



Final Report to the Members of the Council and the Controller of Audit
on the 2016/17 audit
September 2017

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Director introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Governance and Scrutiny Committee for the 2017 audit.

As detailed in our plan presented to the Governance & Scrutiny Committee on 30 March 2017, the new Code of Audit Practice sets out our responsibilities under core audit and wider scope requirements. A reminder of the requirements, which came into force for the 2016/17 audits, is set out below.

- *Opinion on the financial statements and regularity*
- *National performance audits and Best Value audits*



- *Opinion on management commentaries, remuneration reports and governance statements*

- *Public reporting and audit findings*
- *Wider scope reporting including Best Value*

Director introduction (continued)

The key messages in this report (continued)

I would like to draw your attention to the key messages of this paper:

Statutory audit

Conclusions from our testing

- The significant risks, as identified in our audit plan, related to:
 - recognition of grant income;
 - valuation of property assets; and
 - management override of controls.
- A summary of our work on the significant risks is provided in the dashboard on page 12.
- We have identified a small number of audit adjustments from our procedures which have been corrected by management, as well as one uncorrected immaterial misstatement. This is detailed in the appendices.
- Based on our audit work, we have issued an unmodified audit opinion.

Insight

- We have utilised Spotlight, Deloitte's patented analytics tool, to perform analytics on the journal entries posted in the year to profile the journal population which has helped us identify journals of audit interest, such as journals posted on non-business days or journals with key words. No issues were noted from this testing.
- We have raised insights relating to the valuation of property assets which have been identified throughout the course of the audit and are detailed on page 19.

Status of the audit

- The audit is complete.

Director introduction (continued)

The key messages in this report (continued)

Best Practice

Overall conclusion

- We have reviewed the management commentary with reference to the statutory guidance set out in Regulation 8(2) of The Local Authority Accounts (Scotland) Regulation 2014 and Finance circular 5/2015 The Local Authority Accounts (Scotland) Regulations 2014 – management commentary. We have confirmed that the management commentary complies with the statutory guidance requiring local authorities to include those matters companies are required to disclose in a strategic report, with some public sector modifications.
- As a new requirement in 2016/17, we are required to provide an opinion on whether:
 - information given in the management commentary is consistent with the financial statements;
 - the management commentary has been prepared in accordance with the statutory guidance;
 - information given in the annual governance statement is consistent with the financial statement; and
 - the annual governance statement has been prepared in accordance with proper practice.
- Based on our audit work, we have issued an unmodified opinions on the above.
- In addition to the opinion, we have read the management commentary and confirmed that the information contained is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.
- We have also audited the auditable parts of the remuneration report and confirmed that it has been prepared in accordance with the Regulation 8(2) of The Local Authority Accounts (Scotland) Regulation 2014.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Financial Sustainability

The Council has been undertaking a challenging 5 year Transformation strategy which came to an end in 2016/17. This strategy involved a range of action to achieve financial savings to assure the Council's financial sustainability. It is notable that during this period, the Council has continued to invest in its schools, build new Council housing and improve services with the use of smart technology.

The Council has also managed to reduce its net Cost of Service in 2015/16 of £291m to £279m in 2016/17.

The Council has achieved significant savings over the last 5 years, however due to increasing demand for services and the continuing pressure in relation to Council funding settlements, it will have to consider how it can continue to transform service delivery through its Transformation Strategy 2 in order to minimise the impact on service levels within reducing budgets. It will also need to take into consideration the longer term financial sustainability of the Integration Joint Board which is reliant on the Council and the NHS Board's continued commitment to the Board and any potential need for non recurrent funding.

The Council was named UK Council of the year 2017 and it will seek to continue such accolades through its medium and longer term strategic outlook, focussing on redesigning service delivery.

Financial Management

It is commendable to note that even although the Council received £11m less income from Taxation and Non Specific Income between 2015/16 and 2016/17, it managed to offset this through the reduction in the Net Cost of Service.

The main reasons for the underspend were; staff costs to the Council being less than initially anticipated, lower than initially anticipated premises costs to the Council and higher than budgeted income across a range of services.

The key areas of capital expenditure in 2016/17 by the Council were roads, schools, infrastructure and housing which totalled £55m, compared to £37m in 2015/16.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Governance and transparency

From our review of the internal audit plan for 2016/17 and the internal audit reports, we are satisfied that there appears to be an appropriate systems of internal control in place and no significant weaknesses have been identified. Appropriate disclosure has been made in the annual governance statement of issues identified from the work of internal audit and action being taken.

We are comfortable with the fraud arrangements in place and confirm we have not been made aware of any financially significant frauds in the year. We have identified no issues with regard to the arrangements for maintaining standards of conduct and the prevention and detection of corruption.

We have also considered the Council's priorities, transformation plans and members and officers' knowledge, skills and resources as part of our work on the Strategic Audit Priorities which is discussed further on pages 34 to 48.

Value for money

The Council has a well established Community Plan and the Single Outcome Agreement in place which sets out the framework for improvement. A number of transformation programmes are in place to address areas where performance is either at risk or not on track.

East Ayrshire Council is focused on improving the quality of the services whilst achieving financial balance. The Council routinely reviews performance, tracks progress and summarises actions for improvement.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Strategic Audit Priorities

As part of our best value work, we have considered the five Strategic Audit Priorities agreed by the Accounts Commission and have undertaken a baseline analysis of the Council's arrangements in relation to these priorities. There is an element of cross-over between the Strategic Audit Priorities and the wider scope areas of financial sustainability and value for money. We have primarily focused on gaining an understanding of the Council's arrangements for demonstrating best value in financial and service planning, financial governance (as detailed in the wider scope work), resource management and its plans for transformation moving forward.

The Council and its partners have a strong unified vision which is set out in the Community Plan. This vision is supported by a single high level set of priorities/outcomes, with delivery plans, KPIs and funding decisions linked to these priorities.

The Council has successfully delivered change in the past and will shortly launch its next transformation strategy. This will be a key area that we will monitor over the course of the audit appointment, including how the Council ensures that projects deliver on time, on budget and most importantly, deliver the expected benefits for the citizens of East Ayrshire. We would expect to see the Members playing a very active role in the transformation and the Council will also need to ensure it has the transformational infrastructure in place, including PMO, benefits realisation tools and templates and an effective change management strategy to deliver this transformational change.

We reviewed the Council's arrangements for ensuring that Members and officers have the right knowledge, skills and time to lead and manage delivery of the Council priorities. We found that the Council places a great deal of importance on building up strong relationships with Members and providing the workforce with the support they need to achieve the Council's strategic priorities. We will review how the needs of officers and buy in of Members are taken into consideration as the Council implements its Transformation Strategy 2 2017 – 2022, as well as other change activities, over the course of our audit appointment.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Strategic Audit Priorities (continued)

We reviewed how the Council engages with its citizens and we are satisfied that the Council places strong emphasis on encouraging community participation in Council decision making. We will monitor how this current engagement approach is maintained as the new Framework for Community Engagement becomes embedded and through the upcoming transformation of Council services through the implementation of the TS2 Strategy.

