Programme and progressed via existing governance arrangements. Preparations are currently underway. (December 2025)	▶	15% <i>Increased from 10%</i>
6. Approval has been granted to move forward with a change of M365 licensing in order that the Council can make use of the increased security that Microsoft offers. The initial focus will be on telephony which must be replaced by October 2025 as Skype for Business is being retired and a new solution must be in place. Network and data security projects will be developed to ensure we are taking best advantage of the new licenses. Power BI is included within the higher-level licensing and would allow an enterprise approach to analytics and reporting.	▶	20% <i>New</i>

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## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)



Risk 16		Risk Title – Management of Assets			Risk Theme – Resources		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations		
<p>Accountable – ELT</p> <p>Responsible – CLT</p> <p>Risk Owner – Service Leads – Asset Management, Professional Design Services and Housing</p>	<p>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.</p> <p>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.</p> <p>3. There is a risk that Council property insurance valuations are out of date – last property valuation exercise was undertaken in 2015.</p>	<p>Decisions re asset rationalisation, delays on asset disposal, staff placing logistics.</p> <p>Inflation</p> <p>Cost of Living Crisis</p> <p>Lack of capacity and funding.</p>	<p>Impact on efficient recovery of Council services.</p> <p>Failure to deliver Asset Management Plan.</p> <p>Project delay or additional costs.</p> <p>Adverse incidents and compliance failure.</p> <p>Damage to Council's reputation.</p> <p>In the event of a loss, where properties are underinsured, insurers will apply average clause – this would result in financial loss to the Council.</p> <p>When insurance valuation exercise is undertaken, and if there is a significant increase in values, then service will incur a significant additional insurance premium. Such mid-term policy adjustments are costs which require to be met by service.</p>	<div style="text-align: center;"> <p><b>3 x 2 = 6</b></p> </div>	<p>1. The Transforming the Estate project is underway and has superseded the former Asset Management Plan.</p> <p>2. Professional Design Services continue to monitor construction costs and contractor's ability to progress and deliver works.</p> <p>3. Quarterly Capital Monitoring Reports are taken to Cabinet, updating on the progress of the General Services and Housing Capital Programmes. For 2024/25, the most recently approved reports were the P12 year-end outturn General Services and Housing reports which were approved by Cabinet on the 17<sup>th</sup> June, 2025. Reports will continue to be taken to Cabinet quarterly during 2025/26, the first of which will go to Cabinet on the 26<sup>th</sup> August, 2025 reporting on P3 to 20<sup>th</sup> June. 2025.</p>		
Proposed Mitigations (with dates)						Status	Progress Bar
<p>1. The proposed approach to the rationalisation of Council assets was approved by Cabinet on 23 May 2023 in a strategy 'Transforming the Estate'. 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. Substantial progress across each of the strategic themes has been made since May 2023. A report on progress and delivery has been approved by Service and Performance Panel in May 2025.</p>							<div style="border: 1px solid black; padding: 2px;"> <div style="background-color: #4F81BD; width: 75%; height: 10px; margin-bottom: 2px;"></div> <div style="text-align: right; font-size: 8px;">75%</div> <div style="font-size: 8px;">Increased from 50%</div> </div>
<p>2. A revised and updated 12 Year Capital Plan is taken to full Council each year, with the next being taken in February, 2026, which will cover the period 2026/27 to 2037/38. In addition, a Capital Review paper is planned to be taken to Council on the 18th September, 2025 which will review the General Services programme. Quarterly Capital Monitoring Reports will be taken to Cabinet in August and November 2025 and February and June 2025, updating on the progress of the General Services and Housing Capital Programmes. These reports will include any issues that required to be highlighted and any adjustments requested in light of this.</p>							<div style="border: 1px solid black; padding: 2px;"> <div style="background-color: #4F81BD; width: 25%; height: 10px; margin-bottom: 2px;"></div> <div style="text-align: right; font-size: 8px;">25%</div> <div style="font-size: 8px;">New</div> </div>
<p>3. <i>Non-Residential Property Re-Valuation' Update:</i> Asset Management Service lead is sourcing a budget from various budget schemes and will go out to Tender (September 2025)</p>							<div style="border: 1px solid black; padding: 2px;"> <div style="background-color: #4F81BD; width: 25%; height: 10px; margin-bottom: 2px;"></div> <div style="text-align: right; font-size: 8px;">25%</div> <div style="font-size: 8px;">Increase from 0%</div> </div>
<p>4. <i>'Residential Property Re-Valuation' Update:</i> Housing and Asset Management to confirm processes for instigating revaluation and resourcing. Conditions surveys received and further discussions with Housing regarding properties to be taken back into the HRA. (September 2025)</p>							<div style="border: 1px solid black; padding: 2px;"> <div style="background-color: #4F81BD; width: 25%; height: 10px; margin-bottom: 2px;"></div> <div style="text-align: right; font-size: 8px;">25%</div> <div style="font-size: 8px;">Increase from 0%</div> </div>

## SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (DRAFT – July 2025)

### Guidance - Recording Risks

Risk No. x		Risk Title - xxxx		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?  <b style="font-size: 2em; color: red; text-align: center;">S</b>	What may have caused this risk?  <b style="font-size: 2em; color: red; text-align: center;">A</b>	Possible outcomes or adverse effects?  <b style="font-size: 2em; color: red; text-align: center;">M</b>	 <b style="font-size: 2em; color: red; text-align: center;">P</b>	What is already in place to manage the risk?  <b style="font-size: 2em; color: red; text-align: center;">L</b> <b style="font-size: 2em; color: red; text-align: center;">E</b>	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
1. What is planned to mitigate the risk further? (and when it is due to be completed) <enter date>						 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

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



Fig 2

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