south
AYRSHIRE
C O U N C I L
Comhairle Siorrachd Àir a Deas

24 May 2023

To: Councillors Henderson (Chair), Bell, Cullen, Kilpatrick, McGinley, Ramsay, Scott 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, 31 May 2023 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held 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
Head of Legal and Regulatory Services

B U S I N E S S

1.   Declarations of Interest.

2.   Call-in from Cabinet of 23 May 2023 – "Temporary Senior Communities Officer – Glendoune" (copy of call-in form, draft minute excerpt and report herewith).

3.   Minutes of previous meeting of 22 March 2023 (copy herewith).

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

External Audit Reports

5.   Audit Scotland – Integration Joint Boards – Financial Analysis 2021/22 – Submit report by the Head of Finance, ICT and Procurement (copy herewith).

6.   Audit Scotland – Resourcing the Benefit Service - A Thematic Study - Submit report by the Head of Finance, ICT and Procurement (copy herewith).

7./

Internal Audit Report

7.   Corporate Fraud Team – Activity Report and Update on 2022/23 National Fraud Initiative – Submit report by the Internal Audit Corporate Fraud Team (copy herewith).

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

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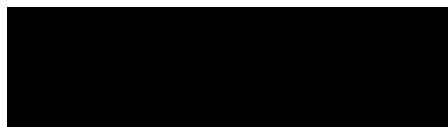# Audit and Governance Panel
Call-In Requisition

We, the undersigned, require that the following decision of the Cabinet be called-in to the next meeting of the Audit and Governance Panel.

Date of Cabinet	23 May 2023
Item No.	8
Report Title	Temporary Senior Communities Officer - Glendoune

	Signature	*Print Name*
(1) **Councillors responsible for call-in**	██████████████	**GEORGE WEIR**

(2)   Councillors supporting call-in (three required):

(a)	████████	Cllr Laura Brennan-Whitefield
(b)	████████	Cllr Philip Saxton
(c)	████████	Cllr Ian Cavana
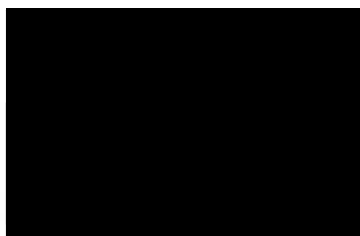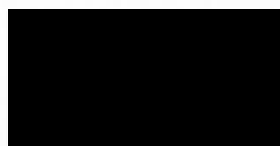
Date   24ᵗʰ May 2023

Reason

In order to improve information for Councillors, to assist officers in briefing the Panel and to improve the quality of Scrutiny, we confirm that the item is being called-in for the following reason(s).

Councillors are reminded that the 'reasons' section should be completed with sufficient detail as to allow members of the Audit and Governance Panel and officers to appreciate the cause for concern prompting the call-in. (This may be by reference to a part or parts of the Report or Decision or by describing an issue which may not have been adequately addressed or by requesting the provision of additional information which should be specified). Where a call-in requisition contains any questions, or requests for further or additional information, officers, in consultation with the relevant Portfolio holder, shall, where possible, provide written responses to be intimated to all Councillors in advance of the Panel. Receipt of responses to questions shall not itself preclude further scrutiny of the item called-in for the reason set out in this form.

The report recommends that £50,000 initially secured and originally allocated to develop a community space within Glendoune, be used to extend the temporary Senior Communities Officer post for a further twelve months to allow ongoing work to improving targeted outcomes.

Our primary concern with this proposal is the abandonment of the original objective that was to create a community space. As a result, there is no usable office space at Glendoune. This will seriously inhibit directed efforts to improve outcomes for this community. Securing suitable accommodation at Glendoune, as originally proposed, would enable first-hand on-site operation for any sustained community support officer and afford greater direct benefit for an area that is acknowledged as one of the most deprived in South Ayrshire.

We also note that section 9.1 of the document states that the report "does not involve changes to policies, strategies, procedures and processes, therefore a full equalities impact assessment is not required". Yet, the proposal is clearly a change to policy or strategy, since the previously supported policy was to establish support accommodation at Glendoune.

Note

Call-ins must be delivered to the Chief Executive no later than 4.00 pm on the day (usually Thursday) two days following the day (usually Tuesday) on which the Cabinet has met.

Time Received   **17:01**   *Date Received* **24th May 2023**   *Received by* **Eileen Howat**

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EXCERPT FROM THE MINUTES OF
THE CABINET
OF 23 MAY 2023

Corporate and Strategic/Finance, HR and ICT/Tourism, Culture and Rural Affairs.

9.   Temporary Senior Communities Officer – Glendoune.

There was submitted a report (issued) of 10 May 2023 by the Director of Strategic Change and Communities seeking approval to utilise temporary Covid Recovery funding, which was originally allocated to develop a community space with Glendoune, to extend the temporary Senior Communities Officer post that was funded through Covid recovery funding for a further period of twelve months.

Members made a number of comments in support of the ongoing work of the temporary Senior Communities Officer for the Girvan area.

Questions were raised by Members in relation to:

(1) the expected timescale for developing the site originally allocated to develop a community space with Glendoune. The Service Lead – Thriving Communities outlined that Officers remained keen to develop a community space at the identified site in the future and that possible utilisation of the UK Shared Prosperity Fund was being explored to provide future opportunities for regeneration;

(2) the timescale for the covid recovery funds to be allocated and spent. The Service Lead – Thriving Communities noted that the timescale for spending the fund was 12 months and that funds would end following this term; and

(3) whether or not funding would be withdrawn if plans for the shop area were not progressed in the near future. The Service Lead – Thriving Communities explained that a timescale had not yet been established for development of the shop area however, he highlighted that discussions about the shop area were ongoing with Asset Management and Estates teams as part of a review of the Girvan Estate.

The Cabinet

Decided: to approve funding £50,000, to be used to extend the temporary Senior Communities Officer post for a further twelve months to build on the positive work that has been established in the area.

South Ayrshire Council

**Report by Director of Strategic Change and Communities
to Cabinet
of 23 May 2023**

Subject: Temporary Senior Communities Officer - Glendoune

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1.   Purpose

1.1   The purpose of this report is to seek approval to utilise temporary Covid Recovery funding, that was originally allocated to develop a community space with Glendoune, to extend the temporary Senior Communities Officer post that was funded through Covid recovery funding for a further period of twelve months. This will continue to support activity at Glendoune, supporting key objectives.

2.   **It is recommended that the Cabinet agrees that the £50,000, initially secured to develop the adjacent site, now be used to extend the temporary Senior Communities Officer post for a further twelve months to build on the positive work that has been established in the area**

3.   Background

3.1   At the Leadership Panel in June 2021, £143,478 temporary Covid Recovery funding was allocated 'to improve outcomes in Glendoune £93,478 through the recruitment of a temporary Senior Communities Officer and £50,000 of the funding allocated to the proposed development of a community space in Glendoune, Girvan.

3.2   Glendoune is recognised in the Local Outcome Improvement Plan (LOIP) as one of the most deprived areas in South Ayrshire and a priority for community planning partners to improve outcomes for people living in this community.

3.3   Thriving Communities have been supporting Glendoune Community Association (GCA) who are located in a small unit in Piedmont Road, Girvan. The facility is owned by SAC but leased to GCA and provides a small meeting space for the community.

3.4   Over the past few years Officers have supported changes to the management committee at GCA and helped secure additional funding, resources and introduced partners to work alongside GCA and the local community.

3.5   The temporary Covid Recovery funded Officers post has helped create opportunities to further enhance and improve the support within this community. Key highlights are noted in Appendix 1, this notes some of the key successes through the temporary Covid Recovery funded post.

3.6 Plans were developed by Professional Design Services (PDS) to develop the adjacent site, however this has not progressed, as Officers have not been able to identify an alternative site that would accommodate the existing tenants, Girvan Attractions.

4. Proposals

4.1 It is proposed that Members approve £50,000 of temporary Covid Recovery funding, previously earmarked for capital works, be used to extend the temporary Senior Communities Officers post for twelve months to allow ongoing work to improving targeted outcomes.

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 £50,000 of temporary Covid Recovery funding to support the proposal. On costs for a Level 9 are £50,094

7. Human Resources Implications

7.1 Once the current member of staff contract ends, managing change will apply.

7.2 Redundancy costs of £19,640 would be met by Thriving Communities service staffing budget should alternative suitable employment not be met through managing change.

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 may be negativity from community if this proposal is rejected.

9. Equalities

9.1 The proposals in this report allows scrutiny of performance. The report does not involve changes to policies, strategies, procedures and processes, therefore a full equalities 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 Priorities 1 and 2 of the Council Plan: Spaces and Places/ Play, Sport and Recreation (Outcome 2); and Live, Work, Learn/ Education and lifelong learning (Outcome 1).

13.   Results of Consultation

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

13.2   Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and Councillor Alec Clark, Portfolio Holder for Tourism, Culture and Rural Affairs and the contents of this report reflects any feedback provided.

14.   Next Steps for Decision Tracking Purposes

14.1   If the recommendations above are approved by Members, the Director of Strategic Change and Communities will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	*Due date*	*Managed by*
Extend temporary Senior Communities Officers post	30 May 2023	Service Lead Thriving Communities

Background Papers   **Report to Leadership Panel of 15 June 2021 – Covid-19 Programme of Recovery Activity 2021/22 to 2022/23**

Person to Contact   **Jane Bradley, Director of Strategic Change and Communities County Buildings, Wellington Square, Ayr, KA7 1DR Phone 01292 612045 Email jane.bradley@south-ayrshire.gov.uk**

                          Jamie Tait, Service Lead – Thriving Communities County Buildings, Wellington Square, Ayr, KA7 1DR Phone 01292 559398 Email jamie.tait@south-ayrshire.gov.uk

Date: 10 May 2023

Improving Outcomes for Glendoune Update

The temporary Senior Communities Officer post was recruited in June 2021 using Covid Recovery funding. The new post was intended to improve community engagement and enhance service delivery, at a local level in Glendoune.

The post was embedded in the new Thriving Communities service, building on the 'Team Around the Community' approach, designed to improve partnership working and improve outcomes for residents in the area.

Glendoune Community Association (GCA)

To empower the community, support was put in place to support changes within GCA that impacted governance arrangements, accessing funding and the recruitment of new volunteers. A robust consultation exercise was carried out by Thriving Communities that included door to door visits to over 200 residents in the area. In addition, there were face to face drop-in sessions at the centre to allow Officers to promote GCA and help recruit new community volunteers.

In December 2021 Officers helped establish a new GCA management committee and helped form relationships with residents and other partner agencies in the area.

Success through Partnership Working

Following consultation and extensive engagement with the community, GCA were supported to apply for funding and were successful in gaining £19,900 through the VASA Mental Health and Wellbeing Fund.

The temporary Senior Communities Officer then developed a Glendoune Roadmap that helped secure support from various partners, this commitment has helped shape service delivery within the community, this includes:

- Three Sixty, a mental health charity delivering sessions twice per week within the centre.
- Girvan Community Sports Hub delivering adult provision in Glendoune for the first time, which is allowing them to grow their staff skills and experiences.
- Information & Advice Hub and Stepping Stones For Families have been key partners - providing benefit advice at the weekly drop ins and group sessions.
- Thriving Communities supporting the delivery of community-based adult learning and employability programmes from the centre.
- Engagement with funders to explore external funding opportunities.
- Increased participation in volunteering

Volunteer Success Stories Supported by the temporary Senior Communities Officer

- The GCA Chairperson was supported to gain employment with Thriving Communities as a Family Engagement Officer.

- The GCA Treasurer, having been long-term unemployed, has equally grown in confidence and was successful in gaining a 6-month work placement through Thriving Communities Evolve Programme. At the conclusion of the Evolve Programme he has secured a temporary Clerical Assistant position with the Council.

- The GCA Secretary, a lone parent of three children, has always been a very passionate individual and puts her heart into everything she does. Through volunteering with the association, she realised she wanted to help more people in the community. They were supported to apply to university to become a nurse, she is now close to finishing her first year. Although she has stepped down as Secretary due to her university commitments, she still actively attends meetings and events and is passionate about her community.

- The new GCA Secretary is now actively delivering Personal Development groups at Glendoune to support others within her community. A focus of this role is working alongside ACE to develop new outdoor programme for adults.

- Other members from GCA have been supported to gain volunteering experience and have engaged in adult learning and employability programmes that have led to employment in Girvan.

Success in Funding & Financial Impact

Prior to the role of the temporary Senior Communities Officer, accessing funding was a challenge for GCA. With support from the temporary Senior Communities Officer, they have secured:

- VASA Mental Health & Wellbeing Fund - £19,900
- Morrisons Construction - £700
- Community Donations - £1,677
- LACER Fund - £1000
- Grants Foundation - £10,000
- VASA Mental Health & Wellbeing Fund (round 2) – £22,200

Income can also now be generated from lets that are managed through a new room booking system developed by the temporary Senior Communities Officer. Weekly lets include organisations supporting addictions and mental health and wellbeing.

School Holiday Programme Success

GCA, in partnership with Thriving Communities and other community organisations, have organised and facilitated successful holiday programmes in Glendoune, the programme has helped engage young people and parents and families.

Glendoune Holiday Programmes Outcomes:

- Easter Programme 2022:   43 children referred
- Summer Programme 2022:   150 registered
- October Programme 2023:   45 children referred

The number of referrals has risen at Glendoune for both Easter and Summer programmes. This is due to engagement in Schools and Glendoune having a presence in the community. Young people were consulted on what they would like organised in their area, with food insecurity underpinning the holiday programme initiatives. Feedback from parents has been extremely positive and GCA and Thriving Communities are developing these opportunities.

In addition to the summer programme a range of community events have been organised in the community, the summer event organised to celebrate GCA and the ongoing partnership work in the local area was extremely positive. The event was free for residents and brought together partners from across Girvan who provided activities and information on support that is available for residents. A calendar of events is currently being planned by GCA.

Glendoune Roadmap

The Glendoune Roadmap is a Community Based Adult Learning Provision which operates from the Glendoune Centre and is supported by Thriving Communities, GCA and key partners such as Three Sixty and Girvan Sports Hub.

- 47 adults have engaged in the Glendoune Roadmap
- 14 community-based adult learning programmes have been delivered
- Adults have been engaged in 552 hours of learning
- 7 of these learners have achieved accreditation
- 89% of learners live in SIMD areas 1 and 2
- 62% of learners are female
- All adults have progressed to one of the following destinations:
    - a further learning programme
    - signposted to a partner agency for mental health support
    - referred to employability service
    - supported with income maximisation
    - volunteering in their community

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 22 March 2023 at 10.00 a.m.

Present in
County Hall: Councillors Peter Henderson (Chair); Brian McGinley, Cameron Ramsay, Gavin Scott and George Weir.

Present
Remotely: Councillors Kenneth Bell, Chris Cullen and Mary Kilpatrick.

Also Present
in the County
Hall: Councillor Ian Cavana.

Also Present
Remotely: Councillor Martin Dowey.

Attending in
County Hall: E. Howat, Chief Executive; M. Newall, Depute Chief Executive and Director of Housing, Operations and Development; J. Bradley, Director of Strategic Change and Communities; T. Baulk, Head of Finance, ICT and Procurement; C. Caves, Head of Legal and Regulatory Services; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; C. McGhee, Chief Internal Auditor; C. Boyd, Service Lead – Risk and Safety; K. Anderson, Service Lead – Policy, Performance and Community Planning; S. MacMillan, Project Implementation Co-ordinator; A. Kerr, F. Mitchell-Knight and G. McNally, Audit Scotland; A. Gibson, Committee Services Officer; and E. Moore, Committee Services Assistant.

Attending
Remotely: T. Eltringham, Director of Health and Social Care; L. Reid, Assistant Director – Strategic Change; G. Farrell, Service Lead – Organisational Development and Customer Services; and J. Andrew, Co-ordinator (Organisational Development, Change and Development).

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.

Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the following item of business on the grounds it involved the likely disclosure of exempt information in terms of paragraph 8 of Part 1 of Schedule 7A of the Act.

At this point, the live broadcast and recording of the meeting was paused.

2.   **Call in from Cabinet of 14 March 2023 – "Arran Mall Update".**

Reference was made to the Minutes of the Cabinet of 14 March 2023 (Page 4, paragraph 11) when the Cabinet had decided

(1)   to approve Officers to act in terms of Option 3, with delegated power to act in terms of Option 1 in the event that agreement on Option 3 cannot be reached with the sellers; and

(2)   to request that Officers provide a further report setting out proposals for the development of the site.

The Panel was advised that the report had been the subject of a call-in (Members only), details of which were outlined by Councillor Craig Mackay when he introduced and spoke to the call-in.

Concern was expressed that no member of the Cabinet came forward to speak on their decision and the Chief Executive advised that she would address this issue for future call-ins considered at this Panel.

A full discussion took place in relation to the terms of the call-in.

Questions were raised by Panel Members and by Councillor MacKay and answers were provided by officers. The Chief Executive reminded members that discussion should focus on the decision called in and not any other matters in respect to the Leisure Centre or future use of the site. The Head of Legal and Regulatory Services undertook to provide a response in writing to Councillor MacKay detailing the information provided to members in reports prior to the decision that was taken by members not to proceed with the building of the sports centre.

The Chair then outlined the options open to the Panel when considering this call-in.

The Panel adjourned to allow a Member of the Panel the opportunity to discuss the terms of a proposed Motion with officers.

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

The Panel

Decided: to recommend to Cabinet that they amend the existing recommendation 2.1.3 in the report to Cabinet of 14 March 2023 headed Arran Mall Update and substitute it with the following :-

2.1.3   agree officers are granted authority to seek a response from the sellers in relation to option 3 with a report in relation to option 3 to Cabinet on 25 April 2023 if they are willing to negotiate and failing which officers will conclude the Agreement in terms of Option 1 immediately.

At this point, the live broadcast and recording of the meeting was re-started and the meeting was again open to the public.

3.   Minutes of Previous Meeting.

The Minutes of the meeting of 22 February 2023 (issued) were submitted and approved. In relation to item 6 of the Minutes "Museums Store Control Internal Audit Report" and having heard the Chief Internal Auditor, it was noted that the four high risks identified were programmed into next year's Audit Plan and progress would be reported in her next quarterly report to this Panel.

4.   Action Log and Work Programme.

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

The Head of Finance, ICT and Procurement provided the Panel with an update of the status of the Action Log and Work Programme outlining that there were no outstanding actions at present.

The Panel

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

5.   Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter).

There was submitted a report (issued) of 13 March 2023 by the Chief Internal Auditor seeking approval for

(1)   the proposed Internal Audit Plan and reserve list for 2023/24; and

(2)   the revised Internal Audit Charter.

The Chief Internal Auditor gave a background to the contents of the report.

A full audit programme was welcomed with key areas having been identified. It was also noted that the acronym NFI used within the report was the National Fraud Initiative.

The Panel

Decided: to approve

(a)   the annual audit plan for 2022/23, as detailed in Appendix 1 of the report;

(b)   the reserve list for 2022/23, as detailed in Appendix 2 of the report; and

(c)   the updates of the Internal Audit reporting line and links to the Public Sector Internal Audit Standards in the Internal Audit Charter, as detailed within Appendix 3 of the report.

6.   **Annual Audit Plan 2022/23.**

There was submitted a report ([issued](#)) of 13 March 2023 by the Head of Finance, ICT and Procurement providing background to Audit Scotland's Annual Audit Plan 2022/23 (the Audit Plan).

The Service Lead – Corporate Accounting introduced A. Kerr and F. Mitchell–Knight from Audit Scotland who would present the contents of the report. It was noted that this was the first year that Audit Scotland were the Council's external auditors with the appointment extending to the financial year 2027/28.