Pat Kenny
Audit Director

Responsibilities of the Governance and Scrutiny Committee

Helping you fulfil your responsibilities

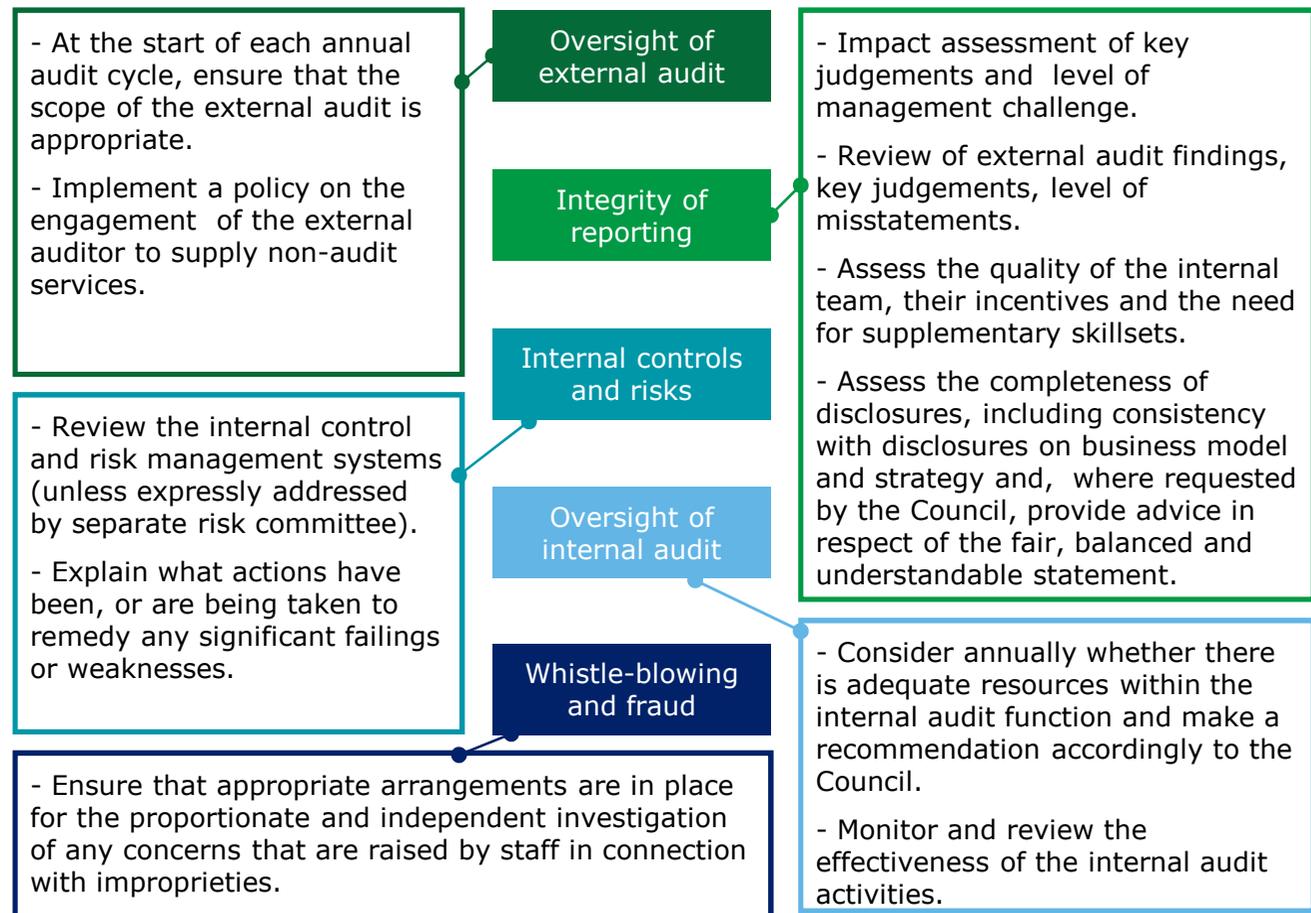
The primary purpose of the Auditor's interaction with the Governance and Scrutiny Committee:

- Clearly communicate the planned scope of the financial statements audit
- Provide timely observations arising from the audit that are significant and relevant to the Governance and Scrutiny Committee's responsibility to oversee the financial reporting process
- In addition, we seek to provide the Governance and Scrutiny Committee with additional information to help them fulfil their broader responsibilities

We use this symbol throughout this document to highlight areas of our audit where the Governance and Scrutiny Committee need to focus their attentions.



We set out here a summary of the core areas of Governance and Scrutiny Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Governance and Scrutiny Committee in fulfilling its remit.



Our audit explained

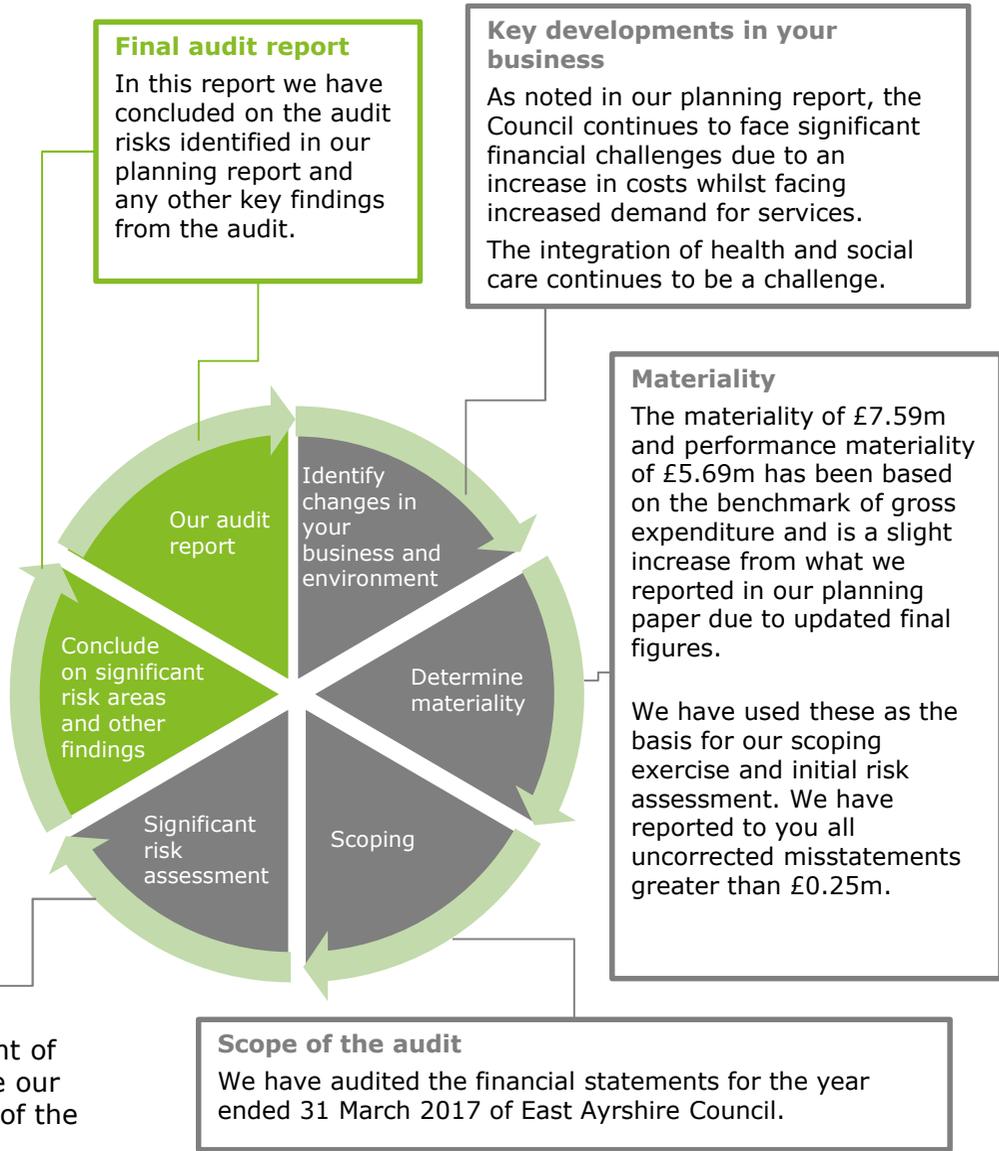
Area dimensions

In accordance with the 2016 Code of Audit Practice, we have considered how you are addressing the four audit dimensions:

- Financial sustainability
- Financial management
- Governance and transparency
- Value for money

Significant risks
Our risk assessment process is a continuous cycle throughout the year. Page 10 provides a summary of our risk assessment of your significant risks.

Quality and Independence
We confirm we are independent of East Ayrshire Council. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.



Timeline 2017



Significant risks Dashboard

Risk	Material	Fraud risk	Planned approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Slide no.
Recognition of grant income			D+I	Satisfactory		Satisfactory	11
Valuation of property assets			D+I	Satisfactory		See insights	12
Management override of controls			D+I	Satisfactory		Satisfactory	13



Overly prudent, likely to lead to future credit



Overly optimistic, likely to lead to future debit.

D+I: Testing of the design and implementation of key controls

Significant risks (continued)

Recognition of grant income

Risk identified

ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

The main components of income for the Council, as summarised in the table below are non-ring fenced government grants and non-domestic rates which are directed by the Scottish Government and not considered a significant risk as the process for receipt of this income is not complex and can be verified 100%. The significant risk is pinpointed to the recognition of grant income (excluding non ring fenced government grants). Council tax, non-domestic rates and housing rent income are set through the annual budget process, with limited management judgement therefore have a low risk of fraud. Similarly, other Service Income includes fees and charges across all Services, which are set through formal approval processes, with no history of fraud or error.



Key judgements and our challenge of them

There is significant management judgement around determining if there are any conditions attached to a grant and if so whether the conditions have been met. The complex accounting for grant income as the basis for revenue recognition in the accounts will depend on the scheme rules for each grant.



Deloitte response

We have performed the following:

- assessed management's controls around recognition of grant income; and
- tested a sample of grant income to check that recognition of income reflects any conditions included in the grant scheme rules and that the amount is in agreement with the draft or final grant claim.

Type of income	2016/17 (£m)	Significant risk
Taxation and Non-Specific Grant Income		
Council Tax income	42.460	
Non domestic rates	30.239	
Non ring fenced government grants	193.640	
Capital grants and contributions	11.681	✓
Service Income		
Grant income	57.602	✓
Housing rent	45.021	
IJB Commission income	100.129	
Other Service Income	24.247	

Deloitte view

We have concluded that grant income has been correctly recognised in accordance with the requirements of the Local Authority Code of Audit Practice.