A. Kerr and F. Mitchell–Knight from Audit Scotland presented their Annual Audit Plan. It was noted there was, at present, a challenging financial environment within this Council, as well as other public sector organisations. It was also noted that if Members were aware of any fraud or expected fraud throughout the year, they should bring it to the attention of Audit Scotland.

A Member of the Panel advised that there was a focus on leadership and noted that Best Value would be incorporated into the Audit Plan. F. Mitchell-Knight, Audit Scotland explained how this would be achieved with local intelligence coming from the local audit teams who would play a major part in this.

Following a Member of the Panel advising of the good progress being made in relation to Fraud Initiatives within the Council, the Chief Executive advised that she would ensure that staff were aware of the process of reporting concerns relating to fraud.

Following a comment from a Member of the Panel, it was noted that Audit Scotland would be a visible entity and contactable and that this was evident in their attendance at today's meeting.

The Panel

Decided: to agree the 2022/23 Annual Audit Plan, as detailed in Appendix 1 of the report.

7. Best Value Action Plan 2021-22 – Update.

There was submitted a report (issued) of 13 March 2023 by the Director of Strategic Change and Communities detailing progress made in delivering the actions identified in the Best Value Assurance Report - Action Plan 2021-22.

The Service Lead – Policy, Performance and Community Planning gave a background to the contents of the report.

Having heard a Member of the Panel, assurances were given that various actions listed were now complete.

A Member of the Panel advised that the new Council Plan should dovetail to what had gone before, as some of the work which had been undertaken in the past should be continued.

Following a Member of the Panel referring to recommendation 5 of the Action Plan "The Council needs to build on the Service Recovery and Improvement Plans and the Community Engagement Strategy to ensure that future community engagement and consultation is consistent, and fully involves communities to develop how Council services will operate in the future in response to the Covid-19 pandemic, in order that real change and outcomes can be delivered. (paragraphs 25 and 112)", it was noted, having heard the Director of Strategic Change and Communities, that analytical work would be undertaken by the Officers' Group.

Having scrutinised the content of the Best Value Action Plan 2021-22 update report and noted the need for the most up-to-date information to be reported, the Panel

Decided: to note

(1) the progress through the narrative, as detailed within Appendix 1 of the report; and

(2) the fieldwork being undertaken by Audit Scotland in relation to a thematic audit of the Council's Leadership.

8. Strategic Risk Management.

There was submitted a report (issued) of 13 March 2023 by the Head of Legal and Regulatory Services providing an update on the reviewed Strategic Risk Register, as detailed in Appendix 1 of the report, in line with the agreed reporting framework.

The Service Lead – Risk and Safety gave a background to the contents of the report.

Having heard a Member of the Panel enquire if risks could be modified due to changing situations with the most important ones being highlighted, the Service Lead – Risk and Safety advised that an example of this in practice was the recent report considered at the Council's Cabinet relating to Ash Dieback.

Having considered the reviewed Strategic Risk Register updated by Chief Officers, the Panel

Decided: to note the fifteen key risks and endorsed the work currently being undertaken or proposed by risk owners to mitigate these risks.

The meeting ended at 11.55 a.m.

Audit and Governance Panel

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1.	22/3/23	Annual Audit Plan 2022/23	**Chief Executive to ensure that staff were aware of the process of reporting concerns relating to fraud.**	Eileen Howat	Reminder issued via Yammer and was also in Chief Executive's update.	Yes

Audit and Governance Panel

Work Programme 2023

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
1.	**Audit Scotland: Integration Joint Boards - Financial Analysis 2021/22**	Report to Panel	Head of Finance, ICT and Procurement	31 May 2023	Report to this Panel
2.	**Corporate Fraud Team Activity Report**	Report to this Panel	Chief Internal Auditor	31 May 2023 (Biannually)	Report to this Panel
3.	**Audit Scotland - Resourcing the Benefit Service: A Thematic Study**	Report to this Panel	Head of Finance, ICT and Procurement	31 May 2023	Report to this Panel
4.	**Annual Accounts 2022/23**	Report to this Panel	Head of Finance, ICT and Procurement	28 June 2023 (Yearly)	
5.	**External Audit – Audit Dimensions and Best Value Report 2022/23**	Report to this Panel	Head of Finance, ICT and Procurement	28 June 2023	
6.	**External Audit Progress Reports – Progress to 31 March 2023**	Report to Panel	Head of Finance, ICT and Procurement	28 June 2023 (Regular reports throughout the year)	
7.	**Corporate Lets**	Report to Panel	Director of Strategic Change and Communities	28 June 2023	
8.	**Delivering Good Governance – 2022/23 Assessment**	Report to Panel	Head of Legal and Regulatory Services	28 June 2023 (Yearly)	

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
9.	**Internal Audit Annual Report 2022/23**	Report to Panel	Chief Internal Auditor	28 June 2023 (progress reported quarterly)	
10.	**Treasury Management Annual Report 2022/23**	Report to Panel	Head of Finance, ICT and Procurement	28 June 2023 (Annually)	
11.	**Best Value Action Plan 2023/24 - Update**	Report to this Panel	Director of Strategic Change and Communities	6 September 2023 (Quarterly)	
12.	**Strategic Risk Management**	Report to this Panel	Head of Legal and Regulatory Services	6 September 2023 (Biannually)	
13.	**External Audit Reports – Progress to 30 June 2023**	Report to Panel	Head of Finance, ICT and Procurement	6 September 2023 (Quarterly)	
14.	**Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2022/23 (ii) Progress of Annual Internal Audit Plan 2023/24 (iii) Implementation of Internal Audit Action Plans**	Report to Panel	Chief Internal Auditor	6 September 2023	
15.	**Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee**	Report to Panel	Chief Internal Auditor	6 September 2023	

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
16.	**Audit Scotland: Local Government in Scotland Overview 2023**	Report to Panel	Director of Strategic Change and Communities	6 September 2023	
17.	**Annual Audit Plan 2023/24**	Report to Panel	Head of Finance, ICT and Procurement	March 2024 (Yearly)	

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Audit and Governance Panel
of 31 May 2023**

Subject:	**Audit Scotland: Integration Joint Boards – Financial Analysis 2021/22**

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1. Purpose

1.1 The purpose of this report is to advise the Panel of the Audit Scotland report 'Integration Joint Boards – Financial Analysis 2021/22'.

2. Recommendation

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

2.1.1 **considers the findings outlined in the Audit Scotland report 'Integration Joint Boards – Financial Analysis 2021/22' (attached as Appendix 1); and**

2.1.2 **notes the position in relation to South Ayrshire Council outlined in para 4.2.**

3. Background

3.1 In April 2023, Audit Scotland published a report entitled 'Integration Joint Boards – Financial Analysis 2021/22'. The key messages as summarised in the report are as follows:

Integration Joint Board (IJB) Operating Context:

3.1.1 IJBs face increasing demand – Scotland's population is ageing, with increasingly complex health and social care needs.

3.1.2 The health and social care workforce is under extreme pressure, with continued recruitment and retention challenges.

3.1.3 IJBs continue to deal with the impacts of Covid-19 on services.

3.1.4 There remains considerable uncertainty about the planning and delivery of health and social care services whilst the Scottish Government develop plans to create a National Care Service (NCS).

IJB Financial and Service Challenges

3.1.5   IJBs face considerable financial uncertainties and workforce challenges.

- Efficiency and transformational savings alone may be insufficient to meet future financial challenges. Significant transformation is needed to ensure financial sustainability and service improvements.

- The social care sector cannot wait for a NCS to deal with financial, workforce and service demand challenges– action is needed now if we are to improve the outcomes for people who rely on health and social care services.

IJB Finances 2021/22

3.1.6   IJBs returned significant surpluses in 2021/22, mainly due to additional funding received late in the financial year for specific policy commitments, including Covid-19, as well as underspends on the cost of providing services.

3.1.7   Total IJB reserves have doubled in 2021/22 to £1,262 million largely due to additional funding received late in the financial year for national policy commitments, including the response to Covid-19. Due to changes to future anticipated IJB Covid-19 spend, the Scottish Government are exploring options to recover around two thirds of Covid-19 related reserve balances held at the 2021/22 year end.

3.1.8   The pandemic continued to impact on the delivery of IJB savings plans, with the Scottish Government providing specific financial support in 2021/22 to support unachieved savings on a non-recurring basis. This typically means that these savings have to be achieved in future years. It is essential that comprehensive plans are in place, demonstrating how IJBs will achieve recurring savings and support required service transformation.

Medium – and Longer Term Outlook

3.1.9   IJBs have a projected funding gap of £124 million for 2022/23. Fourteen per cent of the 2022/23 projected funding gap is anticipated to be bridged by drawing on reserves, with other savings delivered on a non-recurring basis. Savings options had not been identified for 28 per cent of the gap. The identification and delivery of recurring savings and reducing reliance on using reserves to fund revenue expenditure is key to ensuring long-term financial sustainability.

3.1.10   Three quarters of IJBs have recently updated their Medium-Term Financial Plans (MTFPs). Doing so allows IJBs to respond more effectively to the long-term impacts of Covid-19, alongside increased cost pressures, including rising demand and inflation.

4/

4.   Proposals

4.1   It is proposed that Members consider and note the terms of the Audit Scotland report.

4.2   In terms of South Ayrshire Council's own arrangements, it should be noted that:

   4.2.1   The IJB Medium Term Financial Forecast (MTFF) for 2024-28 will be presented to the IJB for review and approval on 15 May 2023.

   4.2.2   The MTFF includes local demographic information that impact on demand for services. In the years to 2028, the over 75 age group is expected to increase by 27.1%. The working age population is expected to decrease by 21.4%, compared to a Scotland average decrease of 3.3%. The latest Public Health Scotland publication reports the dependency ratio in South Ayrshire is 70%, compared to Scotland average of 58%.

   4.2.3   Due to the demographics in South Ayrshire from an ageing population and a reduction in the working age population, workforce pressures are the most significant challenge facing the IJB. The lack of workforce capacity particularly within care at home service is impacting on the ability to transfer people from hospital back into the community, resulting in higher delayed discharges in both Ayr Hospital and Biggart Hospital. This is despite investment in both commissioned services and inhouse services. The lack of workforce capacity has reduced availability of care at home hours by 35% since April 2021.

   4.2.4   The HSCP Workforce Plan 2022-2025 was approved by the IJB on the 12th of October 2022, the plan is aligned to the five pillars of the workforce journey included in the National Strategy for Health and Social Care in Scotland, namely Plan, Attract, Train, Employ and Nurture.

   4.2.5   The MTFF provides three scenarios best, mid and worst case forecasted financial gap for each financial year to 2028 based on assumptions included in the Scottish Governments Resource spending review alongside financial pressures from increasing costs and increase in demand from an ageing population.

   4.2.6   As at period 9, 31 December 2022, the IJB had General Reserves of £5.148m, this is 2.6% of the 2023-24 annual budget of £194.890m. The IJB's reserves policy is to maintain uncommitted general reserves at a minimum of 2 % of anticipated annual revenue expenditure.

   4.2.7   The IJB has approved transformation and improvement projects over the past three years, the most recent projects relate to pandemic recovery and temporary investments in community care to test new ways of working to mitigate against the workforce pressures and facilitate transfers into community-based services.

   4.2.8   The IJB's MTFF recommends next steps to take forward a longer-term savings plan for years to 2028, create at transformation and improvement fund from general reserves to enable redesign of services to ensure future financial sustainability.

5.   Legal and Procurement Implications

5.1   There are no legal implications arising from this report.

5.2   There are no procurement implications arising from this report.

6.   Financial Implications

6.1   Not applicable.

7.   Human Resources Implications

7.1   Not applicable.

8.   Risk

8.1   *Risk Implications of Adopting the Recommendations*

8.1.1   There are no risks associated with adopting the recommendations.

8.2   *Risk Implications of Rejecting the Recommendations*

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

9.   Equalities

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

10.   Sustainable Development Implications

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

11.   Options Appraisal

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

12.   Link to Council Plan

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

13.   Results of Consultation

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

13.2   Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and Councillor Lee Lyons, Portfolio Holder for Health and Social Care, and the contents of this report reflect any feedback provided.

Background Papers   **None**

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Date: 17 May 2023

Integration Joint Boards

Financial analysis 2021/22

ACCOUNTS COMMISSION

Contents

Further information about our work on Transforming health and social care in Scotland is available on the Audit Scotland website as well as the following outputs:

Health and social care integration: Update on progress
November 2018

What is integration? A short guide to the integration of health and social care services in Scotland
April 2018

Health and social care integration
December 2015

Key messages

IJB operating context

- IJBs face increasing demand – Scotland's population is ageing, with increasingly complex health and social care needs.

- The health and social care workforce is under extreme pressure, with continued recruitment and retention challenges.

- IJBs continue to deal with the impacts of Covid-19 on services.

- There remains considerable uncertainty about the planning and delivery of health and social care services whilst the Scottish Government develop plans to create a National Care Service (NCS).

IJB financial and service challenges

- IJBs face considerable financial uncertainties and workforce challenges.

  - Efficiency and transformational savings alone may be insufficient to meet future financial challenges. Significant transformation is needed to ensure financial sustainability and service improvements.

  - The social care sector cannot wait for a NCS to deal with financial, workforce and service demand challenges– action is needed now if we are to improve the outcomes for people who rely on health and social care services.

IJB finances 2021/22

- IJBs returned significant surpluses in 2021/22, mainly due to additional funding received late in the financial year for specific policy commitments, including Covid-19, as well as underspends on the cost of providing services.

- Total IJB reserves have doubled in 2021/22 to £1,262 million largely due to additional funding received late in the financial year for national policy commitments, including the response to Covid-19. Due to changes to future anticipated IJB Covid-19 spend, the Scottish Government are exploring options to recover around two thirds of Covid-19 related reserve balances held at the 2021/22 year end.

- The pandemic continued to impact on the delivery of IJB savings plans, with the Scottish Government providing specific financial support in 2021/22 to support unachieved savings on a non-recurring basis. This typically means that these savings have to be achieved in future years. It is essential that comprehensive plans are in place, demonstrating how IJBs will achieve recurring savings and support required service transformation.

Medium- and longer-term outlook

- IJBs have a projected funding gap of £124 million for 2022/23. Fourteen per cent of the 2022/23 projected funding gap is anticipated to be bridged by drawing on reserves, with other savings delivered on a non-recurring basis. Savings options had not been identified for 28 per cent of the gap. The identification and delivery of recurring savings and reducing reliance on using reserves to fund revenue expenditure is key to ensuring long-term financial sustainability.

- Three quarters of IJBs have recently updated their Medium Term Financial Plans (MTFPs). Doing so allows IJBs to respond more effectively to the long-term impacts of Covid-19, alongside increased cost pressures, including rising demand and inflation.

Introduction

1. This Accounts Commission report provides a high-level independent analysis of the financial performance of Integration Joint Boards (IJBs) during 2021/22 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for IJBs in 2022/23 and financial planning in the medium and longer terms. The IJB Financial Analysis forms one part of the Commission's wider programme of audit work on IJBs and health and social care integration.

2. IJBs were under significant pressure in 2021/22 – from increasing workforce challenges, the demand pressures of an ageing population and trying to address the disruption caused by Covid-19 on services. The pandemic increased the challenges facing IJBs already trying to respond to financial and demand pressures.

3. Alongside this, all IJBs are having to manage immense pressures on the health and social care workforce. Within social care services in 2021, there were around 208,360 people working across Scotland with a 30 per cent turnover of staff per year. The proportion of care services reporting vacancies increased by 11 per cent to 47 per cent in 2021.[1] The most common reasons for vacancies not being filled were too few applicants, and too few who were experienced and qualified. The effects of the pandemic exacerbated existing pressures on the workforce with low pay, antisocial hours and 'burnout' causing experienced staff to leave their posts.

4. Together with the Auditor General for Scotland and Audit Scotland, we have reported on the significant ongoing challenges which impact the delivery of health and social care services. Most recently, we highlighted this in our 2022 Social care briefing. This will continue to be a focus for our future work.

What is an Integration Joint Board?

5. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) is intended to ensure that health and social care services are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care. The reforms affect everyone who receives, delivers and plans health and care services in Scotland. The Act requires councils and NHS boards to work together in partnerships, known as Integration Authorities (IAs). There are 31 IAs, established through partnerships between the 14 territorial NHS boards and 32 councils in Scotland.

There were around 208,360 people working across social care services in Scotland in 2021.

The annual turnover of staff working in social care services was 30%.

Care services reporting staff vacancies increased by 11 per cent to 47 per cent in 2021.

[1] 'Staff vacancies in care services 2021' Scottish Social Services Council

6. As part of the Act, new bodies were created – Integration Joint Boards (IJBs). The IJB is a separate legal entity, responsible for the strategic planning and commissioning of the wide range of health and social care services across a partnership area. Of the 31 IAs in Scotland, 30 are IJBs and one area, Highland, follows a Lead Agency model. In Highland, the NHS board and council each lead integrated services. Clackmannanshire and Stirling councils have created a single IA with NHS Forth Valley.

Council

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

Accountable to: the electorate

IJB

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

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

NHS board

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

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

Service delivery

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

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

IJB accountable for overseeing the delivery of services

NHS board and council

Level of operational responsibility

IJB

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

7. IJBs provide a wide range of services to vulnerable members of the community. Each IJB differs in terms of the services they are responsible for and local needs and pressures. The Act sets out the services that are required to be delegated to the IJB as a minimum, with the largest areas including the governance, planning and resourcing of the following:

IJB largest service areas
👫 Adult and older people social work
🩺 General practitioner services
♿ Services for adults with physical disabilities
🌸 Mental Health services
💉 Drug and alcohol services
👫 Allied health professional services
➕ Pharmaceutical services

8. In some areas, partners have also integrated children's services, social work criminal justice services and some planned hospital services.

9. The budget split varies between IJBs and depends on what services have been delegated. Generally, two-thirds of budgets were for health-related services are provided by the NHS, with the remaining one-third relating to social care services provided by councils and a range of external providers. The exhibit below provides an illustrative example of what IJBs direct money to be spent on, by service:

Illustrative IJB spending	
Community Health Services	19%
Family Health Services	18%
GP prescribing	13%
Hospital and long term care	9%
Resource Transfer and other payments	9%
Adult placements	7%
Older people nursing and residential	6%
Homecare Services	5%
Adult Supported Living	3%
Children's Services	3%
Social Care fieldwork teams	3%
Older people residential and day care	2%
Adults Fife Wide	1%
Housing	0%
Social Care other	0%
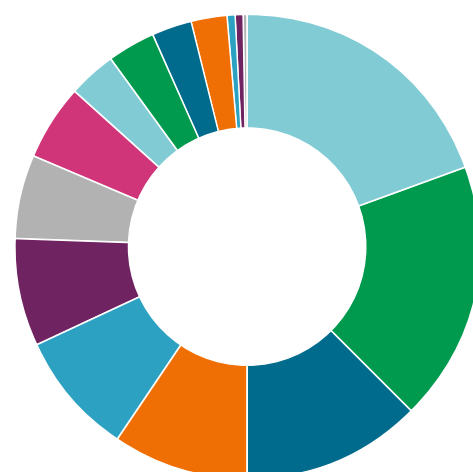
Source: Fife IJB revenue budget 2021 to 2024

Funding and expenditure

Overall funding to IJBs increased by seven per cent in 2021/22

10. Overall funding to IJBs in 2021/22 increased by £704 million in cash terms (or seven per cent) to £11.3 billion. The changes in funding included:

- contributions from councils increasing by two per cent from £2.8 billion to £3.0 billion

- NHS contributions increasing by eight per cent from £6.5 billion to £7.9 billion

- service income increasing from £0.3 billion to £0.5 billion.

11. Scottish Government Covid-19 funding was passed on to IJBs via the NHS, explaining the majority of this increase. The increase in the identified service income was largely due to an improved transparency in the way that this income was presented in the IJB accounts rather than an increase in the amount of service income received.

Over a third of Covid-19 funding received in 2021/22 was carried forward to 2022/23

12. IJBs received £960 million[2] of additional funding in year to support them in responding to Covid-19 related costs. Over a third (37 per cent) of Covid-19 related funding received in 2021/22 was carried forward in ringfenced reserves. This situation has arisen largely from the significant allocation of additional Scottish Government funding received towards the end of the financial year. There was initially an expectation that this would be used to fund ongoing Covid-19 related costs. A significant proportion of this funding is now anticipated to be recovered by the Scottish Government via reductions in the NHS funding allocation to IJBs. More information can be found in paragraph 21.

All IJBs recorded significant surplus positions in 2021/22 arising mainly from the receipt of additional ringfenced funding

13. All 30 IJBs reported a surplus position for 2021/22, totalling £679 million, representing seven per cent of the 2021/22 net cost of services. The overall surplus position arose from three main areas (Exhibit 1, page 10):

- Non-recurring Covid-19 funding in excess of in-year Covid-19 related expenditure accounted for 52 per cent of the cumulative surplus (three per cent of net cost of services).

IJBs received £960 million of additional funding in year to support them in responding to Covid-19 related costs.

[2] £1 billion, when including support for the Highland Lead Agency model.

- Non-recurring Scottish Government funding allocated for specific purposes accounted for 34 per cent of the cumulative surplus (two per cent of net cost of services).

- Underspends on the costs of providing services accounted for 14 per cent of the cumulative surplus (one per cent of net cost of services).

Most IJBs reported an underspend position on the costs of providing services

14. The net underspend position on the costs of providing services across IJBs was £93 million. IJBs reported that these underspends were driven largely by vacancies and staff turnover and pandemic-related reductions in service provision. Three IJBs reported an overspending on service budgets and these were funded largely through additional partner funding allocations.

Delivery of savings continues to be impacted by the pandemic

15. An analysis of a sample of 27 IJBs identified that three-fifths of total planned savings were achieved compared to just over half of planned savings being delivered in 2020/21. It was not possible to determine the proportion of savings that were delivered on a recurring basis as a result of management actions and what proportion related to one off non-recurring savings.

16. The achievement of savings varied significantly, ranging from zero to 100 per cent. Fourteen IJBs achieved over 75 per cent of their savings targets and four IJBs achieving all their required savings in full. Two IJBs either did not achieve any savings or had no savings target in place for the year (Exhibit 2, page 11).

17. Similarly to 2020/21, to reflect the impact of the pandemic on savings plans the Scottish Government provided IJBs with additional funding to cover the projected 2021/22 shortfalls in efficiency savings plans on a non-recurring basis. The total funding to cover this shortfall in 2021/22 was £41.2m. This will have contributed to the IJBs' overall year-end surplus position.

18. Savings delivered, or funded, on a non-recurring basis largely get carried forward to be achieved in future years. It is essential that comprehensive plans are put in place to demonstrate how IJBs intend to achieve ongoing saving requirements on a recurring basis and support required service transformation.
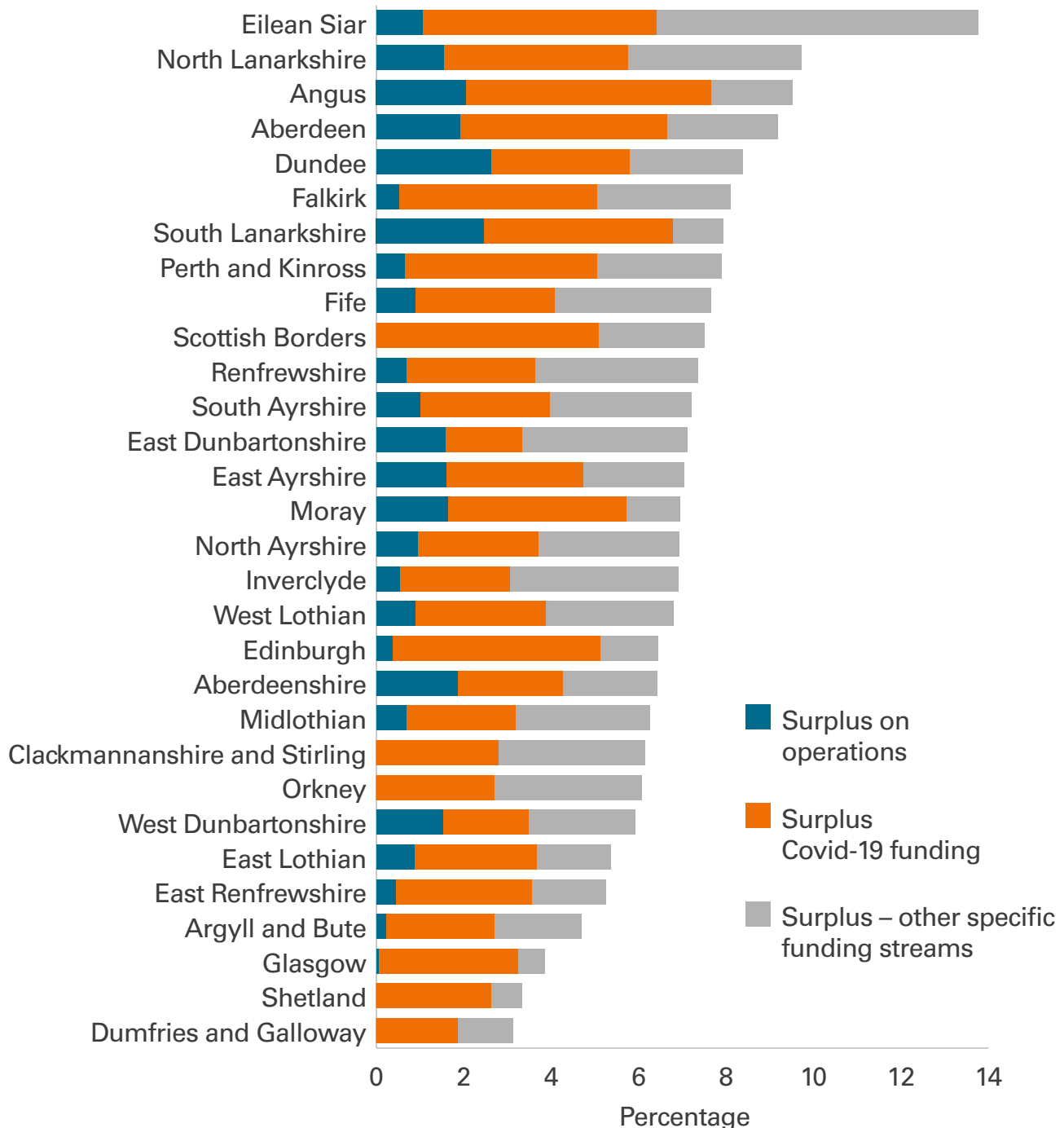
It is essential that comprehensive plans are put in place to demonstrate how IJBs intend to achieve ongoing saving requirements on a recurring basis.

Exhibit 1.
Surplus as a proportion of net cost of services
Most IJBs reported an underspend position on the costs of providing services.

Legend:
- Surplus on operations
- Surplus Covid-19 funding
- Surplus – other specific funding streams

X-axis: Percentage (0, 2, 4, 6, 8, 10, 12, 14)

Categories (top to bottom):
Eilean Siar, North Lanarkshire, Angus, Aberdeen, Dundee, Falkirk, South Lanarkshire, Perth and Kinross, Fife, Scottish Borders, Renfrewshire, South Ayrshire, East Dunbartonshire, East Ayrshire, Moray, North Ayrshire, Inverclyde, West Lothian, Edinburgh, Aberdeenshire, Midlothian, Clackmannanshire and Stirling, Orkney, West Dunbartonshire, East Lothian, East Renfrewshire, Argyll and Bute, Glasgow, Shetland, Dumfries and Galloway

Notes:
1. Dumfries and Galloway, Shetland and Scottish Borders recorded deficits on the costs of providing services, requiring additional contributions from partner bodies.
2. Orkney and Clackmannanshire/Stirling IJBs reported break-even on the costs of providing services.
3. For South Lanarkshire and Glasgow, where the operational surplus/deficit was not reported, the movement in unearmarked reserves was used instead.

Source: 2021/22 Audited Accounts, IJB 2021/22 Outturn reports

Exhibit 2.
2021/22 Savings performance
Three fifths of total planned savings were achieved compared to just over half of planned savings being delivered in 2020/21.
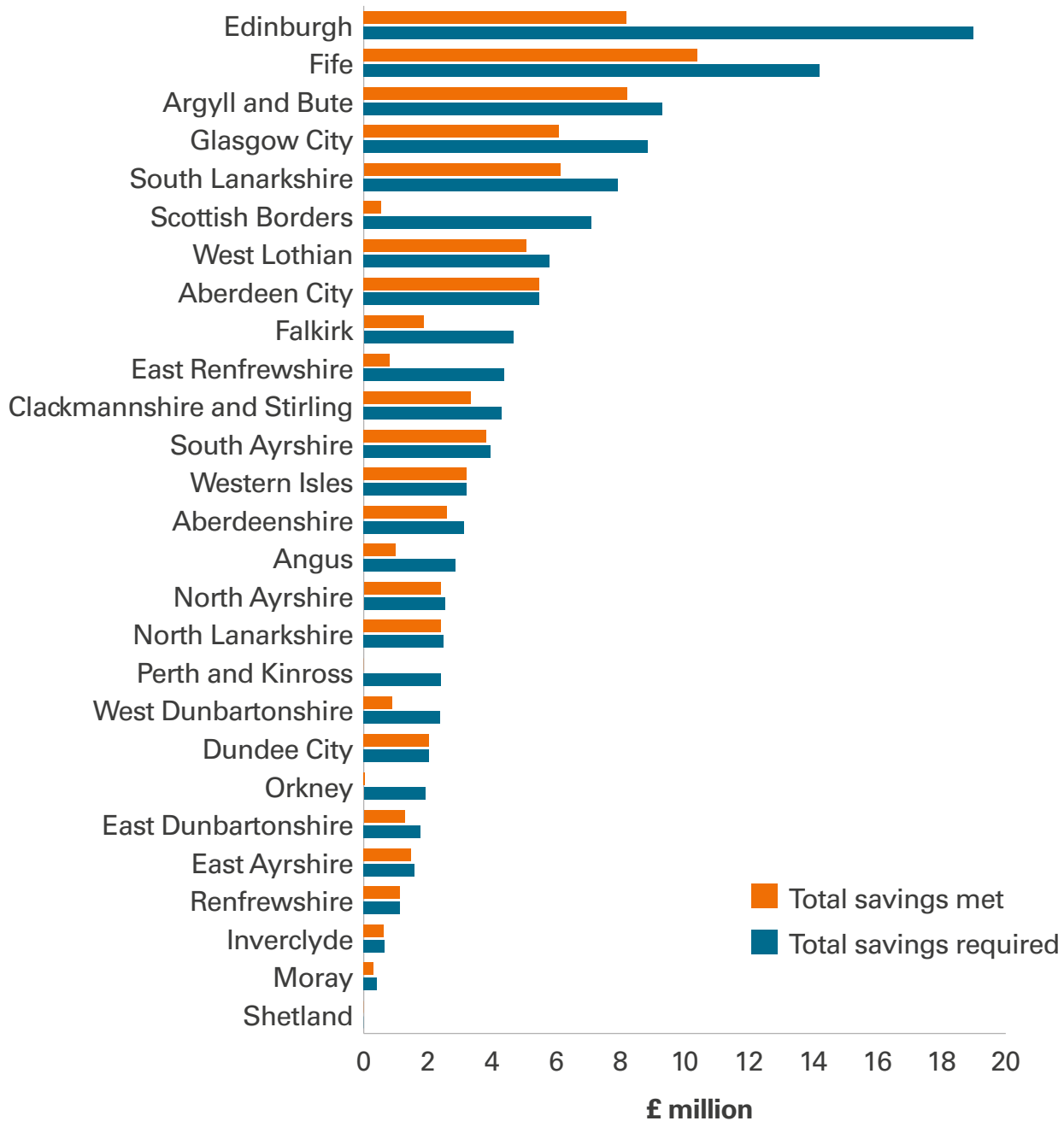
Notes:
1. In some cases savings met may include one-off compensating savings which were not part of the original planned savings.
2. For West Lothian, where the savings achieved have not been reported, the unmet savings have been set to the amount of gross Covid-19 savings funding received.
3. Dumfries and Galloway, East Lothian and Midlothian have been excluded as information on savings performance was not reported.

Source: 2021/22 Audited Accounts, IJB 2021/22 Outturn reports

Reserves

Total reserves held by IJBs have doubled to £1,262 million in 2021/22 largely due to additional funding received late in the financial year

19. In 2021/22, all IJBs recorded an increase in their level of reserves with the overall reserve balance increasing by £679 million (116 per cent) to £1,262 million. Total reserves held at the year-end now represented 12 per cent of the net cost of service. This represents almost an eightfold increase in reserves since the start of the pandemic.

20. Reserves largely consisted of four main areas (Exhibit 3, page 13), as follows:

- Covid-19 related reserves of £502 million (£152 million in 2020/21) representing all unspent funding received to support the impact of the pandemic on IJB services.

- Earmarked reserves of £426 million (£201 million in 2020/21) include a wide range of individual IJB specific reserves covering a number of areas, including reserves associated with winter planning and strategic/transformational change.

- Ringfenced reserves of £185 million (£115 million in 2020/21) to support Scottish Government national policy objectives. Examples include the Primary Care Improvement Fund, Mental Health Recovery and Renewal, Mental Health Action 15, Community Living Change Fund and Alcohol and Drug Partnership funding.

- Contingency reserves of £148 million (£112 million in 2020/21), representing reserves that have not been earmarked for a specific purpose. These reserves are used to mitigate the financial impact of unforeseen circumstances.

The Scottish Government is exploring options to recover around two-thirds of 2021/22 year-end Covid-19 related reserve balances

21. The Scottish Government wrote to IJBs in late 2022 highlighting that significant changes to Public Health policies have resulted in the profile of Covid-19 spending decreasing significantly. In response to this reduction in anticipated spending, the Scottish Government confirmed in January 2023 that they planned to recover £321 million (64 per cent) of Covid-19 related reserves held by IJBs at the end of 2021/22. This would have the impact of reducing the total year-end reserves position to £941 million.

22. It is anticipated that there will be engagement with the IJB Chief Finance Officers in April 2023 to determine any adjustments required around Covid-19 related expenditure incurred during the remainder of 2022/23.
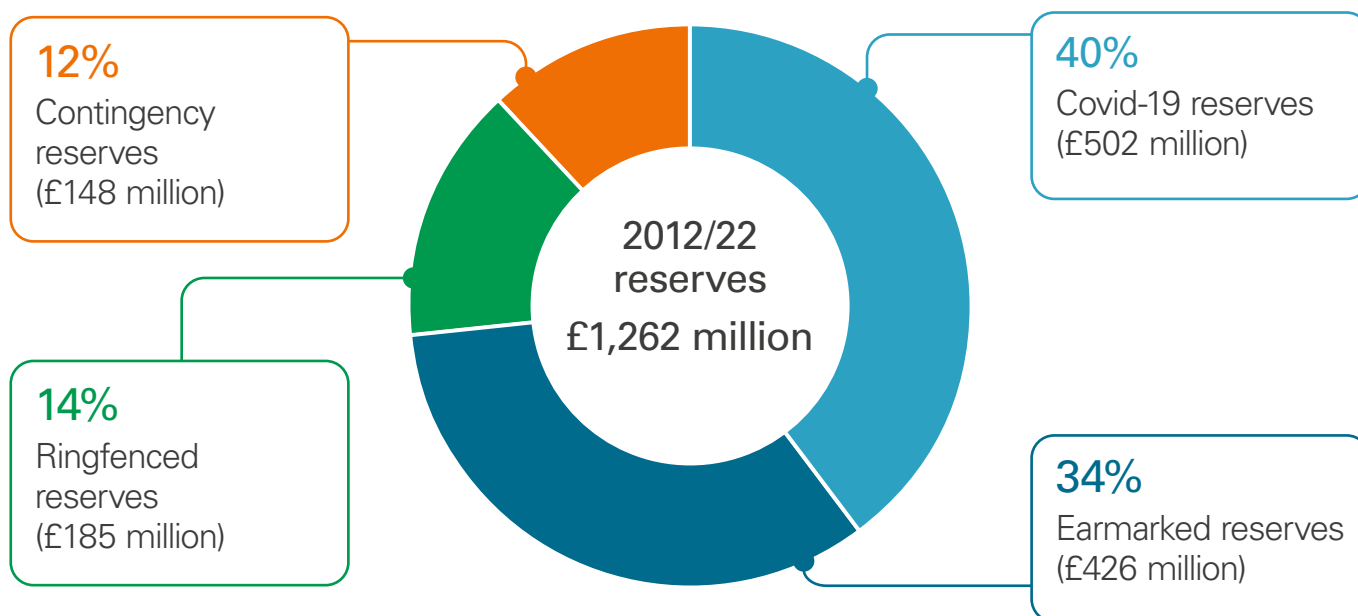
The Scottish Government plans to recover £321 million (64 per cent) of Covid-19 related reserves held by IJBs.

Exhibit 3.
2021/22 reserves
Total reserves held by IJBs have doubled to £1,262 million in 2021/22 largely due to additional funding for Covid-19 and other specific purposes received late in the financial year.