Significant risks (continued)

Valuation of property assets

Risk identified

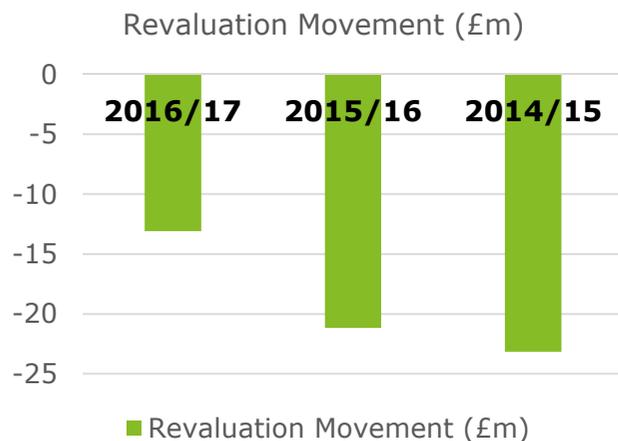
The Council is required to hold property assets within Property, Plant and Equipment at a modern equivalent use valuation, with the exception of Council Dwellings which are required to be measured at existing use value – social housing. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.



Key judgements and our challenge of them

The Council held £883.5m of property assets at 31 March 2017. The financial year to 31 March 2017 will represent year 5 of a 5 year rolling programme in which the remainder of property assets not revalued in the previous 4 years were subject to revaluation.

Due to prevailing market conditions, there was an overall revaluation loss in the year.



Deloitte response

- We reviewed the revaluations performed in the year and assessed whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified independent individuals;
- We tested a sample of revalued assets and re-performed the calculation assessing whether the movement has been recorded through the correct line of the accounts;
- We considered material changes in assets not subject to full revaluation during the year;
- We considered assets classified as surplus or held for sale to assess whether these have been valued and disclosed in line with IFRS; and
- We involved the use of our internal property specialists to review and challenge the assumptions and methodology adopted by the Council's internal valuation specialists, including sample testing of inputs to the valuation.

Deloitte view

We have identified one immaterial misstatement, see page 57, but overall have concluded that the NBV is not materially misstated. The Council's valuation assumptions are in line with other Councils and fall within the expected range highlighted by Deloitte Real Estate.

Significant risks (continued)

Management override of controls



Risk identified

International Standards on Auditing requires auditors to identify a presumed risk of management override of control. This presumed risk cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to present inaccurate or even fraudulent financial reports.

Deloitte view

- We have not identified any significant bias in the key judgements made by management.
- We have raised an insight on the control environment in relation to the journal authorisation limits.

Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- the Council's results throughout the year were projecting to stay within budget and this was closely monitored with confidence that the Council would be able to meet its overall financial targets.
- senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Significant transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Journals

We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We performed design and implementation testing of the controls in place for journal approval. We have used Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest. We have raised an insight in relation to journal authorisation limits but did not identify any issues with journal postings from our testing.

Accounting estimates

In addition to our work on key accounting estimates discussed above, our retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements has been completed with no issues noted.

Other matters

Defined benefits pension scheme

Background

The Council participates in two defined benefits schemes:

- Scottish Teachers' Superannuation Scheme, administered by the Scottish Government; and
- The Strathclyde Pension Scheme, administered by Glasgow City Council.

The net pension liability has increased from £166m in 2015/16 to £260m in 2016/17 as a result of a decrease in the discount rates applied, offset to some extent by a slight increase in some inflation adjustments.



Deloitte response

- we obtained a copy of the actuarial report produced by Hymans Robertson, the scheme actuary, and agreed in the disclosures to notes in the accounts;
- we reviewed and challenged the assumptions made by Hymans Robertson;
- we assessed the reasonableness of the Council's share of the total assets of the scheme with the Draft Pension Fund financial statements;
- we reviewed the disclosures within the accounts against the Code;
- we assessed the independence and expertise of the actuary supporting the basis of reliance upon their work; and
- we liaised with our in-house actuary regarding their assessment of the key assumptions.

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.60	2.50	Reasonable
Retail Price Index (RPI) Inflation rate (% p.a.)	3.40	3.20	Reasonable, slightly prudent
Consumer Price Index (CPI) Inflation rate (% p.a.)	2.40	2.20	Reasonable, slightly prudent
Salary increase (% p.a.) (over RPI inflation)	1.00	Council specific	Optimistic
Pension increase in payment (% p.a.)	2.40	2.20	Reasonable, slightly prudent
Pension increase in deferment (% p.a.)	2.40	2.20	Reasonable, slightly prudent
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 65)	22.10	21.20	Reasonable, slightly prudent
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 45)	24.80	23.00	Reasonable, slightly prudent

Deloitte view

We have reviewed the assumptions and, on the whole, the set of assumptions is reasonable and lies towards the middle of the reasonable range of assumptions when compared with the Deloitte benchmarks. The assumptions have been set in accordance with generally accepted actuarial principles and are compliant with the accounting standard requirements of IAS19.

Other matters (continued)

Charitable trusts

Risk identified

From 2013/14, all Scottish Councils who act as sole trustees for any registered charities have to fully comply with the Charities Accounts Regulations. This requires Charities SORP compliant accounts to be prepared for each Charity, and a separate audit of each. East Ayrshire Council administers three such registered charities.

As the gross income of each trust is less than £100,000, the Council has opted to prepare the charitable trust accounts on a receipts and payments basis in accordance with The Charities Accounts (Scotland) Regulation 2006. Fully compliant Charities SORP accounts are therefore not required and disclosure is limited to that specified in the Regulations.

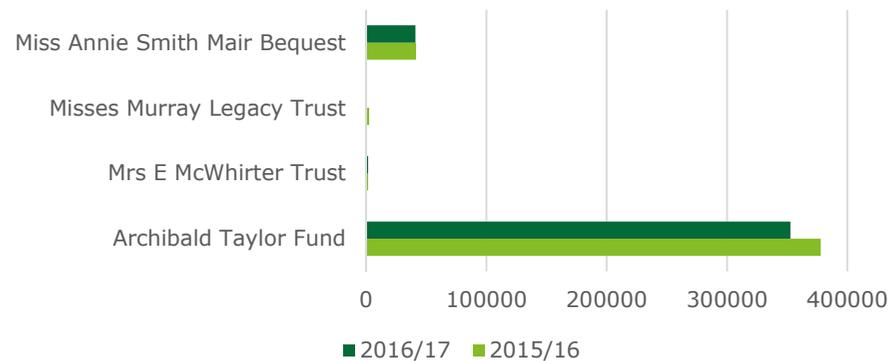


Deloitte response

We have assessed that the statement of receipts and payments and the statement of balances have been prepared in accordance with the Charities Accounts (Scotland) Regulations 2006. No issues have been noted.

A summary of the charitable trusts that have been audited is provided in the table adjacent. We note that there has been very little movement in these trusts over the last 12 months, with the movements largely relating to interest from investments held. We would encourage the Council to ensure that appropriate plans are in place to ensure these funds are used in accordance with the donors wishes.

Charitable Trust Balances (£)



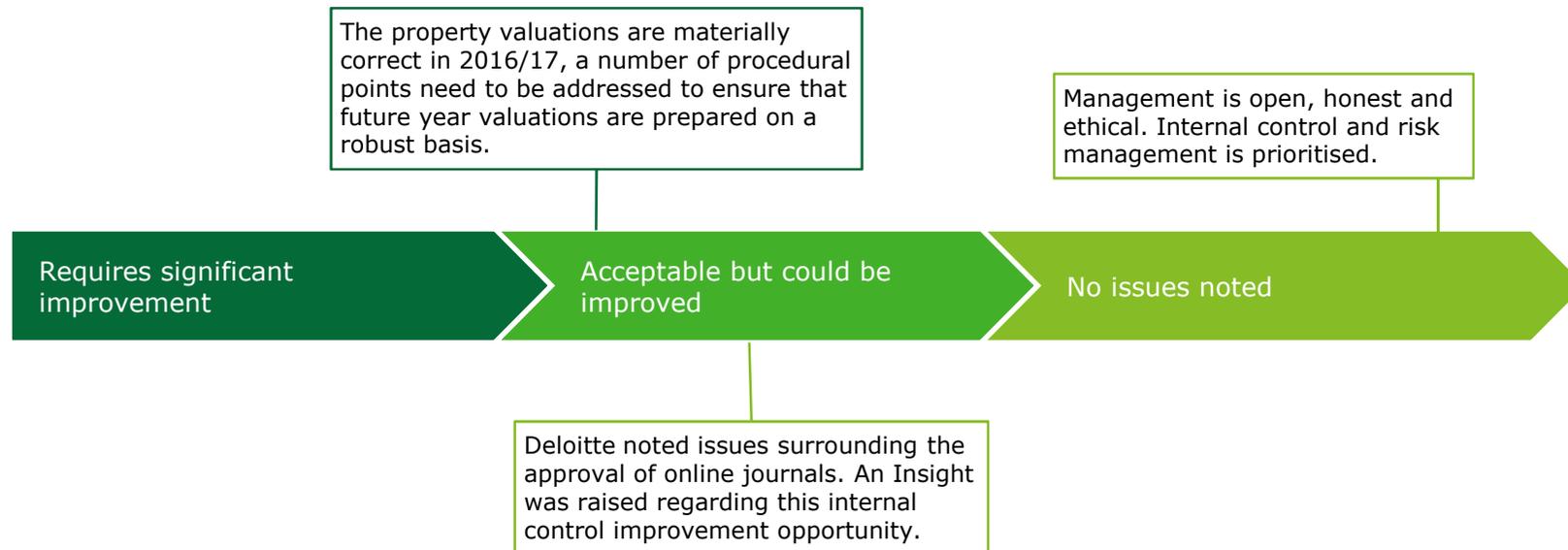
Deloitte view

No issues noted from our testing of the charitable trusts accounts in the year, which were found to be correctly accounted for in accordance with the Regulations.