12%
Contingency reserves
(£148 million)

40%
Covid-19 reserves
(£502 million)

**2012/22 reserves
£1,262 million**

14%
Ringfenced reserves
(£185 million)

34%
Earmarked reserves
(£426 million)

Source: 2021/22 Audited Accounts, IJB 2021/22 Outturn reports

Contingency reserves now represent a fifth of the total year-end reserves balance once Covid-19 related balances have been excluded
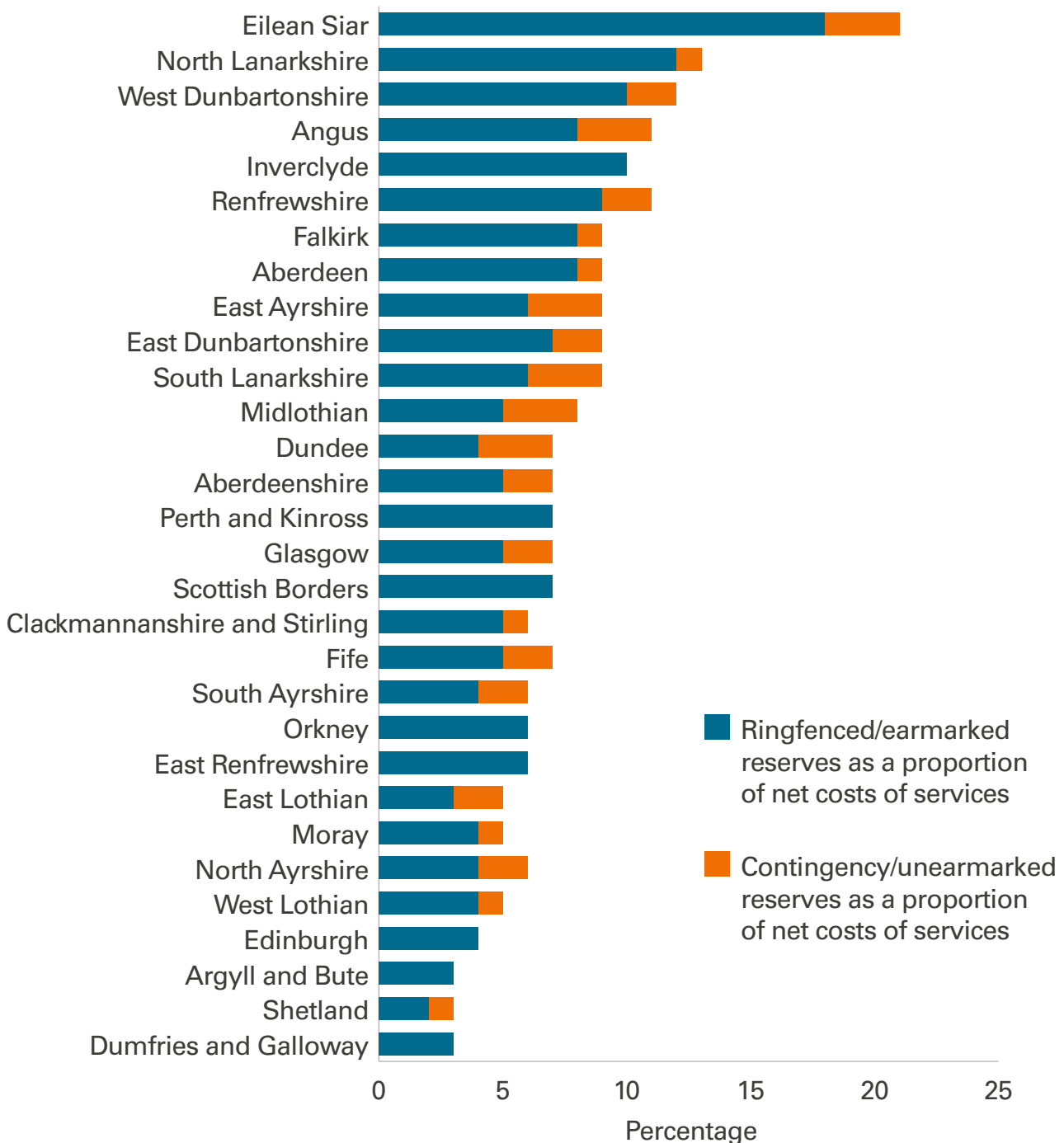
23. Once Covid-19 related reserves are excluded, 19 per cent of reserves were classified as contingency reserves, increasing from 16 per cent in 2020/21. Individual proportions ranged from zero to 43 per cent, with 14 IJBs having contingency reserves representing over 20 per cent of individual IJB total reserves.

24. Contingency reserves are levels of uncommitted funds used to mitigate against the impact of unanticipated events or emergencies. It is considered prudent for IJBs to have access to a level of contingency funds, especially during periods of increased financial uncertainty, and levels will be determined by each individual IJB depending on their circumstances. The level of uncommitted contingency funds held by each IJB will vary depending on individual IJB reserve policy. From a review of a sample of IJB reserve policies, IJBs were determining that a contingent reserve level of around two per cent of annual budgeted expenditure was prudent. Across the IJBs, contingency reserves as a proportion of net cost of services, ranged from zero per cent and three per cent; 27 per cent of IJBs had contingency reserve levels of between two and three per cent of net cost of services. For 43 per cent of IJBs, the level was either less than one per cent or zero .

Exhibit 4.
2021/22 year-end IJB reserves as a proportion of the net cost of services (excluding Covid-19 reserves)
Almost half of all IJBs had contingency reserve levels of less than one per cent of net cost of services.

Legend:
- Ringfenced/earmarked reserves as a proportion of net costs of services
- Contingency/unearmarked reserves as a proportion of net costs of services

X-axis: Percentage (0, 5, 10, 15, 20, 25)

Categories (top to bottom): Eilean Siar, North Lanarkshire, West Dunbartonshire, Angus, Inverclyde, Renfrewshire, Falkirk, Aberdeen, East Ayrshire, East Dunbartonshire, South Lanarkshire, Midlothian, Dundee, Aberdeenshire, Perth and Kinross, Glasgow, Scottish Borders, Clackmannanshire and Stirling, Fife, South Ayrshire, Orkney, East Renfrewshire, East Lothian, Moray, North Ayrshire, West Lothian, Edinburgh, Argyll and Bute, Shetland, Dumfries and Galloway

Source: 2021/22 Audited Accounts

Financial outlook

Most IJBs agreed a balanced 2022/23 budget with partners before the start of the financial year

25. IJBs have a requirement to agree their budgets by 31 March each year. For 2022/23, 23 of the 30 IJBs agreed a balanced budget before the start of the financial year. Delays in the agreement of savings plans and NHS partner funding were the most common reasons for balanced budgets not being agreed at the start of the financial year.

The 2022/23 projected funding gap was £124 million, down from £151 million in 2021/22

26. IJB annual accounts and budget papers identified an overall funding gap of £124 million for 2022/23. This is down from the £151 million funding gap in 2021/22. Individual funding gaps, as a proportion of the net cost of services, ranged from zero per cent to six per cent in Eilean Siar (Exhibit 5, page 16).

27. Of the total funding gap, 57 per cent (72 per cent in 2021/22) is anticipated to be met by identified savings, 15 per cent from the use of reserves, with actions yet to be identified to bridge the remaining gap (Exhibit 6, page 17).

A third of the 2022/23 projected funding gap is anticipated to be bridged on a non-recurring basis

28. The use of reserves makes up 14 per cent of plans to bridge the funding gap. The identified savings also includes a proportion of non-recurring savings. There was a significant proportion of the funding gap that had yet to have planned action agreed at the time of budget setting. The increased reliance on non-recurring sources of income is not sustainable in the medium to long term. The identification and delivery of recurring savings and a reduced reliance on drawing from reserves to fund revenue expenditure will be key to ensuring long-term financial sustainability (Exhibit 6, page 17).

29. From a review of 2021/22 Annual Audit Reports, auditors reported that future funding gaps are unlikely to be addressed through efficiency and transformation savings alone. The scale of the challenges faced by IJBs means that services will need to change if they are to be sustainable in the future. IJBs will need to work with partners to develop revised financial strategies to ensure that they remain financially sustainable.

IJBs will need to work with partners to develop revised financial strategies to ensure that they remain financially sustainable.

Exhibit 5.

2022/23 IJB funding gap, excluding Covid-19 related costs, as proportion of 2021/22 net cost of services

IJB annual accounts and budget papers identified an overall funding gap of £124 million for 2022/23, down from £151 million funding gap in 2021/22. Individual funding gaps, as a proportion of the net cost of services, ranged from zero to six per cent.

£124m

Overall funding gap in 2022/23

Percentage
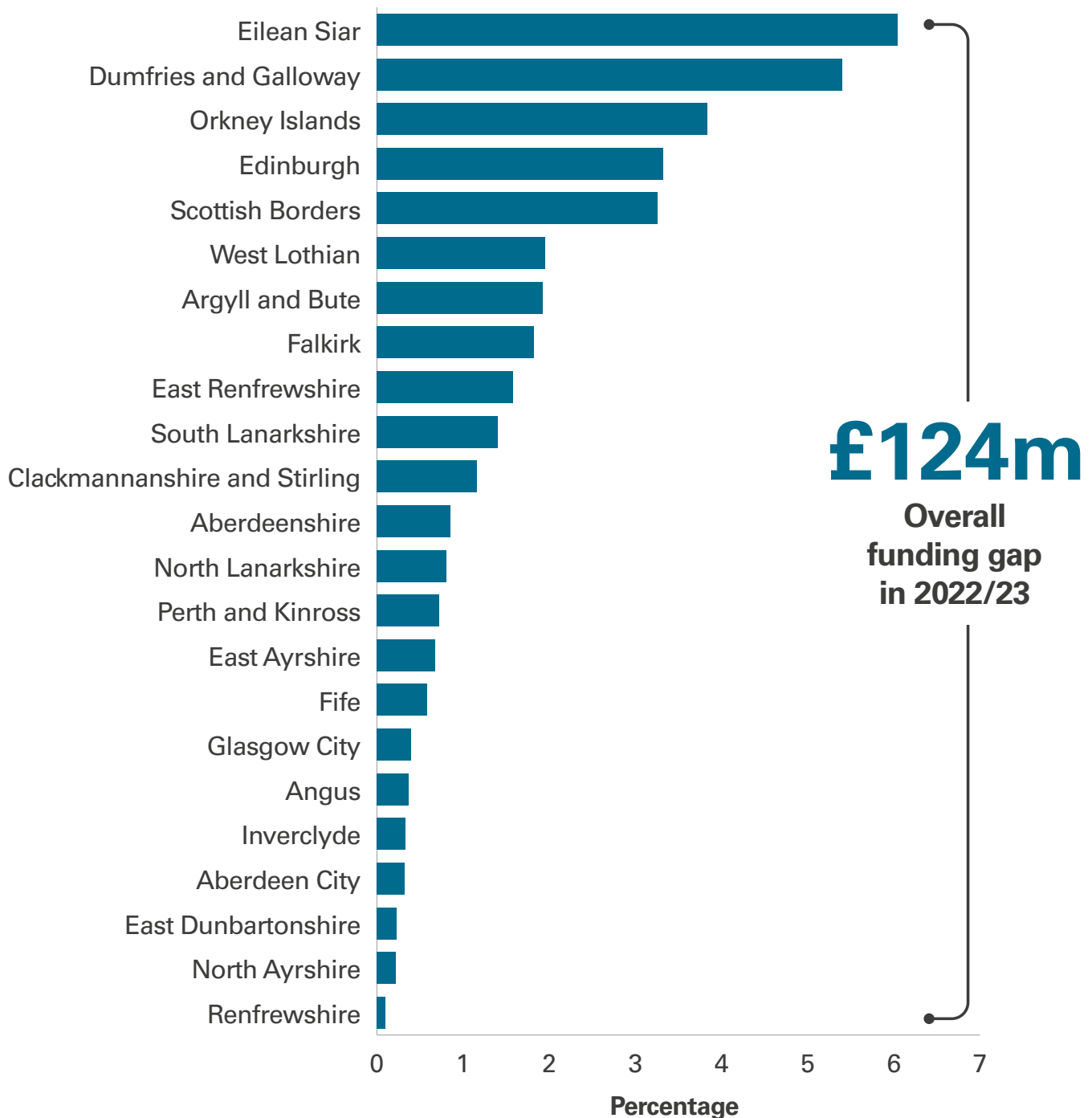
Notes:
1. Seven IJBs report no funding gap for 2022/23.
2. In some cases it was not clear from reports whether unachieved savings brought forward were included in the 2022/23 funding gap.

Source: 2021/22 Audited Accounts, IJB 2021/22 Outturn reports, IJB MTFPs

Exhibit 6.
2021/22 IJB funding gap planned action
The use of non-recurring reserves makes up 14 per cent of plans to bridge the funding gap.
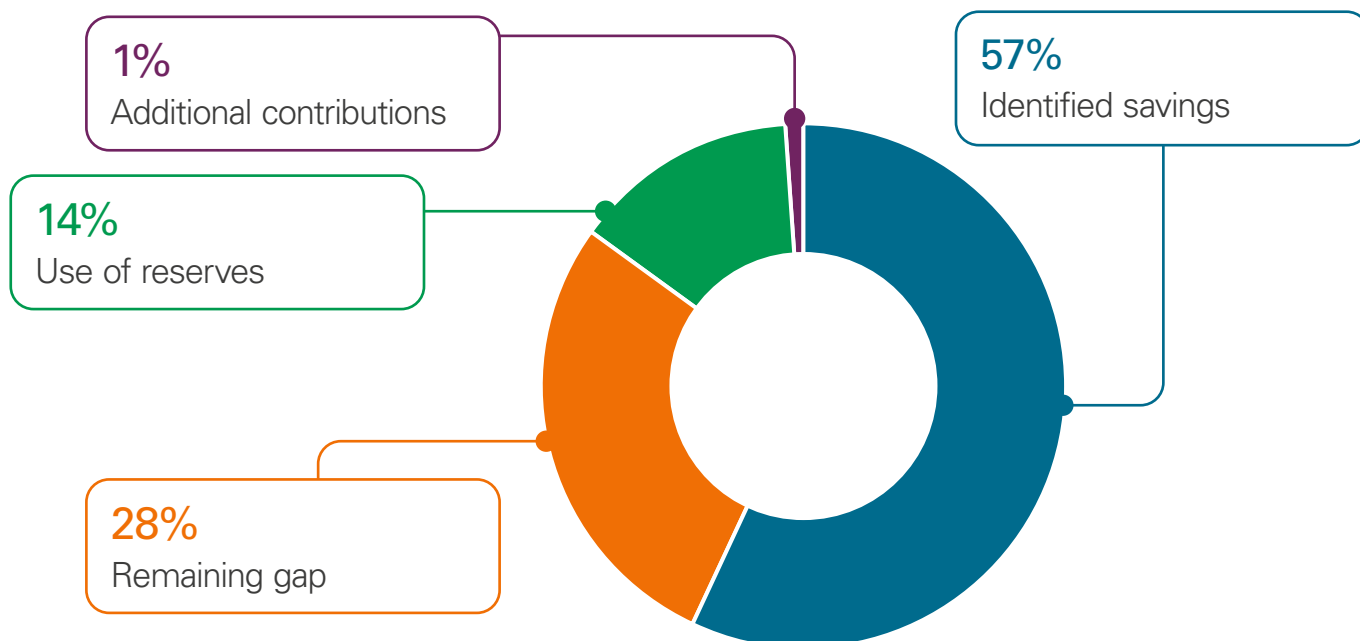
1%
Additional contributions

57%
Identified savings

14%
Use of reserves

28%
Remaining gap

Note: It was not clear from reports the proportion of savings that were planned to be delivered on a recurring or non-recurring basis.

Source: 2021/22 Audited Accounts, IJB 2021/22 Outturn reports, IJB MTFPs

Three-quarters of IJBs have revised their medium-term financial plans (MTFP) since 2022

30. Twenty-three IJBs have a MTFP in place that has been updated since 2022, whereas five IJBs do not currently have a MTFP in place. The impact of Covid-19 and the current levels of financial uncertainty was cited as a reason for the delays in developing or updating MTFPs. It is important that IJBs revise their MTFPs to allow them to respond effectively to the long-term impacts of Covid-19 and increased cost pressures, including rising demand and inflation.

31. Some examples of the anticipated funding gaps over the period 2022/23 to 2024/25 included:

- Glasgow anticipating a funding gap of £60 million representing four per cent of their 2021/22 net cost of services

- Renfrewshire anticipating a funding gap between £37 million to £48 million representing 11–15 per cent of their 2021/22 net cost of services

- Eilean Siar anticipating a funding gap of £7 million representing 11 per cent of their 2021/22 net cost of services.

It is important that IJBs revise their MTFPs to respond effectively to the long-term impacts of Covid-19 and increased cost pressures.

32. Common cost pressures and challenges raised in MTFPs included:

- inflationary pressures impacting the cost of providing service
- increasing complexity of care
- staff shortages and difficulty in recruiting leading to increased locum and agency bank costs
- meeting climate change commitments
- uncertainties around the long-term impact of Covid-19 on frailty and its potential impact on demand for services.

Seven IJBs reported a change of Chief Officer or Chief Finance Officer in 2021/22 and instability of leadership continues to be a challenge

33. Seven IJBs reported a change in a senior officer role in 2021/22 compared to changes at 12 IJBs reported in 2019/20. Although this represents an improvement on the 2019/20 position, instability of leadership continues to be a challenge and has the potential to contribute to delays in strategic planning and issues with workforce planning.

34. With the council elections in May 2022, membership of IJBs will have been subject to change. Structured programmes of induction for new members will help ensure they have the skills and knowledge to provide a high standard of scrutiny and decision-making.

IJBs face considerable challenges and uncertainties and significant and long-term transformation is required to ensure they have the organisational and financial capacity to ensure high quality services in the longer term

35. Auditors reported that efficiency and transformational savings alone may be insufficient to meet future financial challenges and that significant and long-term transformation will be needed to ensure financial sustainability. IJBs are facing a range of significant challenges and uncertainties, including:

- level and terms of future funding settlements
- recruitment and retention difficulties, both internally and with external providers
- rising demand, including demographic challenges of an ageing population
- cost of living crisis and inflationary pressures
- ongoing impact of Covid-19
- potential financial implications of the creation of a National Care Service (NCS).

36. The National Care Service (Scotland) Bill (the Bill) was introduced in June 2022, with the policy objective of improving quality and consistency of social services in Scotland. The Scottish Government published a Financial Memorandum to accompany the Bill. This sets out that total estimated cost ranges of the Bill will be £24–36 million in 2022/23, increasing to £241–527 million by 2026/27. Our view, as set out in our NCS Bill – Call for Evidence document is that the potential costs summarised in the financial memorandum are likely to significantly understate the margin on uncertainty and range of potential costs of establishing the NCS.

37. Stage One of the Bill was due to be completed in March 2023 but has been postponed until 30 June. This will allow the Scottish Government time to respond to some of the points raised through the parliamentary scrutiny process to date. The Scottish Parliament's Finance and Public Administration Committee published a report on the Financial Memorandum in December 2022, where it raised significant concerns in relation to costing estimates. The committee has requested that the Scottish Government revises the Financial Memorandum, updating financial costing estimates. The Scottish Parliament's Delegated Powers and Law Reform Committee published its report stating that it does not believe the Bill should progress in its current form. It is concerned that there is currently insufficient detail in the Bill documents to allow for meaningful parliamentary scrutiny.

38. The sector cannot wait for a NCS to deal with the huge challenges it faces and action is needed now. These challenges will have been exacerbated by the further pressures on Scotland's public finances from rising demand and inflation, as set out in our report Scotland's public finances: Challenges and risks. In particular, recent demand pressures, as well as the cost of living crisis has put real pressure on both the demand for services, and the provision of these services – notably the workforce. Recovery from the pandemic is having an ongoing impact, with increasing levels of unmet need having a real impact on the outcomes for individuals.

39. A measure of success for any reforms will be to ensure that a preventative, person-centred approach, as set out by Christie ten years ago, is embedded to improve outcomes and reduce inequalities. To do so, it will be essential that appropriate funding is put in place to deliver on these ambitions.

40. Further information about our work on Transforming health and social care in Scotland is available on the Audit Scotland website as well as the following outputs:

- What is integration? A short guide to the integration of health and social care services in Scotland (2018)

- Health and social care integration (2015)

- Health and social care integration: Update on progress (2018)

Integration Joint Boards
Financial analysis 2021/22

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:
www.audit-scotland.gov.uk/accessibility

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AUDIT SCOTLAND

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

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

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

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

1. Policy details

Policy Title	Audit Scotland: Integration Joint Boards – Financial Analysis 2021/22
Lead Officer (Name/Position/Email)	Tim Baulk, Head of Finance, ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

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

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

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

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

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

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

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

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

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)	~~YES~~ NO
Rationale for decision: **This report advises Members of the findings of the report by Audit Scotland. Their decision on this has no specific equality implications**	
Signed : Tim Baulk **Head of Service** **Date:** 5 May 2023	

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Audit and Governance Panel
of 31 May 2023**

Subject: Audit Scotland: Resourcing the Benefit Service - A Thematic Study

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1. **Purpose**

1.1 The purpose of this report is to advise the Panel of the Audit Scotland report 'Resourcing the Benefit Service - A Thematic Study'.