Other significant findings

Internal control and risk management

ISA 315.12 (UK and Ireland) requires we obtain an understanding of internal control relevant to the audit. It is a matter of the auditor's professional judgment whether a control, individually or in combination with others, is relevant to the audit. We do not test those controls we do not consider relevant to the audit. Below we provide a view, based on our audit procedures, on the effectiveness of your system of internal control relevant to the audit risks that we have identified.



Deloitte view

From the work undertaken we have not identified any issues with the financial management, governance and general controls of the Council. No issues were noted with the quality of working papers received from the Council.

Other significant findings (continued)

Insights delivered

We welcome this opportunity to set out for the Governance and Scrutiny Committee our observations from our substantive audit procedures. Below are other insights we have identified from our audit.

Insight	Detail
<p>Civica system authorisation limits are not enforced by the system for 'online' journals. Despite the Civica system having authorisation limits against the relevant finance team members, the Civica system does not enforce these limits.</p>	<ul style="list-style-type: none">• A total of 281 users currently have access to GL, with over half being Enquiry only. 43 users are members of the five user groups affected, of these only nine users had no Authorisation limit, which meant they could authorise an online journal without being approved to do so.• Eight users were in the Senior Accountancy Group and one user was in the Junior Accountancy group. Upon investigation it was found that none of the individuals in question had authorised any journals over their authorisation limits in the financial year.
<p>From our property specialist's review of the valuations performed in the year, a number of recommendations have been made in relation to the valuation process. A meeting has been held with both the Finance and Estate teams to discuss the findings in detail.</p>	<ul style="list-style-type: none">• A formal terms of engagement should be put in place between the Finance and Estates team and updated annually to agree the scope of the asset valuation work.• Supporting evidence should be maintained for key judgements and the rationale used in preparing the valuations.• Despite the terms of engagement, prepared by the Estates Team, specifying that Surplus Assets and Assets Held for Sale would be valued, the annual revaluation of these assets has not been done.• An overriding valuation report should be prepared setting out the valuation process, the rolling programme, statements on valuation basis and methodology, inspection programme, key assumptions, information that has been relied upon, qualifications of the valuers and a statement that the valuations have been prepared in accordance with the relevant accounting and valuation references and guidelines.• None of the assets which were valued in the year have been subject to an inspection by the valuer. We would recommend that a more extensive and documented inspection programme is undertaken to ensure that the majority of assets valued each year have been subject to inspection within the relevant year.

Other significant findings (continued)

Insights delivered (continued)

Insight	Detail
There were 1.466m transaction lines in the financial year 2016/17, 97k (6.5%) of these were corrections or recoding of transactions.	<ul style="list-style-type: none">The source of the originating transaction should be reviewed and action taken to code relevant expenditure to the appropriate detail code first time.

Your annual accounts

We welcome this opportunity to set out for the Governance and Scrutiny Committee our observations on the annual accounts. We are required to provide an opinion on the remuneration report, the annual governance statement and whether the management commentary has been prepared in accordance with the statutory guidance.

	Management response	Deloitte response
Management Commentary	The Management Commentary comments on financial performance, strategy and performance review and targets. Deloitte note that the Management Commentary has been prepared in line with issued guidance. The commentary included both financial and non financial KPIs and made good use of graphs and diagrams. The Council also focusses on the strategic planning context.	We have assessed whether the Management Commentary has been prepared in accordance with the statutory guidance. No exceptions noted. We have also read the Management Commentary and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading
Remuneration Report	The remuneration report has been prepared in accordance with the 2014 Regulations, disclosing the remuneration and pension benefits of Senior Councillors and Senior Employees of the Council.	We have audited the disclosures of remuneration and pension benefit, pay bands, and exit packages and confirmed that they have been properly prepared in accordance with the regulations.
Annual Governance Statement	The Annual Governance Statement reports that East Ayrshire Council governance arrangements provide assurance, are adequate and are operating effectively.	We have assessed whether the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the accounts direction. No exceptions noted.

Wider scope requirements

Financial sustainability

Audit dimension

As part of the annual audit of the financial statements, we have considered the appropriateness of the use of the going concern basis of accounting. Going concern is a relatively short-term concept looking forward 12 to 18 months from the end of the financial year. Financial sustainability interprets the requirements and looks forward to the medium (two to five years) and longer term (longer than five years) to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered



- The financial planning systems in place across the shorter and longer terms.
- The arrangements to address any identified funding gaps.
- The affordability and effectiveness of funding and investment decisions made.

Deloitte response



We have monitored the Council's actions in respect of its short, medium and longer term financial plans to assess whether short term financial balance can be achieved, whether there is a long-term (5-10 years) financial strategy and if investment decisions are based on evidenced consideration.

We have also assessed the Council's performance in undertaking transformational change, reliance on reserves and achievement of savings targets.

Deloitte view

As discussed further on pages 36 to 41, The Council has a clear process in place for long term and medium term financial planning and the current level of reserves held is within the best practice threshold. The planned use of reserves to fund investments will be sustainable in the short term, however, going forward, the Council should continue to ensure that such an approach is taken only where the level of reserves can continue to be maintained within recommended levels.

The Council has achieved significant savings over the last 5 years, however due to increasing demand for services and the continuing restraint in relation to Council funding settlements, it will have to consider how it can continue to transform service delivery through its TS2 Programme in order to minimise the impact on service levels within reducing budgets.

Wider scope requirements (continued)

Financial sustainability (continued)

Revenue budget

The Council has been undertaking a challenging 5 year Transformation strategy which came to an end in 2016/17. This strategy involved the redesign of services to achieve financial savings to assure the Council's Financial sustainability. It is notable that during this period, the Council has never the less managed to invest in its schools, build new Council housing and improve services with the use of smart technology – see Capital budget section below. Whilst this section on Financial sustainability is looking ahead, it is worth noting that the Council has managed to reduce its Net Cost of Service in 2015/16 of £291m to £279m in 2016/17.

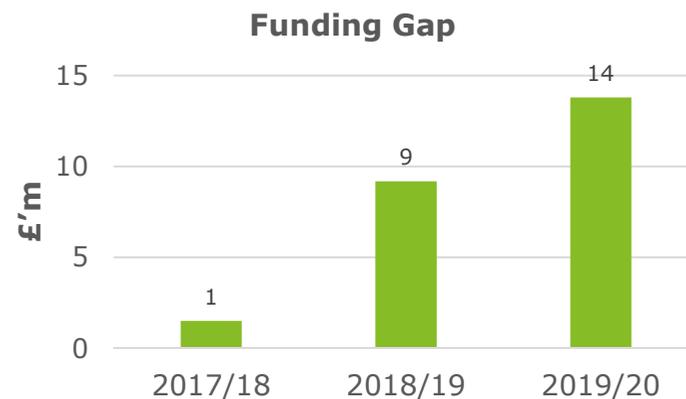
All of the Council's services in 2016/17 achieved an underspend against budget with the exception of Health and Social Care, which was due to the particularly high demand for services in this area.

The 2017/18 Revenue budget was approved by the Council on 23 February 2017 following detailed consideration of savings options. This budgeted total expenditure of £332m incorporates £5m of savings which results in a net budget gap of £1.5m which will be bridged by General Fund Uncommitted balances.

In setting its budget the Council has recognised that a number of risks exist, such as the potential of reduced levels of Scottish Government funding, inflationary pressures particularly in relation to the Living Wage and the Apprenticeship Levy and the ever increasing demand for services in relation to Health and Social Care.

Recognising these and any future potential risks that may arise the Council is progressing with its second Transformation Strategy to cover financial periods to 2021/22.

Although it has acknowledged that reduced Government Grants could require significant savings over the next few years (based on the assumption of a flat cash grant settlement).



Wider scope requirements (continued)

Financial sustainability (continued)

Capital budget

In 2016/17 the Council set itself a challenging capital programme across roads, schools, infrastructure and housing. In all main categories of capital spend, the Council underspent against its budget. However, it needs to be recognised that this under spend is an in year under spend only, caused by delays to the commencement dates of certain capital schemes due to the need to revisit tender prices, amend designs and unexpected costs.

Capital spending in 2016/17 was part of the Council's 10 year plan to 2022/23, which was extended in April 2016 to 2025/26. Key projects within this plan included the delivery of new schools and the extensive refurbishment of certain existing schools, technological and other improvements to enable older people to live independently in their own homes and new Council house building.

In addition to the continued spend and activity on those schemes which were reprofiled in 2016/17, the Council is also planning to spend £89m during 2017/18. The main schemes, in terms of spending within this included £7m on the Knockroon Learning Campus, £7m acquiring the Johnnie Walker bond and £4m in relation to Moorfield industrial units. The majority of other spending is in relation to schools. Due to the impact of the reprofiled projects, and the size of the current year capital spend, the Council will need to focus of the project management of the schemes to ensure they are achieved within intended time scales.

Reserves

The Council operates a number of Reserves and balances. Certain of these balances are committed and ring-fenced where as other are able for utilisation, effectively usable reserves. Reserves include the General Fund balance, HRA, Renewal and Repairs, Capital grants unapplied and the Capital fund. Within the Council's Transformation Strategy the Council has considered how funds will be sourced for each of these reserves as well as how it plans to utilise the funds.

The Council's General Fund has decreased by £4m in the year to £37m as at 31 March 2017.

The Council encourages its services to achieve savings ahead of schedule so that it can increase its ability to use these one off savings for service enhancements and it is noted that the Council's Reserves Strategy and past performance is within recommended levels.

Wider scope requirements (continued)

Financial management

Audit dimension

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Areas considered



- Systems of internal control.
- Budgetary control system.
- Financial capacity and skills.
- Arrangements for the prevention and detection of fraud.

Deloitte response



We have reviewed the budget, monitoring and reporting to the Council during the year to assess whether financial management and budget setting is effective.

Our fraud responsibilities and representations are detailed on page 59.

Deloitte view

We are satisfied the Council has strong budget setting and financial monitoring arrangements which are robust enough to sufficiently manage financial activity and capture and address any challenges to the achievement of financial targets.

We have also reviewed internal audit reports issued in the year and note our broad agreement with their findings and conclusions.

From our testing throughout the audit we are satisfied that the Council appears to have an adequate systems of internal controls in place.

East Ayrshire Council has a Corporate Anti Fraud service, delivered in conjunction with North Ayrshire, which provides pro-active fraud prevention advice and investigates fraud within and against the Council. Additionally, the Council also participates in the NFI.

We are satisfied East Ayrshire Council has appropriate arrangements in place for the prevention and detection of fraud and corruption.

Wider scope requirements (continued)

Financial management

Net operating expenditure (per the CIES)

It is commendable to note that even although the Council received £10.988m less income between 2015/16 and 2016/17, it still managed to reduce its net operating expenditure by £11.496m.

	2015/16 Actual £'000	2016/17 Actual £'000	Variance £'000
Net Operating expenditure	292,443	280,947	11,496
Taxation and non-specific grant income	289,008	278,020	10,988
Net operating costs	3,435	2,927	508

The key reasons for the underspend were:

- Staff costs to the Council being less than initially anticipated.
- Lower than initially anticipated premises costs.
- Higher than budgeted income across a range of services.

Capital expenditure

The key areas of capital expenditure in 2016/17 by the Council were roads, schools, infrastructure and housing which totalled £55m, compared to £37m in 2015/16. Funding of this spend came from a number of sources:

- Capital receipts - £4m
- Government Grants and contributions - £13m
- Sums set aside from revenue - £28m
- Borrowings - £11m

In all main categories of capital spend, the Council underspent against its budget. However, it needs to be recognised that this under spend is an in year under spend only, caused by a reprofiling of the commencement dates of certain capital schemes due to the need to revisit tender prices, amend designs and unexpected costs.

Wider scope requirements (continued)

Governance and transparency

Audit dimension

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making, and transparent reporting of financial and performance information.

Areas considered



- Governance arrangements.
- Scrutiny, challenge and transparency on decision making and financial and performance reports.
- Quality and timeliness of financial and performance reporting.

Deloitte response



We have reviewed the financial and performance reporting to the Council during the year as well as minutes of Committee meetings to assess the effectiveness of the governance arrangements. Our attending at Governance and Scrutiny Committees has also informed our work in this area.

We have reviewed the governance of the Medium Term Financial Plan and the current arrangements and plans in relation to the Integration Joint Board as it develops.

Wider scope requirements (continued)

Governance and transparency (continued)

Deloitte view

We confirm that we have reviewed the arrangements and have identified no issues in this regard.

From our review of the internal audit plan for 2016/17 and internal audit reports, we are satisfied that there are appropriate systems of internal control in place and no significant weaknesses have been identified. Appropriate disclosure has been made in the annual governance statement of issues identified from the work of internal audit and any actions being taken.

We are comfortable with the fraud arrangements in place and confirm we have not been made aware of any financially significant frauds in the year.

We have identified no issues with regard to the arrangements for maintaining standards of conduct and the prevention and detection of corruption.

The Elected Members induction, training and development arrangements have been reviewed in 2016/17 in preparation for the new Council being elected following the Local Government Elections in May 2017. New arrangements for a formal Chief Officer appraisal process were approved in 2016/17.

We have also considered the Council's priorities, transformation plans and members and officers' knowledge, skills and resources as part of our work on the Strategic Audit Priorities which is discussed further on pages 34 to 48.

Wider scope requirements (continued)

Governance and transparency (continued)

Internal Audit

During 2016/17, East Ayrshire Council's Internal Audit team has been providing internal audit services to East Ayrshire Council. In addition to this, the team has also been appointed to provide internal audit services to the East Ayrshire Leisure Trust, through a service level agreement, and the IJB. Some additional resources have been provided to build capacity within the team and there have been no issues noted with regards to delivery of the agreed plan for East Ayrshire Council.

The Council's Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal controls. During the year, we have reviewed all internal audits presented to the Governance and Scrutiny Committee and the conclusions have helped inform our audit work, although no specific reliance has been placed on the work of internal audit.

From our review of the internal audit reports issued during 2016/17, we have noted a small number of "High Risk" graded recommendations, including issues identified from internal audit around lack of internal controls. We note that no frauds have been identified as a result of these issues.

Following the public pound

The statutory requirements to comply with the Following the Public Pound Code, in conjunction with the wider statutory duty to ensure Best Value, means that Councils should have appropriate arrangements to approve, monitor and hold third parties accountable for public funding provided to them.

We have considered the appropriateness of the Council's arrangements to meet their obligations to comply with the Code and note the following:

- Following the Public Pound (FTPP) arrangements are considered annually for the risk based internal audit plan. In recent years the internal audit plan has included assignments to review and support arrangements with regard to new models of service delivery including the East Ayrshire Leisure Trust, Ayrshire Roads Alliance and the Integration Joint Board. During 2016/17 the internal audit plan also included an assignment reviewing Grants Committee procedures. Overall internal audit concluded that the Council's procedures were being applied correctly and a small number of recommendations were made and actions agreed.
- In response to the new procurement legislation and accompanying Regulations, the Council has published its Contracts Register, representing a statement of current and future opportunities.

Wider scope requirements (continued)

Value for money

Audit dimension

Value for money is concerned with using resources effectively and continually improving services.

Areas considered



- Value for money in the use of resources.
- Link between money spent and outputs and the outcomes delivered.
- Improvement of outcomes.
- Focus on and pace of improvement.

Deloitte response



We have gained an understanding of the Council's self-evaluation arrangements to assess how it demonstrates value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.

We have also considered the arrangements the Council has in place to monitor how it is achieving its targets and addressing areas of poor performance.

Performance management

The East Ayrshire Community Plan and the Single Outcome Agreement are the main strategic tools used to plan for and report on the performance of the Council. This plan supports continuous improvement and measures delivery of the Council's Mission, Vision and Outcomes.

We have considered this further as part of our work on the Strategic Audit Priorities from page 34.

Deloitte view

There is a clear framework in place to ensure that Council performance is monitored and reported.

Performance information is readily available to East Ayrshire citizens via the Community Plan website.

We are satisfied that the performance is appropriately discussed within the Management Commentary in the Annual Accounts and management have introduced plans to address areas where progress has not been satisfactory. But more work could be done to evidence the link between spend and outcomes delivered at both a Council and Partnership level.

Wider scope requirements (continued)

Value for money (continued)

Statutory performance indicators

The **Local Government Act 1992** lays a duty upon each Council to ensure that it has in place such arrangements for collecting, recording and publishing performance information that will allow it to comply with a Direction from the Commission.

The appointed auditor's statutory duty in relation to the performance information is set out in the **Local Government (Scotland) Act 1973**. The auditor's duty is to be satisfied that the Council "*has made adequate arrangements for collecting and recording information, and for publishing it as required for the performance of their duties*".

At its meeting in June 2015 the Commission agreed that its 2015 SPI direction needed to reflect the Commission's on-going commitment to sector-led benchmarking and improvement and its approach to the next iteration of the local government Best Value audit approach, in particular the tone of continuous improvement and outcomes.

On that basis, the Commission agreed to endorse a strategy incorporating the following principles:

- a longer-term Statutory Performance Indicator Direction;
- a recognition of the increasing maturity of, and the Commission's support for the further development of the Local Government Benchmarking Framework; and
- incorporating the assessment of Council's approaches to public performance (PPR) as an integral element of the new approach to auditing Best Value, rather than undertaking separate annual assessments of this aspect of Council's performance.