2. **Recommendation**

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

   2.1.1 **considers the findings outlined in the Audit Scotland report 'Resourcing the Benefit Service - A Thematic Study' (attached as Appendix 1); and**

   2.1.2 **notes the local arrangements in place at paragraph 4.3.**

3. **Background**

3.1 In February 2023, Audit Scotland published a report entitled 'Resourcing the Benefit Service - A Thematic Study'. The key messages as summarised in the report are as follows:

   3.1.1 In response to the introduction of Universal Credit in 2013, and the subsequent reduction in Housing Benefit caseloads, most councils expanded the remit of the benefit service to carry out other financial assessments.

   3.1.2 It is vital that councils have sufficient resources within the benefit service to manage increased workloads and staff absences, to ensure that the service is delivered efficiently and effectively. Customers are often in urgent need of financial support and avoidable delays in claims processing can seriously impact their ability to support their household and sustain their tenancy.

   3.1.3 In 2021/22, a third of councils operated the benefit service with a staff deficit of ten per cent or more, when compared to the full-time equivalent (FTE) complement. Although overall benefit service staffing levels have been falling since 2019/20, the majority of councils are retaining suitably experienced staff.

3.1.4 Since 2020/21, when the benefit service was being delivered remotely following Scottish Government Covid-19 guidance, most councils experienced a reduction in short-term sick leave. Despite this, in 2021/22, benefit service sickness levels in the majority of Scottish councils exceeded the 2021 UK average of 2.2 per cent.

3.1.5 Some councils were disproportionately affected by increased workloads arising from processing Covid-19 support payments. When comparing workloads per average FTE staff member, the differences between councils are significant.

3.1.6 Councils do not record sufficient information to understand the impact of call handling and personal callers on benefit service staff.

3.1.7 Flexible location working is now prevalent for benefit service staff and correlates with a reduction in short term sick leave, but also a decline in Speed of Processing performance.

3.1.8 Improvements to service delivery and customer experience are being identified from the use of innovative and new technologies such as robotics and automation.

3.2 Recommendations as summarised in the report are as follows:

3.2.1 Where the benefit service is operating below complement, councils should investigate the reasons for this and seek to address the shortfall, with a view to improving service delivery and claims processing performance.

3.2.2 Councils should investigate the reasons for sickness absence levels that are above the national average and have sufficient contingency arrangements in place to manage unexpected staff shortages.

3.2.3 To ensure that benefit services are delivering an optimum level of performance, management should regularly review flexible location working arrangements to determine the impact on claims processing performance and service delivery.

3.2.4 When benefit services are primarily responsible for call handling and/or dealing with personal callers, complete and accurate data should be recorded to allow management to assess the impact on resources and the time taken to process Housing Benefit claims.

4.   Proposals

4.1 It is proposed that Members consider and note the terms of the Audit Scotland report.

4.2 It should be noted that, whilst Audit Scotland had requested staffing structures from all Councils, these have not been included in the thematic study making it difficult to compare performance across Councils on a like for like basis. The Benefit team in South Ayrshire deliver a range of services which may not be replicated in other Council's and so staffing levels will differ depending on the duties and roles undertaken within the service in each council.

4.3 In terms of South Ayrshire Council's own arrangements, it should be noted that:

4.3.1   Prior to the Covid-19 pandemic in order to address issues around the national welfare reform agenda a phased review of Benefits Services had commenced, with Phase 2 including a revised staffing structure approved by the Leadership Panel of 15 February 2022. The new structure has now been fully implemented and will ensure adequate resources are in place to deliver robust benefits services for our customers. (Benefit staff are responsible for delivering Housing Benefit, Council Tax Reduction, Free School Meals, Clothing Grants, Crisis Grants, Community Care Grants and Discretionary Housing Payments. During the pandemic they also administered Self Isolation Support Grants which came to an end on 5 Jan 2023).

4.3.2   Short term absence has improved in the period since Working From Home (WFH) was introduced. The majority of Benefits Services staff are now Hybrid workers attending the office for around 40% of their working week. All absences are managed in accordance with the Council's Maximising Attendance at Work Policy.

4.3.3   The Councils Future Operating Model considered a range of options post Covid and this resulted in most of Benefits Service staff being designated as Hybrid workers. The staff generally attend the office 2 days per week, where a 'village' approach has been implemented ensuring that staff attend the office with colleagues from within their relevant team alongside their Team Supervisor to allow for ongoing training, support and development. New staff are office based 5 days per week whilst initial training is delivered. It should be noted that Speed of Processing times can fluctuate during the year; at the end of December 2022 new claims were being processed in 13 days with changes processed in 5 days.

4.3.4   Face to face services were suspended during the pandemic with enquiries shifting to telephone, email and online forms. Face to face appointments are now available by appointment as required. All telephone calls are now directed to Benefit Services staff for response for both Benefits processing and Scottish Welfare Fund and the relevant call statistics are maintained.

5.   **Legal and Procurement Implications**

5.1   There are no legal implications arising from this report.

5.2   There are no procurement implications arising from this report.

6.   **Financial Implications**

6.1   Not applicable.

7.   **Human Resources Implications**

7.1   Not applicable.

8.   **Risk**

8.1   *Risk Implications of Adopting the Recommendations*

8.1.1   There are no risks associated with adopting the recommendations.

8.2   *Risk Implications of Rejecting the Recommendations*

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

9.   Equalities

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

10.   Sustainable Development Implications

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

11.   Options Appraisal

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

12.   Link to Council Plan

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

13.   Results of Consultation

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

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

Background Papers   None

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Date: 17 May 2023

Resourcing the benefit service

A thematic study

ACCOUNTS COMMISSION

Contents

Key messages

1. In response to the introduction of Universal Credit in 2013, and the subsequent reduction in Housing Benefit caseloads, most councils expanded the remit of the benefit service to carry out other financial assessments.

2. It is vital that councils have sufficient resources within the benefit service to manage increased workloads and staff absences, to ensure that the service is delivered efficiently and effectively. Customers are often in urgent need of financial support and avoidable delays in claims processing can seriously impact their ability to support their household and sustain their tenancy.

3. In 2021/22, a third of councils operated the benefit service with a staff deficit of ten per cent or more, when compared to the full-time equivalent (FTE) complement. Although overall benefit service staffing levels have been falling since 2019/20, the majority of councils are retaining suitably experienced staff.

4. Since 2020/21, when the benefit service was being delivered remotely following Scottish Government Covid-19 guidance, most councils experienced a reduction in short-term sick leave. Despite this, in 2021/22, benefit service sickness levels in the majority of Scottish councils exceeded the 2021 UK average of 2.2 per cent.

5. Some councils were disproportionately affected by increased workloads arising from processing Covid-19 support payments. When comparing workloads per average FTE staff member, the differences between councils are significant.

6. Councils do not record sufficient information to understand the impact of call handling and personal callers on benefit service staff.

7. Flexible location working is now prevalent for benefit service staff and correlates with a reduction in short term sick leave, but also a decline in Speed of Processing performance.

8. Improvements to service delivery and customer experience are being identified from the use of innovative and new technologies such as robotics and automation.

About this report

1. Since the Department for Work and Pensions (DWP) introduced Universal Credit in 2013, there have been many changes to councils' benefit services. As more claims for housing costs were processed by the DWP, to protect jobs and retain knowledge and expertise, most councils expanded the remit of the benefit service to carry out other financial assessments.

2. In some councils this additional work, including processing the Scottish Government's Covid-19 support schemes since 2020/21, has resulted in a significant increase in workload, placing extra pressures on the benefit service.

3. Resourcing the benefit service is key to understanding performance. In 2021/22, a third of councils operated the service with a staff deficit of ten per cent or more, when compared to the full-time equivalent complement.

4. With a focus on resourcing and the work of the benefit service in addition to Housing Benefit claims processing, this study aims to highlight and provide wider context on the impact on service delivery and performance levels.

5. All 32 Scottish councils were invited to participate in the study and 28 councils (88 per cent) engaged with us and completed the online questionnaire. Clackmannanshire Council, Comhairle Nan Eilean Siar, East Ayrshire Council, and The Highland Council did not participate.

6. The data and analysis in this report is based on questionnaire responses and has not been independently validated, except for claims processing performance and caseload information, which have been obtained from DWP published data.

7. We would like to thank all councils for their participation in the study and in particular officers from City of Edinburgh Council, Dundee City Council, Fife Council, Moray Council and Orkney Islands Council for their help in the development and review of the questionnaire.

Background

8. The Housing Benefit scheme helps customers pay their rent if they are unemployed, on a low income, or claiming benefits. It is administered by councils on behalf of the DWP. In 2021/22, over 260,000 people in Scotland were in receipt of Housing Benefit and Scottish councils paid out more than £1.2 billion to assist some of the most vulnerable people in the community.

9. In October 2010, the UK Government announced that Universal Credit would replace and simplify the current welfare benefit system. This new benefit amalgamated six means-tested benefits, including Housing Benefit, into a single monthly payment. It was introduced by the DWP in 2013, with a planned full implementation date of 2018. However, there have been delays to the rollout, and the DWP now expects all households claiming legacy benefits and tax credits to have moved across to Universal Credit by the end of 2024.

10. The 2010 announcement was a catalyst for councils to re-evaluate their benefit service as Housing Benefit caseloads were predicted to decrease year-on-year. Many councils adapted the benefit service to protect existing jobs and expertise by expanding the remit to include other financial assessments, such as Free School Meals, School Clothing Grants, Education Maintenance Awards, and applications to the Scottish Welfare Fund.

11. Additionally, in response to the Covid-19 pandemic, the Scottish Government created national hardship schemes to support individuals and businesses. Many of these schemes, such as Self-isolation Support Payments and Low-income Pandemic Payments, were administered by councils utilising existing expertise within the benefit service to process applications.

12. Since 2011, the performance of a council's Housing Benefit service has primarily been assessed by Audit Scotland using the DWPs Speed of Processing performance indicator. This is the average number of days that councils take to process new claims and change events. The impact on claims processing performance, of additional workloads, resource levels and other activities carried out by benefit service staff have not previously been considered.

1. Workloads

Most benefit services carry out other assessments in addition to processing housing benefit claims

13. When considering councils' Speed of Processing performance, the DWP takes account of the average time (in days) to process new claims and change events to existing claims. Housing Benefit caseloads, caseload complexity, other workloads, and factors such as available staff resources are not considered.

14. However, in isolation, Speed of Processing performance is not always indicative of a council's overall relative performance. Many other factors can impact on claims processing times making it more challenging to directly compare councils' performance across Scotland. For example, in 2019/20, 15 of the 28 councils in our study (54 per cent) processed over 83,000 applications for assistance from the Scottish Welfare Fund in addition to processing Housing Benefit claims. Almost all Scottish councils (27 of the 28 who responded) carry out other assessments in addition to claims processing.

15. Exhibit 1 is an extract of the other types of assessment carried out by Scottish councils' benefit services in 2022/23. Full details are provided at Appendix 1.

Exhibit 1
Additional processing activities carried out by benefit services in 2022/23

Council	Additional processing activities
Aberdeenshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Money Advice, Blue Badge Scheme, Local Discretionary Scheme, Covid-19 Self-isolation Support Payments, Flexible Food Fund (10)
Angus	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Free School Meals (Direct Payments), Cost of Living Award, Covid-19 Self-isolation Support Payments (10)

Council	Additional processing activities
Dumfries and Galloway	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (7)
Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
Scottish Borders	Free School Meals, Scottish Child Payment (Bridging Payment), Free School Meals (Direct Payments), School Clothing Grants (4)
West Lothian	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments, Free School Meals (Direct Payments), Winter Support Fund (10)

Source: Scottish councils

16. The number and type of additional processing activities carried out by councils varies significantly, illustrating the difficulty in directly comparing Housing Benefit claims processing performance based solely on the DWP's Speed of Processing indicator. Although some benefit services have a wider remit than others, additional factors also need to be considered, including:

- the resources available to the service, including staff absences and experience levels

- caseloads and the complexity of each claim type

- other activities undertaken, for example, call handling and dealing with personal callers.

17. These are discussed in more detail in the following sections.

2. Resources

18. The assessment of Housing Benefit claims is a complex process that requires staff to work across multiple systems and have a detailed understanding of the relevant legislation.

19. The addition of new workstreams in response to the introduction of Universal Credit meant that councils invested in training to enable staff to process these applications efficiently and effectively. In doing so, councils have increased the level of knowledge and expertise among benefit service staff, protected jobs, and enabled the delivery of a more generic and robust service, as staff are able to work across multiple disciplines.

Overall benefit service staffing levels have been falling since 2019/20

20. We asked councils to provide data on the number of full-time equivalent (FTE) staff that were in post at the beginning of each financial year from 2019/20 to 2022/23. This is captured in Exhibit 2 and shows staffing levels decreasing year-on-year, equating to an overall 9.6 per cent reduction during the period.

Exhibit 2
Benefit service FTE staffing levels 2019/20 – 2022/23 (28 councils)

Year	Number of staff	Change
2019/20	1,137	-
2020/21	1,102	↓ -3.1 per cent
2021/22	1,054	↓ -4.4 per cent
2022/23	1,028	↓ -2.5 per cent

Source: Scottish councils

21. Over the same period there has been a 26 per cent reduction in the Housing Benefit caseload suggesting that benefit service diversification into other financial assessments has helped retain staff. This is borne out at an operational level, with 25 of the 28 councils (89 per cent) in our study having more staff in post than the equivalent represented by the caseload reduction.

22. However, there remains a significant variation in FTE staff levels across Scotland, with Aberdeen City Council reporting a decrease of 38 per cent, while Dumfries and Galloway Council reported an increase of 31 per cent during the period.

23. Exhibit 3 details the ten councils that have had the greatest reduction in the number of FTE staff in post between April 2019 and April 2022. A full breakdown of benefit service staffing levels is provided at Appendix 2.

Exhibit 3
Reduction in FTE staff in post between April 2019 and April 2022

Council	FTE in post April 2019	FTE in post April 2022	Change (number)	Change (per cent)
Aberdeen City	45.31	28.05	-17.26	-38.1
City of Edinburgh	99.00	87.00	-12.00	-12.1
Dundee City	59.20	51.53	-7.67	-13.0
Fife	56.00	44.00	-12.00	-21.4
Inverclyde	15.63	11.57	-4.06	-26.0
North Ayrshire	27.90	24.20	-3.70	-13.3
Renfrewshire	56.95	41.88	-15.07	-26.5
South Ayrshire	51.00	41.00	-10.00	-19.6
West Dunbartonshire	14.50	11.50	-3.00	-20.7
West Lothian	39.66	30.54	-9.12	-23.0

Source: Scottish councils

24. Although the number of FTE staff in post is indicative of the resources that were available to the benefit service each year, to establish how many vacancies the service operated with, we asked councils to also provide the total number of staff in the benefit service structure (FTE complement).

25. Exhibit 4 details the number of vacancies each year from 2019/20 to 2022/23 (at 31 July), for the 23 councils that provided full data. This is based on the average of the number of FTE staff that were in post at the beginning and end of each year, compared to the FTE complement at the beginning of the year.

26. Data in red and bold indicates that the council operated the benefit service with a vacancy rate of ten per cent or more below FTE complement.

Exhibit 4
Benefit service FTE vacancies 2019/20 to 2022/23 (at 31 July) (23 councils)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	3.11	**6.35**	**6.32**	**9.32**
Aberdeenshire	5.90	5.00	2.00	1.00
Angus	0.75	0.50	0.00	-1.00
Argyll and Bute	0.25	0.50	0.75	0.35
Dundee City	4.25	**8.29**	**7.65**	**8.70**
East Dunbartonshire	0.00	0.00	1.00	1.00
East Renfrewshire	1.00	0.00	0.50	**2.00**
Falkirk	1.50	1.80	3.07	**3.54**
Fife	2.25	3.75	0.00	0.00
Glasgow	-0.65	4.30	3.29	3.15
Inverclyde	**3.61**	**3.01**	**2.67**	0.79
Moray	0.00	0.75	1.60	**2.50**
North Ayrshire	1.20	1.55	0.50	1.00
North Lanarkshire	2.32	2.82	2.82	**7.82**
Orkney Islands	**0.90**	0.40	**0.90**	**1.40**
Perth and Kinross	0.00	0.75	0.25	0.50
Renfrewshire	3.85	0.57	**4.70**	**5.60**
Scottish Borders	**3.00**	**2.25**	**2.00**	**2.00**
Shetland Islands	0.15	0.29	0.58	0.00
South Ayrshire	4.25	3.25	4.00	4.50
South Lanarkshire	**15.50**	6.82	4.38	6.68

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
West Dunbartonshire	0.00	1.00	0.50	0.25
West Lothian	9.28	0.71	0.21	0.21

Source: Scottish councils

27. The table above shows that 18 of the 23 councils (78 per cent) in 2019/20 carried vacancies and operated the benefit service at between 0.9 per cent (Argyll and Bute) and 27 per cent (Scottish Borders) below FTE complement.

28. This trend continued in 2020/21, 2021/22 and 2022/23 with over 87 per cent of councils managing vacancies each year. Of note, are Aberdeen City Council, Dundee City Council, and Scottish Borders Council who have been operating with a staff deficit of more than ten per cent for the last three years. This illustrates that councils are experiencing difficulty recruiting and maintaining benefit service staff levels at the agreed complement.

Recommendation 1

Where the benefit service is operating below complement, councils should investigate the reasons for this and seek to address the shortfall, with a view to improving service delivery and claims processing performance.

The majority of councils are retaining suitably experienced staff

29. Councils told us that a new benefit officer would require approximately 18 months of training and support to have sufficient knowledge and experience to work independently. Therefore, it could be expected that benefit services with a greater proportion of experienced officers (>18 months) would perform better than a service with more inexperienced staff that required support to process claims.

30. We asked councils to provide data on the number of staff within the benefit service that met this criterion. More than half of the council's (15 of the 25 that provided the required data) commenced 2022/23 with a fully experienced benefit service. In contrast, Renfrewshire Council's benefit service with 24 per cent of staff considered inexperienced had a decline in new claims processing performance in quarter one of 2022/23, from an average of 21 days to an average of 39 days.

31. Although the decline in Renfrewshire Council's performance correlates with a high level of inexperienced benefit service staff, to confirm this is a contributory factor, further investigation would be required. It is illustrative of the need to consider all aspects of the benefit service when assessing Speed of Processing performance.

In 2021/22, a third of councils operated the benefit service with a staff deficit of ten per cent or more when compared to the FTE complement, but this is an improvement on the 2019/20 position

32. Although staff levels and staff experience can be considered contributory factors to the performance of a benefit service, the most significant factor that can affect a council's Speed of Processing performance is the availability of staff during the year.

33. While forward planning and contingency arrangements can be used to manage known absences, such as annual leave or parental leave, unexpected absences are more challenging. For example, bereavement leave, compassionate leave and, during the Covid-19 pandemic, staff with family commitments being required to self-isolate.

34. We asked councils to provide staff absence data for the period 2019/20 to 2022/23 (at 31 July). Full data was provided for 21 out of the 28 councils (75 per cent). Exhibit 5 details the average percentage of FTE benefit service staff that were available (excluding annual leave) during this period.

35. Staff levels are based on the average number of FTE staff in post at the beginning and end of each financial year, and data in red and bold indicates councils that operated with a staff deficit of ten per cent or more.