The 2015 Direction was approved in December 2015 covering the financial years ending 31 March 2017-2019.

Deloitte view

We have considered the adequacy of the Council's arrangements for collecting, recording and publishing accurate and complete information and noted no issues.

Wider scope requirements (continued)

Health and social care partnership

Following the establishment of a Shadow Integration Board on 1 April 2014, 2015/16 saw the first year of East Ayrshire Integration Board (IJB), with the IJB being established from 1 April 2015. As part of our separate audit work of the IJB, we have reviewed the current arrangements and plans in place to develop the Health and Social Care Partnership with NHS Ayrshire and Arran. Our key findings are summarised below:

Financial sustainability

The net cost of provision of services in 2016/17 is £0.163m less than services commissioned by the East Ayrshire Health and Social Care Partnership (the 'Board'). However this surplus is after taking account of a non-recurring allocation of additional funds of £0.658m from East Ayrshire Council.

In overall terms management should look closely at the spending patterns in the early part of 2017/18, to ensure any required mitigating actions can be put in place early to avoid budgetary issues.

In the longer term the financial sustainability of the Board is reliant on the Council and the NHS Board's continued commitment to the Board and willingness to provide non recurrent funding if needed. This is of particular importance due to the current lack of a medium or long term financial plan for the Board; a matter which we understand will be a focus of the work of the Strategic Commissioning for Sustainable Outcomes Programme Board. As part of this process we recommended that the IJB review the demand drivers and the impact on the future costs to identify the relevant mitigating actions.

Financial management

The financial management of the Board broadly follows many of the financial disciplines utilised by the Council and as such these include key features that we would expect of an appropriate control system. By way of example, budgets are produced and formally monitored, variances are followed up for action, skilled and experienced financial management specialists are involved and regular reporting is made to those charged with governance.

A number of internal audit reports exist in relation to the Board and whilst these include certain control recommendations, none of these relate to the significant risks that we had identified for the audit.

Wider scope requirements (continued)

Health and social care partnership (continued)

Governance and transparency

From our review, the Annual Governance Statement was consistent with the financial statements and had been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and the requirements under the Delivering Good Governance in Local Government: Framework (2016).

Evidence has been seen of the Audit and Performance Committee's review of key aspects of the Boards activities and performance. We would also consider there to be sufficient diversity within the organisations to provide effective balance and scrutiny in leadership.

We have reviewed the work of internal audit and found it to be appropriate.

It takes 2 months from the month end for the financial monitoring report to be prepared and then reported to the Board. Whilst an accelerated timetable would be preferable, we recognised that this is due to complications around the logistics of consolidating the information from the different partners and to ensure that the quality of the reporting is not compromised. While this is in line with other Integration Joint Boards, we would recommend that the timeliness of the reporting process should be addressed going forward.

Value for money

Satisfactory financial monitoring and performance reports are submitted four times a year to the Board. These reports include progress in achieving savings and performance targets ('Efficiency Tracker'). Reporting in this regard covers all required indicators with a traffic light system of green, amber and red (and n/a).

Although this continues to be a challenging area for the Board, overall we have concluded that the Board has reasonable arrangements for securing Best Value, continuous improvement and for ensuring financial targets are met, subject to the enhancements suggested above.

Deloitte view

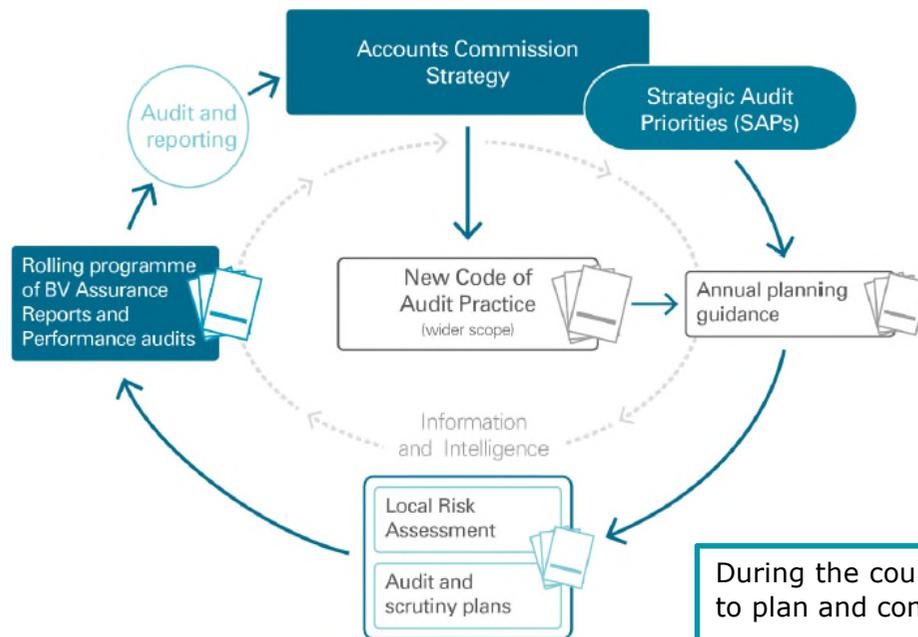
Recognising the relatively early stage of the Board, it is positive to note the work done to date in developing the governance and performance arrangements. However, the long term financial sustainability of the Board is still a significant risk. It is therefore critical that the Board work closely with both the Council and NHS Ayrshire and Arran to agree any required mitigating actions early to ensure that budgets are delivered in line with the resources available.

Wider scope requirements (continued)

Strategic audit priorities

The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once in this five year period. The BVAR report for East Ayrshire Council is planned for year two of the five year programme and fieldwork is expected to take place in Winter 2017.

This new approach fulfils the Commission’s desire that it is proportionate, risk-based and outcome-focused, providing the Commission and the public with more regular assurance about the performance of Councils. Audit Scotland are bringing together audit work on Best Value, the annual financial audit and the multi-agency shared risk assessment process, and this will continue to support its work with its strategic scrutiny partners. The audit planning framework is set out below.



The objectives of the new approach include:

- greater emphasis on assisting councils to drive continuous improvement;
- greater emphasis on the performance, outcomes and impact made by a Council;
- maintaining a proportionate and risk based approach;
- Performance Audit Best Value (PABV) and local auditors working together, and liaising with other scrutiny body representatives on an ongoing basis; and
- emphasising that it is first and foremost a Council’s responsibility to demonstrate that it is meeting its statutory duties, and that its own self evaluation can accurately show its level of performance and that the pace, depth and continuity of its improvement is appropriate.

During the course of the year, we have worked work closely with PABV staff to plan and complete this work.

In addition, to inform the Controller of Audit’s Annual Assurance and Risk Report to the Accounts Commission, we will submit a data return covering our audit work by 2 October 2017.

Wider scope requirements (continued)

Strategic audit priorities (continued)

As noted previously, the Accounts Commission has reviewed its strategic planning arrangements and has agreed five Strategic Audit Priorities that we have built into our audit expectations. These are set out below.

Council priorities and long term planning The clarity of Council priorities and quality of long-term planning to achieve these.
Service delivery How effectively Councils are evaluating and implementing options for significant changes in delivering services.
Resource How effectively Councils are ensuring members and officers have the right knowledge, skills and time to lead and manage delivery of the Council priorities.
Citizen involvement How effectively Councils are involving citizens in decisions about services.
Quality of public performance reporting The quality of Council public performance reporting to help citizens gauge improvement.

During the 2016/17 audit, we have worked with our colleagues in PABV to understand the Council's baseline position across these Strategic Audit Priorities. We will be able to use this baseline to monitor performance and improvement against these priorities across the next five years.

The approach undertaken included interviews with senior officers and other personnel across the Council, observance of committee meetings and review of documents such as the Community Plan, Medium Term Financial Plan, Council communications, consultations and performance data.

Areas considered

There is an element of cross-over between the Strategic Audit Priorities and the wider areas of financial sustainability and value for money. We have primarily focused on gaining an understanding of the Council's arrangements for demonstrating best value in financial and service planning, financial governance (as detailed in the wider scope work), resource management and its plans for transformation moving forward.

Wider scope requirements (continued)

Council priorities and long term planning

Does the Council have clear priorities that set the strategic direction?

East Ayrshire encompasses a diverse area, covering some 490 square miles, with a population of 122,440 spread over both urban and rural communities. The majority of the younger population is centred in the urban areas.

Despite East Ayrshire being such a rich and culturally diverse community, in line with most Councils, they have been facing several challenges which include budget cuts, changes in demographics, unemployment, poverty and deprivation. In a bid to alleviate the pressure posed by these challenges the Council has placed reliance on their strong tradition of partnerships working with bodies such as Police Scotland, the Scottish Fire and Rescue Service, the NHS and the third sector. Together they have developed their second Community Plan, covering the 2015 to 2030 period. Following on from the last plan which covered the period 2003 to 2015, the new Plan provides the Council and its partners with renewed focus and commitment towards achieving their vision, which is to ensure:

"East Ayrshire is a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs."

Through comprehensive engagement with communities, Partners and other stakeholders in the development of the new Community Plan, the Council identified the following as the key priority areas on which to focus the delivery of services over the life of the Plan.

Economy and Skills

Safer Communities

Wellbeing

Each key priority is underpinned by a Delivery Plan. Objectives and KPIs linked to the priorities are detailed in the Single Outcome Agreement, as show on the following page, which is reviewed every 3 years. Through the objectives detailed in these plans, the Council and its partners are taking forward actions that they believe will bring about real change for local people and communities.

Deloitte view

The Council and its partners have a strong unified vision which is set out in the Community Plan. This vision is supported by a single high level set of priorities/outcomes, with Delivery Plans, KPIs and funding decisions linked to these priorities.

Wider scope requirements (continued)

Council priorities and long term planning (continued)

Does the Council have clear priorities that set the strategic direction?

East Ayrshire Council's priorities

East Ayrshire Council uses the Single Outcome Agreement to provide a clear understanding of place and communities, plans for the delivery of improved outcomes and the development of a robust performance management framework.

Community Plan 2015 - 2030

Vision: A place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs.

Strategic Priorities

- Economy and skills development
- Safer communities
- Wellbeing

Single Outcome Agreement Plan Priorities

Vision: East Ayrshire – Building a better East Ayrshire

Priorities

- Economic recovery and growth
- Employment
- Early years
- Safer and stronger communities
- Health inequalities and physical activity
- Outcomes for older people

Supporting documents

- Local Development Plan.
- Delivery plans that address the Community Planning Partnership's key priorities.
- Service Improvement Plans: Children & Young People, Housing, Food Safety, Education, Health and Wellbeing and Service Improvement.
- Medium and long term financial plans.

Supporting strategies

There are a number of specific Council strategies including: Local Housing, Tourism, NHS Ayrshire and Arran, Sports, Procurement, Equal Opportunities, Borrowings, Investment and Waste Management Strategies. The Community Plan remains the overarching document.

Wider scope requirements (continued)

Council priorities and long term planning (continued)

Does the Council demonstrate effective strategic planning to deliver its vision?

In addition to the supporting plans and strategies the Council together with their Community Planning Partners have identified what success will look like in East Ayrshire as they realise their vision over the duration of the Community Plan. Below is a summary of the what success will look like at the end of the Plan:

Strategic Priorities	What Success looks like
Economy and skills	<ul style="list-style-type: none"> • Well-established and growing business base. • Stronger and more diverse economic growth opportunities. • Increased infrastructure and employment sites that support business investment and expansion. • Skilled and well qualified workforce, which is responsive to change and ready to meet business need.
Safer Communities	<ul style="list-style-type: none"> • Residents feel safer and protected in their homes and in their communities. • Reduced instances of domestic abuse. • Protection and support services for children, young people and adults at risk of danger and harm. • Improved the uptake of drug/alcohol prevention and diversionary activities, in particular in areas where the need is greatest.
Wellbeing	<ul style="list-style-type: none"> • Children will have better life chances, particularly those in the most deprived communities. • All vulnerable young people will secure a positive destination when leaving school and be supported into adulthood. • Reduced inequalities and narrowed the gap between the most and least deprived communities.

Deloitte view
 The Council and its Community Planning Partners have identified outcomes that will be achieved if they successfully implement their vision by 2030. We will monitor the progress made towards achieving these outcomes over the period of our audit appointment.

Wider scope requirements (continued)

Council priorities and long term planning (continued)

Does the Council have a good process in place for long term financial planning?

Long Term and Medium Terms Financial Plans

The Council's Transformation Strategy 2012–2017 was refreshed on an annual basis and has formed the basis of all key strategic decisions within the Council over this period, as well as planning for the financial impact of these decisions. The Long Term Financial Plan (LTFP) formed part of the development of the Transformation Strategy, of which 2016/17 was the final year. The primary objective of the financial strategy was to ensure the delivery of quality services to the community taking into account the current economic climate.

An updated Transformation Strategy, TS2, is in development and is going to Members in October 2017. An updated LTFP for the period 2017 – 2027 will be developed to reflect the objectives set out in TS2.

The Council carries out medium term financial planning on a five yearly basis. A Medium Term Financial Plan (MTFP) for the period 2017 – 2022 is also in development and is expected to be completed in the coming months.

Planning Process

East Ayrshire's planning is linked to the Council's Transformation Strategy. The Council reviews its Transformation Plan and its financial plans on an annual basis. The process commences with an analysis of the prior years performance, analysis of the planned services for the coming year and any cost savings which have to be made. An outlook report is subsequently compiled and submitted to the cabinet for review and approval.

With the help of each Service, the Council compiles a consolidated budget for the group. Consultation is undertaken in relation to budget proposals, both within the Council and with the public, in the form of a series of community briefings at scheduled events and through an online consultation.

Deloitte view

The Council has a clear process in place for long term and medium term financial planning and has linked this process to the Council's Transformation Strategy over the last five years. This process includes community briefings and consultation to ensure that members or the public can participate in this undertaking.

The period covered by the previous LTFP and MTFP has now ended and the Council is in the process of finalising the new iterations of these documents, which will link to the TS2 Strategy. We will review these documents to ensure that they link to the vision and objectives set out in the Community Plan as part of the Best Value audit of the Council, which is expected to take place towards the end of 2017.

Wider scope requirements (continued)

Council priorities and long term planning (continued)

Does the Council have a sustainable policy in place for the use of reserves?

The Council has adopted a Reserve Strategy that is in line with the current economic climate. Good practice recommends that local authorities should retain uncommitted reserves of between 2% and 4% of their annual running costs, which is equivalent to between £6.5m and £13.2m for the Council.

Despite having utilised around £5m of reserves in order to balance the 2016/17 budget, the General Fund Uncommitted Balance as at the 31 March 2017 was £13.098m, representing 4% of the net revenue expenditure.

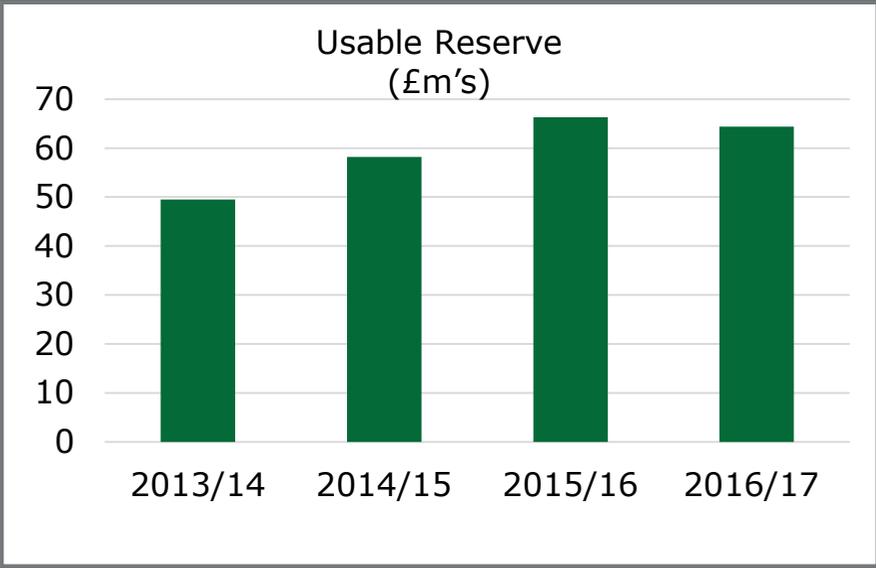
The Reserves Strategy permits services to carry forward underspends into the next year for use on non-recurring, fixed term projects or to assist in aligning services with resources over a three year period. In line with this policy, the Cabinet approved a transfer of £0.733m to the Uncommitted General Fund Balance for use in other areas as part of the annual balances review. The Council established a £1m Health and Social Care Transformation Fund to facilitate change and a reduction in recurring costs, and set aside £0.5m to mitigate the impact of Welfare Reform on individuals.

Moving forward, the Council intends to maintain its uncommitted reserves within the good practice threshold.

Deloitte view

The Council's current level of reserves held is at the higher end of the range and the planned use of reserves is to continue to be maintained within recommended levels.

The Council has decided to keep their reserve strategy under review as the level of useable reserves is expected to reduce over the next few years due to the delivery of commitments.



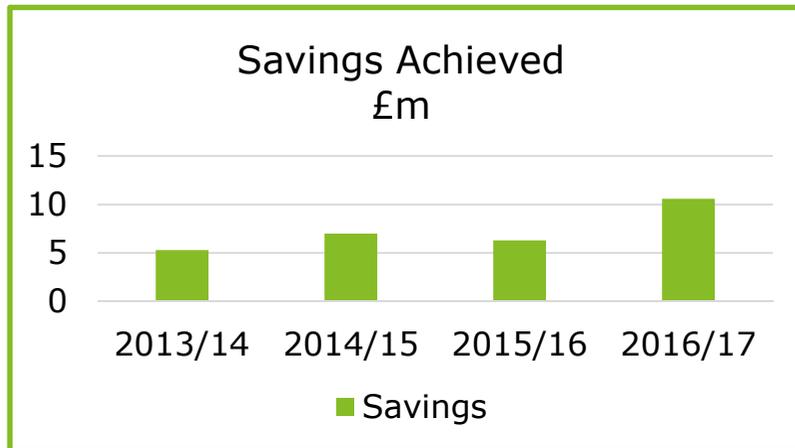
Period	Unusable Reserve	Usable Reserve
2013/14	417.6	49.5
2014/15	343.1	58.2
2015/16	391.5	66.3
2016/17	281.6	64.4

Wider scope requirements (continued)

Council priorities and long term planning (continued)

Has the Council underpinned sustainability through the achievement of savings targets?