Exhibit 5
Benefit service average FTE staff levels for the period 2019/20 to 2022/23 (at 31 July)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeenshire	**78%**	**80%**	**89%**	95%
Angus	99%	99%	99%	99%
Argyll and Bute	**79%**	93%	**82%**	92%
City of Edinburgh	**73%**	95%	96%	98%
Dundee City	**87%**	95%	92%	97%
East Dunbartonshire	**78%**	94%	94%	98%
East Renfrewshire	**84%**	97%	92%	92%
Fife	**79%**	94%	93%	97%
Glasgow City	**85%**	**90%**	95%	98%
Inverclyde	**69%**	91%	**84%**	95%

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Moray	**75%**	95%	98%	99%
North Lanarkshire	**76%**	95%	91%	98%
Orkney Islands	**72%**	95%	**76%**	100%
Perth and Kinross	**80%**	99%	98%	99%
Renfrewshire	91%	95%	**87%**	93%
Scottish Borders	**85%**	99%	96%	99%
Shetland Islands	**74%**	96%	97%	99%
South Ayrshire	**79%**	94%	91%	98%
South Lanarkshire	**72%**	91%	**89%**	98%
Stirling	**81%**	94%	99%	99%
West Lothian	**74%**	94%	**85%**	98%
Scottish average	80%	94%	92%	97%

Source: Scottish councils

36. 2021/22 was a particularly challenging year with a third of councils operating the benefit service with a staff deficit of ten per cent or more, when compared to the FTE complement. There are varying experiences across Scottish councils with particular pressures evident for Argyll and Bute Council, Inverclyde Council, Orkney Islands Council and West Lothian Council.

37. For example, in 2021/22, East Dunbartonshire Council and Inverclyde Council experienced a similar decline in new claims processing performance of an average of four days. In this instance, based on new claims processing times, both councils have delivered the same level of performance. However, when factoring in available resources, Inverclyde Council performed better, as it delivered the same level of performance as East Dunbartonshire Council with ten per cent less staff.

38. Although the picture for 2022/23 appears more positive, the data was for the period to 31 July 2022 due to the timing of our fieldwork. It is therefore unclear whether the improving picture was maintained.

In 2021/22, benefit service sickness levels in most Scottish councils exceeded the 2021 UK average

39. There are many reasons that staff levels fluctuate throughout the year. Staff leave the service, new staff are appointed, sick leave and parental leave are all events that must be managed effectively to maintain a good level of service.

40. We analysed the reasons for staff absences in 2021/22 and found that sickness absence, including leave attributed to Covid-19, accounted for most staff absences during the year. Exhibit 6 details the level of sickness absence for the 25 councils that provided full data, as a percentage of the total number of available workdays (excluding annual leave) in 2021/22.

41. This table shows that sickness absence levels in 20 of the 25 councils (80 per cent) in our study were greater than the UK average of 2.2 per cent, as reported in the Office of National Statistics sickness absence report 2021.

Exhibit 6
Sickness absence as a percentage of available workdays in 2021/22

Council	Total available workdays	Sickness absence (days)	Percentage of available workdays
Aberdeen City	7,169	225	**3%**
Aberdeenshire	14,024	1,084	**8%**
Argyll and Bute	5,756	448	**8%**
City of Edinburgh	19,886	618	**3%**
Dundee City	11,674	620	**5%**
East Dunbartonshire	5,564	195	**4%**
East Lothian	4,294	102	2%
East Renfrewshire	3,693	253	**7%**
Falkirk	6,616	412	**6%**
Fife	9,724	442	**5%**
Glasgow City	33,181	1,395	**4%**
Inverclyde	2,436	198	**8%**
Midlothian	4,561	80	2%

Council	Total available workdays	Sickness absence (days)	Percentage of available workdays
Moray	3,976	62	2%
North Lanarkshire	9,393	778	**8%**
Orkney Islands	745	166	**22%**
Perth and Kinross	4,733	62	1%
Renfrewshire	9,755	800	**8%**
Scottish Borders	1,992	79	**4%**
Shetland Islands	1,272	36	**3%**
South Ayrshire	9,212	534	**6%**
South Lanarkshire	21,250	1,365	**6%**
Stirling	5,179	28	1%
West Dunbartonshire	2,572	280	**11%**
West Lothian	6,720	501	**7%**

Source: Scottish councils

42. Of particular concern is that sickness absence levels in 14 of the 25 councils (56 per cent) was greater than twice the United Kingdom average. Despite this, four councils reported that they did not recruit any additional staff in 2021/22 to help the benefit service manage these absences.

43. Of these, South Lanarkshire Council was able to maintain new claims processing times in 2021/22. However, Fife Council, Inverclyde Council, and Orkney Islands Council saw a decline in performance of an average of twelve days, four days, and two days respectively.

44. Councils should aim to maintain staff resources throughout the year as close as possible to the FTE complement to ensure that the benefit service delivers a good level of service to customers.

Recommendation 2

Councils should investigate the reasons for sickness absence levels that are above the national average and have sufficient contingency arrangements in place to manage unexpected staff shortages.

45. When building a profile of each council's benefit service, taking account of available resources can provide an important insight into the potential reasons for under-performance, and is a key factor when assessing Speed of Processing performance. Therefore, it is essential that councils maintain an accurate and complete record of staff absences and can be proactive in responding to any increasing trends.

Flexible location working is now prevalent for benefit service staff and correlates with a reduction in short term sick leave, but also a decline in Speed of Processing performance

46. Prior to the Covid-19 pandemic, most councils' benefit services were delivered by office-based staff. However, in 2020/21, following Scottish Government advice, councils closed their offices to the general public and transitioned to delivering the benefit service remotely. Although some councils experienced initial difficulties, staff adapted quickly to remote working.

47. In 2021/22, as pandemic restrictions eased, some benefit service staff returned to office-based working, however, homeworking or hybrid working arrangements continued for the majority of staff.

48. To illustrate the increase in flexible location working arrangements, Exhibit 7 details the percentage of office, hybrid, and homeworkers in 2019/20 and in 2022/23 (at 31 July) for the 27 councils that provided full data.

Exhibit 7
Comparison of flexible location working arrangements in council benefit services between 2019/20 and 2022/23 (at 31 July) (27 councils)

Council	2019/20			2022/23 (at 31 July)		
	Office-based	Hybrid-working	Home-working	Office-based	Hybrid-working	Home-working
Aberdeen City	94%	6%	0%	26%	74%	0%
Aberdeenshire	100%	0%	0%	0%	100%	0%
Angus	85%	6%	9%	3%	0%	97%
Argyll and Bute	100%	0%	0%	3%	0%	97%
City of Edinburgh	54%	0%	46%	4%	41%	55%
Dundee City	84%	0%	16%	0%	82%	18%
East Dunbartonshire	100%	0%	0%	14%	86%	0%
East Lothian	95%	5%	0%	0%	0%	100%

Council	2019/20			2022/23 (at 31 July)		
	Office-based	Hybrid-working	Home-working	Office-based	Hybrid-working	Home-working
East Renfrewshire	100%	0%	0%	0%	100%	0%
Falkirk	100%	0%	0%	0%	100%	0%
Fife	75%	0%	25%	25%	50%	25%
Glasgow	99%	0%	1%	4%	96%	0%
Inverclyde	64%	0%	36%	0%	39%	61%
Midlothian	86%	0%	14%	0%	85%	15%
Moray	75%	25%	0%	15%	60%	25%
North Ayrshire	100%	0%	0%	0%	100%	0%
North Lanarkshire	100%	0%	0%	0%	78%	22%
Orkney Islands	100%	0%	0%	23%	77%	0%
Perth and Kinross	100%	0%	0%	0%	100%	0%
Renfrewshire	95%	0%	5%	0%	95%	5%
Scottish Borders	100%	0%	0%	0%	100%	0%
Shetland Islands	100%	0%	0%	13%	87%	0%
South Ayrshire	100%	0%	0%	4%	96%	0%
South Lanarkshire	100%	0%	0%	0%	100%	0%
Stirling	100%	0%	0%	16%	0%	84%
West Dunbartonshire	100%	0%	0%	0%	100%	0%
West Lothian	100%	0%	0%	8%	92%	0%

Source: Scottish Councils

49. The table above shows that in 2022/23 all 27 councils that provided full data had continued with flexible location working arrangements that were in place in 2020/21, as a result of the Covid-19 pandemic. Although the ratio of homeworkers and hybrid workers has varied, the ratio of office-based staff has universally declined since 2019/20, with only three councils, Aberdeen City Council, Fife Council, and Orkney Islands Council operating with more than 20 per cent of FTE office-based staff in 2022/23.

50. For many councils flexible location working is relatively new, however a benefit of these arrangements for some councils has been a reduction in short-term sick leave. Exhibit 8 shows short-term sick leave in 2019/20, when most FTE staff were office-based, and in 2020/21 and 2021/22, when most FTE staff were working flexibly, for the 24 councils (86 per cent) that provided data.

Exhibit 8
Change in short-term sick leave from 2019/20 to 2021/22 (24 councils)

Council	Short-term sick leave (days) 2019/20	Short-term sick leave (days) 2020/21	Short-term sick leave (days) 2021/22
Aberdeenshire	275	231 ↓	347 ↑
Angus	44	40 ↓	20 ↓
Argyll and Bute	46	47 ↑	78 ↑
City of Edinburgh	730	560 ↓	163 ↓
Dundee City	219	97 ↓	250 ↑
East Dunbartonshire	83	33 ↓	44 ↑
East Renfrewshire	51	31 ↓	24 ↓
Falkirk	375	145 ↓	216 ↑
Fife	199	184 ↓	157 ↓
Glasgow	772	385 ↓	384 ↓
Inverclyde	57	73 ↑	29 ↓
Midlothian	93	66 ↓	80 ↑
Moray	102	30 ↓	24 ↓
North Lanarkshire	354	118 ↓	195 ↑

Council	Short-term sick leave (days) 2019/20	Short-term sick leave (days) 2020/21	Short-term sick leave (days) 2021/22
Orkney Islands	32	40 ↑	7 ↓
Perth and Kinross	124	41 ↓	32 ↓
Renfrewshire	5	151 ↑	286 ↑
Scottish Borders	16	23 ↑	28 ↑
Shetland Islands	77	50 ↓	36 ↓
South Ayrshire	279	92 ↓	62 ↓
South Lanarkshire	464	348 ↓	227 ↓
Stirling	63	12 ↓	28 ↑
West Dunbartonshire	43	52 ↑	137 ↑
West Lothian	135	116 ↓	186 ↑

Source: Scottish Councils

51. The table above shows that, when compared to 2019/20, 18 of the 24 councils (75 per cent) saw a reduction in short-term sick leave in 2020/21 of between minus eight per cent (Fife Council) and minus 81 per cent (Stirling Council). In 2021/22, 12 of the 24 councils (50 per cent) saw a continued reduction in short-term sick leave of between minus 15 per cent (Fife Council) and minus 83 per cent (Orkney Islands Council), when compared to 2020/21.

52. In total, ten councils experienced a year-on-year reduction in short-term sick leave since remote working was universally introduced in 2020/21, as a result of the Scottish Government's Covid-19 pandemic arrangements.

53. A reduction in short-term sick leave is a positive outcome for councils. However, to determine the effectiveness of flexible location working on claims processing times, we compared Speed of Processing performance in 2019/20 and in 2022/23 (at 30 June).

54. Exhibit 9 shows the percentage of office-based staff in 2019/20 and in 2022/23 (at 31 July) compared to councils' relative Speed of Processing performance for new claims and change events in 2019/20 and at the end of quarter one of 2022/23 (at 30 June).

Exhibit 9
Comparison of flexible location working arrangements and Speed of Processing performance between 2019/20 and 2022/23 (27 councils)

Council	Office-based staff 2019/20	Office-based staff 2022/23	New claims 2019/20 (days)	New claims 2022/23 (days)	Change events 2019/20 (days)	Change events 2022/23 (days)
Aberdeen City	94%	26%	17	38 ↑	6	10 ↑
Aberdeenshire	100%	0%	22	25 ↑	5	10 ↑
Angus	85%	3%	13	21 ↑	3	8 ↑
Argyll and Bute	100%	3%	20	33 ↑	4	10 ↑
City of Edinburgh	54%	4%	17	13 ↓	6	7 ↑
Dundee City	84%	0%	11	13 ↑	3	4 ↑
East Dunbartonshire	100%	14%	20	22 ↑	5	5 ↔
East Lothian	95%	0%	22	30 ↑	3	10 ↑
East Renfrewshire	100%	0%	23	12 ↓	3	5 ↑
Falkirk	100%	0%	13	17 ↑	4	8 ↑
Fife	75%	25%	14	18 ↑	3	4 ↑
Glasgow	99%	4%	14	17 ↑	4	6 ↑
Inverclyde	64%	0%	14	20 ↑	3	4 ↑
Midlothian	86%	0%	20	64 ↑	7	13 ↑
Moray	75%	15%	20	18 ↓	4	5 ↑
North Ayrshire	100%	0%	12	20 ↑	3	5 ↑
North Lanarkshire	100%	0%	16	13 ↓	5	5 ↔
Orkney Islands	100%	23%	20	37 ↑	3	8 ↑
Perth and Kinross	100%	0%	15	17 ↑	3	6 ↑
Renfrewshire	95%	0%	18	39 ↑	4	10 ↑

Council	Office-based staff 2019/20	Office-based staff 2022/23	New claims 2019/20 (days)	New claims 2022/23 (days)	Change events 2019/20 (days)	Change events 2022/23 (days)
Scottish Borders	100%	0%	14	20 ↑	6	8 ↑
Shetland Islands	100%	13%	23	14 ↓	4	6 ↑
South Ayrshire	100%	4%	13	14 ↑	3	8 ↑
South Lanarkshire	100%	0%	14	13 ↓	3	4 ↑
Stirling	100%	16%	16	28 ↑	3	8 ↑
West Dunbartonshire	100%	0%	24	25 ↑	5	4 ↓
West Lothian	100%	8%	14	16 ↑	3	4 ↑

Source: Scottish Councils and DWP

55. The table above shows that, in most councils, where there has been a reduction in FTE office-based staff, there has been a decline in new claims and change events processing performance. In 2022/23 (at 30 June), 21 of the 27 councils (78 per cent) experienced a decline in new claims processing performance, 24 of the 27 councils (89 per cent) experienced a decline in change events processing performance, and 19 of the 27 councils (70 per cent) experienced a decline in both new claims and change events processing performance, when compared to 2019/20.

56. Without further investigation we cannot determine that the decline in performance for these councils is a direct result of the decrease in FTE office-based staff. However, the analysis is concerning, and councils need to ensure that regular reviews of flexible location working arrangements are carried out to monitor performance and the impact on service delivery.

Recommendation 3

To ensure that benefit services are delivering an optimum level of performance, management should regularly review flexible location working arrangements to determine the impact on claims processing performance and service delivery.

3. Caseloads

57. Since Universal Credit was launched in 2013 benefit caseloads have decreased year-on-year as new claims for housing costs have been processed by the DWP. In Scotland, this has led to a 47 per cent reduction in the Housing Benefit caseload from April 2013 to July 2022.

58. Housing Benefit caseloads vary significantly across Scotland from approximately 600 at Shetland Islands Council, to approximately 53,000 at Glasgow City Council, as at April 2022. However, as detailed under Section 1: Workloads, claims processing is only part of the work carried out by benefit services that can affect Speed of Processing performance. Other key factors to consider include claim complexity and the caseloads attributed to other processing work.

Caseload complexity is a factor when considering Housing Benefit claims processing performance, but there is no clear correlation

59. There are several factors that can contribute towards the complexity of a council's benefit caseload. In this section we set out the caseload split by six distinct claim types, the reasons why some claims can be more complex, and an exhibit using DWP data showing the differences in caseload complexity across the 28 councils in our study, at April 2022.

60. To illustrate caseload complexity, Audit Scotland devised a ratio based on our experience of the different customer and tenure types for Housing Benefit claims. Exhibit 10 details each of the six claim types and the premise is that non-passported, private sector tenant and working age claims take on average twice as long (in days) to process and maintain than passported, social sector tenant and pension age claims.

61. The higher the complexity ratio, the potentially more complex the caseload and the longer it could be expected to take for councils to process these claims.

Exhibit 10
Description of Housing Benefit claim types

Claim type	Description
Passported	Individuals or households that are also in receipt of one or more of the following passported benefits are automatically entitled to Housing Benefit:

Claim type	Description
	• Income Support
	• Job Seekers Allowance (Income Based)
	• Guaranteed Pension Credit
	• Employment Support Allowance (Income Related)
	• Some Universal Credit claimants can also get Housing Benefit, and where this happens, they should be thought of as being passported.
	This type of claim is normally quicker to process as the customer's income has been verified by the DWP.
Non-passported	These claims often require the benefit service to verify the customer's income details which can result in the need to issue a request for further information. This can lead to further delays if the information is not returned timeously, or with full details.
Private rented sector	Customers in the private rented sector are required to provide additional information in support of their claim. For example:
	• copy of the tenancy agreement
	• proof of rental payments
	• proof of household address, for example, a recent electric bill.
	When not provided at the time of the claim, or the information provided is insufficient to assess the claim, the benefit service must contact the customer for further information.
Social rented sector	Customers living in social rented sector accommodation are not required to provide the same level of information as a private sector tenant in support of a claim, as this information can be available from other IT systems. Consequently, claims from this customer type, particularly those that are passported, can take less time to process than claims from customers in the private rented sector.
Pension age	Pension age customers are those over 66 years old, as they meet the criteria for a State Pension. Typically, claims of this type have fewer change events, as pension amounts are normally uprated annually.
Working age	Customers of working age are required to provide detailed information in support of their claim, and during the life of a claim can have numerous change events. For example, a wage increase, change of employment, or increased hours can lead to more intervention from the benefit service to verify the change than claims from customers of pension age.

Source: DWP

62. Exhibit 11 details each council's percentage of claims within the caseload that could be considered more complex, at 1 April 2022, and a complexity ratio derived from multiplying these percentages by an illustrative factor of 2.

Exhibit 11
Housing Benefit caseload by percentage of non-passported, private sector tenant and working age claims at 1 April 2022 (28 councils)

Council	Non-passported	Private sector tenant	Working age	Complexity Ratio
Aberdeen City	30%	10%	59%	1.98
Aberdeenshire	34%	16%	49%	1.98
Angus	29%	18%	50%	1.93
Argyll and Bute	25%	19%	49%	1.85
City of Edinburgh	30%	16%	69%	2.30
Dumfries and Galloway	25%	21%	50%	1.94
Dundee City	26%	16%	57%	1.97
East Dunbartonshire	29%	18%	56%	2.06
East Lothian	35%	11%	46%	1.84
East Renfrewshire	26%	22%	59%	2.16
Falkirk	26%	8%	52%	1.72
Fife	29%	14%	56%	1.97
Glasgow	21%	11%	63%	1.89
Inverclyde	24%	17%	51%	1.85
Midlothian	31%	12%	53%	1.91
Moray	30%	18%	51%	1.98
North Ayrshire	24%	17%	52%	1.86
North Lanarkshire	24%	11%	54%	1.77
Orkney Islands	26%	15%	55%	1.92
Perth and Kinross	27%	19%	49%	1.91

Council	Non-passported	Private sector tenant	Working age	Complexity Ratio
Renfrewshire	26%	14%	61%	2.02
Scottish Borders	33%	19%	48%	2.00
Shetland Islands	25%	3%	55%	1.68
South Ayrshire	30%	18%	55%	2.05
South Lanarkshire	25%	13%	54%	1.84
Stirling	27%	10%	54%	1.82
West Dunbartonshire	26%	8%	59%	1.87
West Lothian	28%	11%	58%	1.95

Source: DWP

63. The table above shows a wide-ranging complexity ratio of between 1.68 (Shetland Islands Council) and 2.30 (City of Edinburgh Council), which further illustrates that Speed of Processing performance based on case numbers alone is not an absolute approach.

64. When put into the context of claims processing, Exhibit 12 ranks each council's Speed of Processing performance for new claims for quarter 1 of 2022/23 and details the council's relative caseload complexity ratio, ranked from the least complex (1) to the most complex (28).

Exhibit 12
Housing Benefit Speed of Processing performance for 2022/23 at 30 June (28 councils)

Council	New claims processing (Average days)	Change events processing (Average days)	Complexity Ratio (Rank)
East Renfrewshire	12	5	2.16 (27)
Dundee City	13	4	1.97 (18)
South Lanarkshire	13	4	1.84 (5)
North Lanarkshire	13	5	1.77 (3)
City of Edinburgh	13	7	2.30 (28)

Council	New claims processing (Average days)	Change events processing (Average days)	Complexity Ratio (Rank)
Shetland Islands	14	6	1.68 (1)
South Ayrshire	14	8	2.05 (25)
West Lothian	16	4	1.95 (17)
Glasgow	17	6	1.89 (11)
Perth and Kinross	17	6	1.91 (12)
Falkirk	17	8	1.72 (2)
Fife	18	4	1.97 (18)
Moray	18	5	1.98 (20)
Inverclyde	20	4	1.85 (7)
North Ayrshire	20	5	1.86 (9)
Scottish Borders	20	8	2.00 (23)
Angus	21	8	1.93 (15)
East Dunbartonshire	22	5	2.06 (26)
West Dunbartonshire	25	4	1.87 (10)
Aberdeenshire	25	10	1.98 (20)
Stirling	28	8	1.82 (4)
East Lothian	30	10	1.84 (5)
Dumfries and Galloway	32	5	1.94 (16)
Argyll and Bute	33	10	1.85 (7)
Orkney Islands	37	8	1.92 (14)
Aberdeen City	38	10	1.98 (20)
Renfrewshire	39	10	2.02 (24)
Midlothian	64	13	1.91 (12)

Source: DWP

65. This table shows contrasting performance when looking at the complexity ratio in isolation. The council with the least complex caseload (Shetland Islands) performed 6th out of the 28 councils for new claims processing, while the council with the most complex caseload (City of Edinburgh) performed 5th, better than could be expected based on its caseload complexity ratio alone.

66. Although the complexity ratio is one example of a different approach to assessing the impact of a council's caseload when considering Speed of Processing performance, it highlights that some councils have more complex caseloads under management and that, in isolation, these are not directly comparable.

The increased caseload from processing other assessments impacts on councils' Speed of Processing performance

67. As detailed within Section 1: Workloads, many councils have adapted their benefit service to carry out other financial assessments as legacy Housing Benefit caseloads have reduced year-on-year. Despite accounting for a proportion of the service's resource, and potentially having an impact on the Speed of Processing indicator, this other work is not considered when assessing claims processing performance.

68. As with Housing Benefit claims, there are several factors that can impact on the resource available to deliver the benefit service's core Housing Benefit activities as a result of processing other assessment types. These are:

- the number of applications received

- the average time taken to process each application.

69. The average time taken to process each application type was not within the scope of this study. However, councils were asked to provide caseload data for each additional assessment type carried out from 2019/20 to 2022/23 (at 31 July).

70. Exhibit 13 details the total number of assessments carried out each year for the 25 councils (89 per cent) that provided full data and includes Housing Benefit/Council Tax Reduction new claims and additional workloads, including workloads arising from processing Covid-19 support grants from 2020/21 onwards.

71. The table excludes the number of Housing Benefit/Council Tax Reduction change events carried out as these include system generated changes recorded as taking one day and including them could skew the volume of work that benefit service staff carry out.

Exhibit 13
Total benefit service workload 2019/20 to 2022/23 (25 councils)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	9,820	32,049	17,689	5,724
Aberdeenshire	34,997	56,961	68,760	30,903
Angus	16,483	64,266	56,372	64,172
Argyll and Bute	7,110	7,527	16,917	2,871
City of Edinburgh	38,523	180,028	174,429	43,697
Dundee City	23,062	28,878	154,998	41,407
East Dunbartonshire	4,785	7,913	12,234	4,309
East Renfrewshire	2,968	4,460	14,583	1,976
Falkirk	17,604	32,055	51,241	18,947
Fife	43,277	121,455	114,397	39,126
Glasgow City	54,833	73,309	79,788	31,541
Inverclyde	3,585	6,076	13,401	10,785
Moray	9,442	13,351	23,118	7,429
North Ayrshire	8,586	11,066	11,168	4,209
North Lanarkshire	49,112	64,309	81,739	52,572
Orkney Islands	1,221	3,066	3,299	9,379
Perth and Kinross	3,012	5,693	4,264	1,628
Renfrewshire	33,624	35,745	42,932	12,675
Scottish Borders	6,436	17,348	16,136	9,432
Shetland Islands	1,229	1,032	1,207	645
South Ayrshire	18,543	21,536	33,884	11,641
South Lanarkshire	62,588	102,209	168,750	161,309
Stirling	6,655	13,932	28,916	12,379

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
West Dunbartonshire	15,126	15,626	26,601	11,890
West Lothian	42,921	72,892	102,655	44,284

Source: Scottish councils

72. The table above shows that Shetland Islands Council was the only council that did not experience an increase in benefit service workload in 2020/21. The average caseload increase was 89 per cent, ranging from minus 16 per cent (Shetland Islands) to 367 per cent (City of Edinburgh), with seven councils' caseloads more than doubling that of the previous year.

73. As the number of new Housing Benefit claims had decreased by approximately 11 per cent in 2020/21, to determine if the increased workload was a direct result of the first year of the Covid-19 pandemic, we calculated the percentage of Covid-19 support assessments carried out in 2020/21, relative to the overall workload.

74. In 13 of the 25 councils (52 per cent), Covid-19 support assessments accounted for less than ten per cent of the overall workload. However, in the other 12 councils (48 per cent) they accounted for between 17 per cent (North Lanarkshire, East Dunbartonshire) and 77 per cent (City of Edinburgh) of all assessments carried out.

75. This shows that some councils were disproportionately affected by Covid-19 pandemic related work. Our analysis found that six councils' benefit services did not process any Covid-19 support payments in 2020/21, and that 11 only processed one support payment. The remaining eight benefit services administered between two and six support schemes (City of Edinburgh Council). This would account, in part, for the disparity in increased workloads.

76. To provide a meaningful comparison of workloads across Scottish councils, Exhibit 14 below shows the number of assessments per average FTE officer for the period 2019/20 to 2022/23.

Exhibit 14
Number of assessments per FTE benefit service staff (average) for the period 2019/20 to 2022/23 (at 31 July)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	230	811	529	197
Aberdeenshire	613	982	1,127	498

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Angus	488	1,977	1,762	1,945
Argyll and Bute	264	282	652	116
City of Edinburgh	396	1,921	1,849	489
Dundee City	398	536	3,020	824
East Dunbartonshire	177	293	471	166
East Renfrewshire	187	264	889	133
Falkirk	536	985	1,639	615
Fife	805	2,544	2,600	889
Glasgow City	355	485	556	230
Inverclyde	254	510	1,158	953
Moray	490	722	1,274	412
North Ayrshire	313	425	452	174
North Lanarkshire	1,124	1,489	1,893	1,232
Orkney Islands	349	767	943	3,126
Perth and Kinross	126	245	192	76
Renfrewshire	610	672	1,012	318
Scottish Borders	805	1,983	1,793	1,048
Shetland Islands	195	167	205	110
South Ayrshire	373	471	807	281
South Lanarkshire	605	1,003	1,691	1,671
Stirling	261	576	1,228	546
West Dunbartonshire	1,043	1,157	2,217	1,012
West Lothian	1,240	2,426	3,361	1,450

Source: Scottish councils

77. When comparing workloads per average FTE staff member, the differences are significant. For example, in 2020/21, officers in Aberdeen City Council processed approximately 811 items of work, while officers in Fife Council processed 2,544 items of work during the year.

78. To illustrate the effect that workloads had on Speed of Processing performance in 2020/21, six of the seven councils (86 per cent) with a total workload increase of more than 100 per cent experienced a decline in new claims processing performance of between an average of one day (Stirling Council) and an average of nine days (Aberdeen City Council).

79. The volume of work per FTE officer further demonstrates the difficulty in comparing councils based solely on new claims and change events processing times. A more holistic approach, taking account of the factors detailed in this report, provides a better understanding of benefit service performance.

4. Call handling and personal callers

There is insufficient detail recorded on the time taken to deal with telephone calls and personal callers

80. Historically, benefit officers have been responsible for dealing with all aspects of a Housing Benefit claim, from receiving and assessing an application, to dealing with telephone enquiries and engaging with customers at public offices.

81. As council services have become more streamlined, front-line customer engagement has increasingly been carried out by customer services staff trained to deal with basic Housing Benefit enquiries. This approach was designed to provide benefit officers with more time to process claims.

82. To understand the effect that dealing with customers directly has on available processing resources, we asked councils to provide data where the benefit service was primarily responsible for answering benefit-related telephone calls and personally engaging with customers at council offices.

Call handling

83. In 13 of the 28 councils (46 per cent) in our study, benefit officers were responsible for dealing with telephone enquiries. However, only four councils (31 per cent) were able to provide full data for 2021/22 on the number of calls received and the average length of each call, as detailed in Exhibit 15 below.

Exhibit 15
Telephone calls handled by the benefit service in 2021/22

Council	Number of calls	Average length of call (seconds)	Total (hrs)	% of avg. FTE in post
Aberdeenshire	27,336	420	3,189	3.0%
East Dunbartonshire	26,456	362	2,660	6.4%
Orkney Islands	1,743	194	94	1.7%
Perth and Kinross	5,657	450	660	1.9%

Source: Scottish councils

84. The table above shows the impact on benefit service resources in councils that are responsible for handling telephone calls. For example, in 2021/22 the time taken to deal with telephone calls in East Dunbartonshire Council equated to approximately 1.5 FTE officers.

Personal callers

85. Where the benefit service was responsible for dealing with personal callers, ten of the 28 councils in our study (36 per cent) utilised benefit officers to carry out this work. However, only Falkirk Council was able to provide full data for 2021/22 on the time taken to manage this activity, as detailed in the Case study below.

Case study – Falkirk Council

In 2021/22, Falkirk Council's benefit service dealt with 1,218 personal callers, with an average visit of 14 minutes*. Proportionately, this equates to approximately 426 hours of benefit officer resource, or 0.8 per cent of the benefit service's average FTE staff during the year.

Source: Falkirk Council
* Council buildings re-opened to the public on 9 August 2021

86. Detailed information on resources, including non-processing time dealing with telephone calls and personal callers, is important when assessing the impact on the resource available to the benefit service to carry out core Housing Benefit claims processing activities.

87. It is disappointing that only four of the 13 councils (31 per cent) where the benefit service handled telephone calls, and only one of the ten councils (ten per cent) where the benefit service dealt with personal callers could provide full data for analysis.

88. Despite this, the limited data available does suggest that this aspect of the work of the benefit service is relevant when assessing Speed of Processing performance.

Recommendation 4

When benefit services are primarily responsible for call handling and/or dealing with personal callers, complete and accurate data should be recorded to allow management to assess the impact on resources and the time taken to process Housing Benefit claims.

5. Speed of processing

The work of the benefit service needs to be considered holistically to get a better understanding of performance

89. The average time taken to process new claims and change events, the Speed of Processing indicator, has been used by the DWP since 2011 as the key indicator of a council's claims processing performance, and is published quarterly on its website.

90. As detailed in this report, the indicator is used by Audit Scotland as part of its risk assessment process to identify councils suitable for a Housing Benefit performance audit.

91. Exhibit 16 details claim processing performance in Scotland from 2020/21 to 2022/23 (at 30 June) for new claims and change events.

Exhibit 16
New claims and change events processing performance for the period 2020/21 to 2022/23 (28 councils)

Council	New 2020/21	New 2021/22	New 2022/23 (at 30 June)	Changes 2020/21	Changes 2021/22	Changes 2022/23 (at 30 June)
Aberdeen City	26	18 ↓	38 ↑	5	8 ↑	10 ↑
Aberdeenshire	28	24 ↓	25 ↑	6	6 ↔	10 ↑
Angus	17	15 ↓	21 ↑	3	4 ↑	8 ↑
Argyll and Bute	20	25 ↑	33 ↑	3	5 ↑	10 ↑
City of Edinburgh	17	15 ↓	13 ↓	4	5 ↑	7 ↑
Dumfries and Galloway	16	21 ↑	32 ↑	2	3 ↑	5 ↑
Dundee City	12	13 ↑	13 ↔	2	3 ↑	4 ↑
East Dunbartonshire	15	19 ↑	22 ↑	4	4 ↔	5 ↑

Council	New 2020/21	New 2021/22	New 2022/23 (at 30 June)	Changes 2020/21	Changes 2021/22	Changes 2022/23 (at 30 June)
East Lothian	21	30 ↑	30 ↔	6	6 ↔	10 ↑
East Renfrewshire	*	43 ↑	12 ↓	*	23 ↑	5 ↓
Falkirk	14	12 ↓	17 ↑	4	4 ↔	8 ↑
Fife	20	32 ↑	18 ↓	3	5 ↑	4 ↓
Glasgow City	22	18 ↓	17 ↓	5	6 ↑	6 ↔
Inverclyde	11	15 ↑	20 ↑	2	2 ↔	4 ↑
Midlothian	20	36 ↑	64 ↑	5	12 ↑	13 ↑
Moray	20	19 ↓	18 ↓	3	4 ↑	5 ↑
North Ayrshire	12	13 ↑	20 ↑	2	3 ↑	5 ↑
North Lanarkshire	14	13 ↓	13 ↔	4	4 ↔	5 ↑
Orkney Islands	26	28 ↑	37 ↑	3	3 ↔	8 ↑
Perth and Kinross	15	17 ↑	17 ↔	3	4 ↑	6 ↑
Renfrewshire	16	21 ↑	39 ↑	4	7 ↑	10 ↑
Scottish Borders	18	18 ↔	20 ↑	5	5 ↔	8 ↑
Shetland Islands	*	15 ↑	14 ↓	4	4 ↔	6 ↑
South Ayrshire	13	13 ↔	14 ↑	2	3 ↑	8 ↑
South Lanarkshire	12	12 ↔	13 ↑	2	2 ↔	4 ↑
Stirling	17	25 ↑	28 ↑	3	4 ↑	8 ↑
West Dunbartonshire	19	25 ↑	25 ↔	3	4 ↑	4 ↔
West Lothian	11	13 ↑	16 ↑	3	3 ↔	4 ↑

Source: DWP
* Data not available.

92. When considering a council for a Housing Benefit performance audit in 2021/22, based on Speed of Processing performance alone, Audit Scotland would consider Fife Council and Midlothian Council, as these councils had the greatest decline in new claims processing performance. Based on the findings in this report, the inclusion of these other factors will help provide context around the causes for a decline in performance and help refine the Accounts Commission's approach to the Housing Benefit performance audit process.

93. A more holistic approach ensures that Housing Benefit performance audits are focused on specific reasons for under-performance and enables the Accounts Commission to understand and work in partnership with councils to learn lessons, share best practice and improve the customer experience.

Councils are being innovative and sharing areas of good practice to support wider improvement

94. As technology improves, benefit services are adopting new ways of working to deliver a more efficient and effective service. As part of this study, we asked councils to provide examples of good practice in managing resources that had helped deliver improvements to the delivery of the benefit service and the customer experience.

95. Our analysis of the responses found some common themes, including the use of automation to relieve the benefit service of recurring administrative tasks. Exhibit 17 highlights some areas of good practice reported by councils with full details provided at Appendix 3.

Exhibit 17
Examples of good practice employed by councils

Council	Description	Improvement
Aberdeenshire	**Customer call-back** - To manage the volume of calls to customer advisor teams, a call-back appointment system was created using Microsoft Bookings. This facilitated the booking of a 10-minute appointment for a general enquiry, or a 30-minute appointment with the benefit service if the customer needed help when applying for Housing Benefit/ Council Tax Reduction or a discretionary housing payment.	A reduction in the volume of calls being passed to the benefit service and improved customer expectations, as call backs were carried out within 24 hours, at a time suitable to the customer.

Council	Description	Improvement
Dundee City	**Automation** - The benefit delivery team are introducing automation in areas such as Universal Credit and Council Tax changes, for example, when customers are applying for discounts and exemptions.	The benefit delivery team is working collaboratively with other council service areas to pay ongoing cost of living support payments to vulnerable customers, without the need to contact them for payment information.
Glasgow City	**Automation** - In 2019/20, the council increased its use of automation, making best use of data shared by the DWP by, for example, automatically matching DWP data to Housing Benefit/Council Tax records to create an 'action task' where assessment is required.	This has assisted the service in maintaining Speed of Processing performance.
Renfrewshire	**Robotics** - The use of robotics to support the high volume of notifications from the DWP was introduced to support processing.	Benefit staff can focus on processing more complex claims.
South Lanarkshire	**SMS Quick Chat** - The council introduced 'SMS quick chat' within the benefit and revenues call centre which allows the call handler to send the customer an SMS containing a direct link to the appropriate online form during the call.	A reduction in the number of requests for customer assistance with respect to the claim application process.

Source: Scottish councils

96. The benefits from working innovatively are leading to reported improvements to service delivery and customer experience. To ensure that all councils are aware of these benefits, good practice should continue to be shared across the local authority community.

6. Recommendations

Issue	Recommendation
1. Operating below complement Operating the benefit service below complement can place additional pressures on staff that can lead to increased absences, and a decline in performance levels.	Where the benefit service is operating below complement, councils should investigate the reasons for this and seek to address the shortfall, with a view to improving service delivery and claims processing performance. Paragraph 28.
2. Absence levels If staff resources are not closely monitored, and contingency arrangements are not in place, unexpected staff shortages can impact on the level of service being provided to customers.	Councils should investigate the reasons for sickness absence levels that are above the national average and have sufficient contingency arrangements in place to manage unexpected staff shortages. Paragraph 44.
3. Flexible location working In most councils, an increase in the number of staff with flexible location working arrangements correlates with a decline in claims processing performance in 2022/23 (at 31 July).	To ensure that benefit services are delivering an optimum level of performance, management should regularly review flexible location working arrangements to determine the impact on claims processing performance and service delivery. Paragraph 56.
4. Call handling and personal callers There is insufficient detail recorded where benefit services are dealing with telephone calls and personal callers.	When benefit services are primarily responsible for call handling and/or dealing with personal callers, complete and accurate data should be recorded to allow management to assess the impact on resources and the time taken to process Housing Benefit claims. Paragraph 88.

Appendix 1

Additional processing activities in 2022/23 (at 31 July)

Council	Processing activities
Aberdeen City	Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (2)
Aberdeenshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Money Advice, Blue Badge Scheme, Local Discretionary Scheme, Covid-19 Self-isolation Support Payments, Flexible Food Fund (10)
Angus	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Free School Meals (Direct Payments), Cost of Living Award, Covid-19 Self-isolation Support Payments (10)
Argyll and Bute	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments, Flexible Food Fund (4)
City of Edinburgh	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, School Closure Holiday Payments, Scottish Milk and Healthy Snack Scheme (7)
Dumfries and Galloway	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (7)
Dundee City	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Holiday Support Payments (5)
East Dunbartonshire	School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
East Lothian	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
East Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)

Council	Processing activities
Falkirk	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, Covid-19 Self-isolation Support Payments (6)
Fife	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments (6)
Glasgow City	Discretionary Housing Payments (1)
Inverclyde	Cost of Living Award (1)
Midlothian	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
Moray	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Covid-19 Self-isolation Support Payments (7)
North Ayrshire	Discretionary Housing Payments (1)
North Lanarkshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Blue Badge Scheme (5)
Orkney Islands	Scottish Welfare Fund, Discretionary Housing Payments, Cost of Living Award, Covid-19 Self-isolation Support Payments, Covid19 Low-income Pandemic Payments (5)
Perth and Kinross	(0)
Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
Scottish Borders	Free School Meals, Scottish Child Payment (Bridging Payment), Free School Meals (Direct Payments), School Clothing Grants (4)
Shetland Islands	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
South Ayrshire	Free School Meals, School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (5)

Council	Processing activities
South Lanarkshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Blue Badge Scheme, Cost of Living Award, Covid-19 Self-isolation Support Payments (9)
Stirling	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (5)
West Dunbartonshire	Free School Meals, School Clothing Grants, Discretionary Housing Payments (3)
West Lothian	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments, Free School Meals (Direct Payments), Winter Support Fund (10)

Source: Scottish councils

Appendix 2
Staff resources

This table shows average Full-Time Equivalent (FTE) staffing levels in Scottish council benefit services from 2019/20 to 2022/23, determined by the average of the number of FTE staff in post at the beginning and end of each financial year, and at 31 July 2022 for 2022/23.

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	42.75	39.52 ↓	33.45 ↓	29.05 ↓
Aberdeenshire	57.10	58.00 ↑	61.00 ↑	62.00 ↑
Angus	33.75	32.50 ↓	32.00 ↓	33.00 ↑
Argyll and Bute	26.95	26.70 ↓	25.95 ↓	24.85 ↓
City of Edinburgh	97.30	93.70 ↓	94.35 ↑	89.45 ↓
Dumfries and Galloway	*	*	*	*
Dundee City	57.95	53.92 ↓	51.33 ↓	50.28 ↓
East Dunbartonshire	27.00	27.00 ↔	26.00 ↓	26.00 ↔
East Lothian	19.10	18.60 ↓	19.15 ↑	19.70 ↑
East Renfrewshire	15.90	16.90 ↑	16.40 ↓	14.90 ↓
Falkirk	32.84	32.54 ↓	31.27 ↓	30.80 ↓
Fife	53.75	47.75 ↓	44.00 ↓	44.00 ↔
Glasgow City	154.65	151.00 ↓	143.42 ↓	136.98 ↓
Inverclyde	14.13	11.91 ↓	11.57 ↓	11.32 ↓
Midlothian	22.00	22.00 ↔	21.50 ↓	21.00 ↓
Moray	19.25	18.50 ↓	18.15 ↓	18.05 ↓
North Ayrshire	27.40	26.05 ↓	24.70 ↓	24.20 ↓
North Lanarkshire	43.68	43.18 ↓	43.18 ↔	42.68 ↓
Orkney Islands	3.50	4.00 ↑	3.50 ↓	3.00 ↓

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Perth and Kinross	24.00	23.25 ↓	22.25 ↓	21.50 ↓
Renfrewshire	55.10	53.20 ↓	42.44 ↓	39.88 ↓
Scottish Borders	8.00	8.75 ↑	9.00 ↑	9.00 ↔
Shetland Islands	6.32	6.17 ↓	5.89 ↓	5.89 ↔
South Ayrshire	49.75	45.75 ↓	42.00 ↓	41.50 ↓
South Lanarkshire	103.50	101.87 ↓	99.82 ↓	96.51 ↓
Stirling	25.51	24.19 ↓	23.54 ↓	22.68 ↓
West Dunbartonshire	14.50	13.50 ↓	12.00 ↓	11.75 ↓
West Lothian	34.60	30.04 ↓	30.54 ↑	30.54 ↔

Source: Scottish councils
*Data not available

Appendix 3
Good practice

This table provides a summary of good practice that councils advise has helped improve the delivery of the benefit service and the customer experience.

Council	Good practice
Aberdeenshire	The Council developed a '**Ranked Activity Matrix'** that identified activities that could be reduced or suspended to allow staff to be redeployed to critical activities, for example, dealing with a sudden and prolonged increase in self-isolation grants. The council made effective use of Microsoft Office to create online application forms to aid the gathering of information for Reviews, Discretionary Housing Payments, Change of Address and Housing Benefit on Two Homes, and to create forms to deal with the latest items of work that arose because of the pandemic. To manage the volume of calls to customer advisor teams, a **call-back appointment system** was created using Microsoft Bookings. This allowed the teams to book a 10-minute appointment for a general enquiry, or a 30-minute appointment with the benefit service if the customer needed help to apply for Housing Benefit/Council Tax Reduction/Discretionary Housing Payment. This reduced the volume of calls being passed to the benefit service, and helped improve customer expectations, as call backs were done within 24 hours, at a time suitable to the customer. To manage processing times when resources were limited and applications were higher during the pandemic, the council's five 'area-based' teams of varied sizes were split into four even sized **virtual teams**, allowing the council to dedicate two of these teams to dealing solely with all aspects of a new claim. Pre-pandemic, processors had specific areas of responsibility and, although all had a working knowledge of the Scottish Welfare Fund, the increase in applications impacted on the time taken to process Housing Benefit/Council Tax Reduction claims. To help mitigate this, the council employed temporary staff to help deal with the increase in Scottish Welfare fund applications, which has helped improve the council's new claims processing times and provided greater resilience for the service to cope with other areas of work.

Council	Good practice
Dundee City	The benefit delivery team are introducing **automation** in areas such as Universal Credit and Council Tax changes, for example, when applying discount and exemptions. The team has designed and implemented processes by working collaboratively with other council service areas to efficiently pay ongoing cost of living support payments to those most vulnerable, without the need to contact customers for payment information. The team has also engaged with other council teams to ensure that we are utilising their strengths to the benefit service's advantage.
Falkirk	**Robotics** introduced during 2021 to relieve some of the simpler tasks from benefit administration teams.
Fife	The benefit service has been **paperless** for several years and, pre-pandemic, moved to a paperless mail system. Instead of staff resource being used to print, envelope, and post letters, an external print service is utilised.
Glasgow City	In 2019/20, the council increased its use of **automation**, making best use of data shared by the DWP by, for example, automatically matching DWP data to Housing Benefit/Council Tax records to create an 'action task' where assessment is required. This has assisted the service in maintaining Speed of Processing performance. In 2020/21, instead of issuing letters, processing teams were provided with **mobile phones** and asked to contact customers by phone or email if information was required to assess a claim. This form of engagement has helped to speed up processing. The council introduced a **call-back service** in July 2021, where the customer creates an appointment online and a subject matter expert from the benefit service contacts the customer at a time that suits them. Changes have been made to **decision letter templates** to make them more user friendly and easier to understand. This has reduced the need for customers to contact the council for an explanation.
Inverclyde	The council has increased the level of **flexible location working** from 36 per cent to 100 per cent which has virtually eliminated short-term sickness absence. Contact by **email, telephone, and text** is being used more to request and remind customers of evidence/information that is required. The council utilises an **external print service** to print and post monthly

Council	Good practice
	payment schedules, freeing up staff that were previously used to carry out this task.
Moray	The council recruited a **temporary staff member** to specifically deal with a clerical aspect of the Self-isolation Support Grant application, which allowed experienced staff to focus on the award process and make more decisions.
North Ayrshire	As part of the council's 'Push with Digital' strategy, an **electronic Discretionary Housing Payment** form was purchased in March 2020, and enhancements were carried out to the existing electronic Housing Benefit/Council Tax Reduction claim form. In October 2021, the council **automated** the DWP Universal Credit Data Feed, and now approximately 50-60 per cent of these transactions are automated. In October 2022, the council created a new post specifically to look at the development of existing systems with a view to identifying service improvements that can lead to **time and resource savings.**
Perth and Kinross	In 2019/20, the council's **'Print & Post'** solution enabled statutory notifications to be sent digitally to a remote print and post location for issue via mail. Along with email, this has removed reliance on the 'office' to control and manage the issue of documentation. The council has well established online services, and the benefit service has introduced more online forms and processes and continues to evolve in this area. Customers can access the service 24/7 though online channels, and this has resulted in **a reduction in face-to-face customer contact**. In 202/21, the service recognised the need to review system parameters and processes around Universal Credit data feeds, which resulted in improved **automation,** and a more streamlined approach for Council Tax Reduction claims.
Renfrewshire	The use of **robotics** to support the high volume of notifications from the DWP was introduced to support processing, allowing benefit processing staff to focus on more complex cases. Scottish Welfare Fund calls are now handled by Scottish Welfare Fund decision makers rather than customer service advisers, allowing for a quicker decision-making process for the customer. This has had a positive impact on processing times for Crisis Grant applications. **'IQ Post me'** was introduced to allow benefit staff to have the capability to issue letters to customers remotely. Digital Forms were created to allow customers to apply online for Council Tax Reduction and Discretionary Housing Payments.

Council	Good practice
	Staff wellbeing one to ones are conducted on multiple occasions to ensure staff had adequate equipment, and to see how they were coping, with a focus on their mental health/wellbeing. The benefits to this are believed to be improved attendance levels and improved processing times. New workload and resource analyst role developed and recently recruited, who will undertake in depth workload planning and trend analysis linked to resource and performance monitoring.
Shetland Islands	The council introduced a workflow system, prior to this the council used a paper-based filing system. The introduction of permanent hybrid working has resulted in reduced sick leave.
South Lanarkshire	The council has introduced several online forms across the service to ensure key information is supplied, including name and address, which is often missed. This has reduced staff time spent on dealing with enquiries, reduced the requests for further information from the customer, and ensured that enquiries are assigned into the correct workflow for action. This has been positive as processing times have remained largely within timescales across the service as staff resources continue to reduce. The council has increased **automation** over the years, particularly within Council Tax Reduction and Universal Credit changes. Since 2019/20, automation levels in this area have increased from 69 per cent to 80 per cent. The introduction of '**SMS quick chat'** within the benefit and revenues call centre allows call handlers to send a text message containing a direct link to the appropriate online form during the call. This has reduced the number of requests for assistance with the application processes. **Internal workflow changes** for Blue Badge applications have allowed the council to identify and prioritise vulnerable cases. This has enabled the roll out of Blue Badge processing within the processing centre, resulting in improved processing times, and reduced the need for customer contact. The type of calls being handled by the benefit and revenues call centre has increased over the last 18 months to include queries in respect of Housing Benefit overpayments, Education Benefits, and Blue Badges. This has allowed staff dealing these applications more time to focus on decision making.
West Dunbartonshire	The council has introduced **robotics** in the areas of Free School Meals, Clothing Grants and Discretionary Housing Payments, and is considering extending this to other areas within revenues and benefits.

Council	Good practice
	Robotics has allowed for significant reductions in basic processing, reduced admin, and improved service delivery.
West Lothian	Since April 2019, the council has **contracted an external partner** to provide trained and experienced Housing Benefit/Council Tax Reduction processors and can react quickly to increased demand for the service, or any short-term resource challenges. In March 2021, the service developed **automation,** and a **robotic** solution to support the delivery of Education Benefits, which has improved efficiency and accuracy of delivery.

Source: Scottish councils

Resourcing the benefit service
A thematic study

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: **www.audit-scotland.gov.uk/accessibility**

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

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

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

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

1. Policy details

Policy Title	Audit Scotland: Resourcing the Benefit Service - A Thematic Study
Lead Officer (Name/Position/Email)	Nicola Gemmell, Service Lead – Revenues and Benefits – nicola.gemmell@south-ayrshire.gov.uk

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

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

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

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

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

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

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

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

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)	~~YES~~ **NO**
Rationale for decision: **This report advises Members of the findings of the report by Audit Scotland. Their decision on this has no specific equality implications**	
Signed : Tim Baulk **Head of Service** **Date:** 5 May 2023	

South Ayrshire Council

**Report by Internal Audit Corporate Fraud Team
to Audit and Governance Panel
of 31 May 2023**

**Subject: Corporate Fraud Team – Activity Report and Update on
2022/23 National Fraud Initiative**

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1.   Purpose

1.1   The purpose of this report is to advise Members of the Corporate Fraud Team's
(CFT) activity from 1 October 2022 to 31 March 2023 and to provide an update on
the progress of the 2022/23 National Fraud Initiative exercise.

2.   Recommendation

2.1   It is recommended that the Panel:

    **2.1.1   considers the CFT activity for the six month period to 31 March 2023;
and**

    2.1.2   notes the update on the 2022/23 National Fraud Initiative (NFI).

3.   Background

3.1   Update reports on the work of the CFT are submitted to the Audit and Governance
Panel six monthly. The last six monthly report was submitted to Panel on 7
December 2022 and covered the period 1 April 2022 to 30 September 2022. This
report includes six month period to 31 March 2023.

3.2   The CFT is a specialist investigative unit with responsibility for proactively and
reactively investigating all types of corporate fraud against the Council, including:

- Council Tax Reduction/ Exemptions/ Discounts;
- Business Rates;
- Scottish Welfare Fund;
- Housing Tenancy;
- Employee Fraud;
- Procurement; and
- Blue Badge Misuse.

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4.   Proposals

4.1   *Corporate Fraud Activity 1 October 2022 to 31 March 2023*

     4.1.1   The table at [Appendix 1](#) shows a summary of the activity of the CFT from 1 October 2022 to 31 March 2023, with an explanation of each below.

- Council tax investigations comprise of cases where there has been a failure to declare changes in income, residency or changes that may affect discounts and exemptions.

- The CFT receive individual Non-Domestic Rates referrals and also carry out unannounced checks on properties in receipt of Non-Domestic Rates empty property relief .

- Tenancy fraud is identified where the tenant is not residing in the property or is sub-letting. Three tenancies were returned and two homeless applications and the subsequent housing offer was withdrawn by Housing Services.

- Housing Tenant debt arises where a local authority tenant has left/absconded from a tenancy with outstanding rent arrears. CFT carry out checks to locate and trace the former tenants on behalf of Housing Services.

- Employee investigations arise where allegations have been made relating to Council employees. One employee investigation was completed and was reported to the service for action.

- Blue Badge investigations can arise where an allegation has been received about misuse. Four new complaints of misuse were received during this six month period, 2 Badges were removed, 2 Warnings were issued, 1 badge removed and case reported to the Procurator Fiscal. In addition a Blue Badge spot check exercise was carried out by the CFT in conjunction with Ayrshire Roads Alliance Parking Supervisor where 25 vehicles parked in disabled parking bays in Ayr were checked. This resulted in one Blue Badge misuse incident (warning) included above.

- One referral received from Education Services was investigated by the CFT and resulted in a school placement application being rejected through the school registration process.

- Covid Business Support Grants were managed by Local Authorities on behalf of the Scottish Government and aimed at helping to keep small and medium sized companies in business during the Covid crisis. One applications for Strategic Framework Business Grants has been successfully prosecuted during this period and one was marked as no further proceedings by Procurator Fiscal.

4.2/

4.2   *National Fraud Initiative*

   4.2.1   In addition to areas detailed in paragraph 3.2 above, the CFT also contributes to the co-ordination and completion of the biennial National Fraud Initiative exercise.

   4.2.2   The National Fraud Initiative (NFI) is a counter-fraud exercise whereby data is taken from councils, other public bodies and Companies House and cross matched to identify the potential for fraud. All Council's in Scotland are required to participate in NFI exercises which are carried out every two years. Audit Scotland has responsibility for co-ordinating the exercise across Scotland. Internal Audit and Corporate Fraud are responsible for co-ordinating the exercise within South Ayrshire Council.

   4.2.3   South Ayrshire Council has participated in all exercises to date and uploaded a number of data sets which is a mandatory part of the exercise The data sets included in the 2022/23 exercise are:

   - payroll;
   - housing tenants and waiting lists;
   - blue badges;
   - trade creditors;
   - taxi drivers;
   - council tax single person's discount;
   - electoral register;
   - council tax reduction scheme; and
   - Small Business Rate Relief recipients.

   4.2.4   A total of 4,091 NFI matches have now been received and initial work has started. This is a small overall reduction of 55 cases from the previous exercise.

   4.2.5   The approach to investigating the matches was agreed by Cabinet on 17 January 2023 and is consistent with the approach adopted for previous NFI exercises. We aim to investigate all high risk, high quality matches. A total of 1,725 investigations split over eight match areas will be completed. The details of the match areas and the target number of investigations in each area is at Appendix 2. Medium priority actions may also be reviewed if investigations show a high level of fraud or error and resources permit.

   4.2.6   Progress against the 2022/23 NFI exercise will be reported to this Panel through the six-monthly Corporate Fraud update reports. A Members Information Bulletin will also be issued at the conclusion of the process, after Audit Scotland publish their final report which is likely to be around July 2024.

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   Recovery of the amounts due is in progress. In Council Tax Reduction, Discounts and Non-Domestic Rates cases the debtor is rebilled reflecting the amount due. The savings identified of £36,949.41 represents the amount that would have been lost to the Public Purse had the fraud/error/debt remained undetected by the Council's CFT.

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 may result in ineffective scrutiny of the Council's control arrangements in relation to anti-fraud.

9.   Equalities

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

10.   Sustainable Development Implications

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

11.   Options Appraisal

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

12.   Link to Council Plan

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

13.   Results of Consultation

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

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

Background Papers   **Report to Audit and Governance Panel of 22 June 2022 - Corporate Fraud Team - Activity Report 6 months to 31 March 2022**

Report to Audit and Governance Panel of 7 December 2022 - Corporate Fraud Team - Activity Report and Update on 2022/23 National Fraud Initiative

Report to Cabinet of 17 January 2023 - 2022/23 National Fraud Initiative

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Date: 17 May 2023

Corporate Fraud Activity 1 October 2022 – 31 March 2023   **Appendix 1**

Fraud/Error Type	Cases b/f from previous report	New referrals in period	Total referrals	Closed Cases	Current Live Cases	Non-Financial Benefit/ Outcome	Financial Savings (£)
Council Tax (Reduction, Exemptions and Discounts, Arrears)	10	14	24	19	5	-	£20,537.95
Non Domestic Rates Cases (Including Empty Property Relief (EPR) Proactive checks)	2	189 (EPR) 1 Referral	191	181	10	-	£10,389.51 £2,117.42
Employee investigations	1	0	1	1	0	1 case investigated and passed to the service for action	
Scottish Welfare Fund visits	0	3	3	3	0		£1,474.91
Tenancy Fraud	3	5	8	5	3	3 tenancies returned 2 Homeless Applications rejected	
Housing Tenant Debt Locate & Trace checks	12	25	37	27	10	-	£2,429.62
Blue Badge Investigation	2	4	6	5	1	2 Badges removed 2 Warnings issued 1 badge removed and case referred to PF	
Education	0	1	1	1	0	Application through school registration process rejected	
Covid-19 Business Grants	2	0	2	2	0	1 Case Prosecuted 1 Case marked no proceedings	
Total for six month period to 31/03/23							**£36,949.41**
Total for six month period to 30/09/2022 (reported to AGP 7/12/2022)							**£42,203.77**
Total For Year to 31 March 2023							**£79,153.18**

National Fraud Initiative Target Investigations

Match Area	Total Matches	Total Target Investigations	
		No.	%
Housing Benefit	68	28	41%
Payroll	146	73	50%
Housing Tenants	284	254	89%
Blue Badges	722	645	89%
Waiting List	320	57	18%
Council Tax Reduction Scheme	470	9	2%
Creditors	2,026	603	30%
Procurement	55	55	100%
Total	**4,091**	**1,725**	**42%**