The Council has successfully made year on year savings over the last four years through the efficiencies and initiative delivered through workstreams within the Transformation Plan, as detailed below:



Transformation Workstreams	2013/14	2014/15	2015/16	2016/17
Alternative Delivery Models	0.8	0.1	0.3	0.9
Service Efficiencies	4.4	6.6	5.5	8.7
Property and Estate Rationalisation	0	0	0.3	0
Administrative/ Clerical Functions	0.1	0.3	0.2	0.2
Total	5.3	7.0	6.3	9.8

The Council was required to find additional savings of £5.4m in the 2017/18 budget. The Council has identified savings to be made in the following areas in order for them to achieve their target for the year:

- Alternative Delivery Models
- Service Efficiencies
- Property and Estate Rationalisation

Deloitte view

The Council has achieved significant savings over the last 4 years however due to increasing demand for services and the continuing restraint in relation to Council funding settlements, it will have to consider how it can fundamentally transform service delivery through its new TS2 Strategy in order to continue to meet citizen needs with reducing budgets.

Wider scope requirements (continued)

Service delivery

Does the Council have a Transformation Plan that links to the corporate priorities?

Transformation Strategy 1 2012 -2017

As noted previously, the Council has a Transformation Strategy 1 which covered the period 2012-2017.

The objective of the Strategy, when it was set, was to enable key services to continue to be delivered with less money. The Council agreed three Strategic Priorities:

- Raise educational attainment;
- Support older people; and
- Promote town living.

The priorities were underpinned by key actions. In order to ensure the Strategy linked to the Community Plan priorities, the Council identified Ten Strategic Imperatives that were intended to govern all actions undertaken through the strategy, including ensuring that all actions are directed towards achievement of key outcomes and ensuring services are built around people and communities.

Transformation Monitoring

Throughout the course of the Transformation Programme, efficiencies and workstreams have been monitored by the Transformation Board, which has enabled the progress of the programme to be effectively scrutinised. An overview of the Council's achievements against its three Strategic Priorities is provided on the following page.

Transformation Strategy 2 2017 – 2022

The Council is currently finalising its new Transformation Strategy, TS2. This will be focused on ensuring the Council remains sustainable through the ongoing challenge of continued austerity, real cuts to funding, increasing demand for services and new factors such as BREXIT. TS2 is expected to be submitted to Members for approval in October 2017.

Deloitte view

The Council has successfully delivered change in the past and is now about to launch its next Transformation Strategy. This will be a key area that we will monitor over the course of the audit appointment, including how the Council ensure that projects deliver on time, on budget and most importantly, deliver the expected benefits for the citizens of East Ayrshire. We would expect to see the Members playing a very active role in the transformation and the Council will also need to ensure it has the transformational infrastructure in place, including PMO, benefits realisation tools and templates and an effective change management strategy to deliver this transformational change. We will consider this in detail as part of our upcoming Best Value audit.

Wider scope requirements (continued)

Service delivery

Does the Council have a Transformation Plan that links to the corporate priorities?

Transformation Strategy 2012 – 2017: Achievements against Strategic Priorities

Priority	Action	Achievement
Raise educational attainment	<ul style="list-style-type: none"> ▪ Raise educational and skills attainment. ▪ Foster and grow the partnership between local schools and businesses to ensure our young people are “work ready”. ▪ Support 100 young people into apprenticeships with the Council and pioneer a new Apprenticeship Scheme to support local businesses. 	<ul style="list-style-type: none"> ▪ Construction under way on 3 sites to replace 8 schools. ▪ Expanded business links with all schools that are supporting young people in their learning and training. ▪ Analysis of INSIGHT data indicates continuous improvement in attainment. ▪ Pioneering engineering apprenticeship scheme launched at Loudoun Academy.
Support older people	<ul style="list-style-type: none"> ▪ Encourage older people to participate in community life. ▪ Promote intergenerational work. ▪ Support more older people live independently in their own homes and ensure that they are well cared for within the community. 	<ul style="list-style-type: none"> ▪ Exercise and rehabilitation programme led by Vibrant Communities. ▪ Intergenerational projects in two care homes. ▪ Increased the use of Smart Supports (Technology Enabled Care) by 8% helping to transform the lives of many and helping people to continue to live safely in their own homes.
Promote town living	<ul style="list-style-type: none"> ▪ Build new Council houses in and around our town centres and encourage external investment in town centres. ▪ Work with retailers and local businesses to improve our town centres and villages. ▪ Build on our investment on town centre regeneration. 	<ul style="list-style-type: none"> ▪ Built 197 new Council houses across East Ayrshire with additional units currently being built for older and ambulant disabled residents. ▪ 6 Community led Action Plans established. ▪ 7 new retail units at Cumnock Town centre. ▪ Reduction in vacant shop floor space in town centre.

Wider scope requirements (continued)

Members and officers knowledge, skills and resources

How do the Council ensure that Members and officers have the right knowledge, skills and time to lead and manage delivery of the Council priorities?

Members

This Council is made up of 32 elected Members and following the local election in May 2017, there is now a minority SNP administration.

Subsequent to the Local elections the Council developed an induction programme for all the elected Council Members. The induction included overviews of the Community Plan and all of the Council's other key strategies, challenges facing the Council and the support they will receive in their role as Council Members.

Induction activity does not stop after initial delivery of the programme:

- Induction programme assessment and Member satisfaction feedback;
- Follow up discussions held with Members to discuss personal development needs. From these discussions, a member training and development programme will be drafted;
- An annual review of training requirements is undertaken; and
- An annual programme of member seminars is provided on current issues and member development.

Officers

The Council's Transformation Strategy covers the workforce needed to deliver efficient and effective services to citizens and workforce requirement are considered by Services during the cycle of reviewing and updating Service Improvement Plans every three years.

The Council recognises the need for its employees to have the correct skill set and continually learn, develop and enhance the staff's skills, knowledge and behaviour to meet the demands of their roles. Annual reviews are undertaken to individual training and development requirements.

On average, during 2016/17, the Council had 6,082 employees. As the largest employer and a provider of public services in the area, the Council recognises that it has a key role to play in tackling discrimination and disadvantage by ensuring that all communities, individuals and groups are treated fairly and with dignity and respect. The Council has developed an Equal Opportunities strategy. The objective of this strategy is to ensure that all staff promote equality in the workplace and in the services they deliver or which are delivered on the Councils behalf.

Deloitte view

The Council places a great deal of importance of building up strong relationships with Members and proving the workforce with the support they need to achieve the Council's strategic priorities. Member involvement in transformation is one of the keys to success. We will review how the training needs of officers and the buy in of Members are taken into consideration as the Council implements its TS2 over the course of our audit appointment.

Wider scope requirements (continued)

Citizen Involvement

How does the Council involve citizens in decision making about its services?

The Council and its partners are fully committed to engaging with the East Ayrshire community. In 2016, the Council put in place a Framework for Community Engagement, which aims:

“To provide communities with the ways and means to influence and shape the way services are planned and delivered in East Ayrshire.”

The framework:

- Establishes a common understanding of, and renewed commitment to community engagement across all organisations, partners and partnerships in East Ayrshire.
- Sets out clear principles and standards for community engagement for all partners and communities to apply.
- Provides a framework for working with communities to ensure that they are fully engaged in the work the Council undertakes as key partners and stakeholders, particularly equality groups and the hardest to reach.

Deloitte view

The Council places very strong emphasis on encouraging community participation in decision making. We will monitor how this current engagement approach is maintained as the new Framework for Community Engagement becomes embedded and through the upcoming transformation of Council services through the implementation of the TS2 Strategy.

This framework builds upon previous engagements carried out through the Transformation programme and through the Vibrant Communities approach. Vibrant Communities is a service that has been up and running since 2013 and brings together more than 100 employees to provide a service which works with all sections of the community to develop sustainable communities and reduce inequalities through prevention and early intervention strategies. They aim:

“To balance the relationship between those who design and deliver services and the people who ultimately use them.”

The Council also undertakes other forms of engagement such as its ongoing consultation programme, which gives an opportunity for the local communities to comment and provide feedback on areas that have been put forward for work by the Council.

The Council has undertaken Participatory Budgeting (PB) initiatives which give residents the opportunity to decide where public money is spent in their communities. Participatory budgeting events held where £0.13m was allocated to communities and utilised on local projects as part of the Council’s initial participatory budgeting initiative.

Wider scope requirements (continued)

Citizen Involvement (continued)

How does the Council involve citizens in decision making about its services?

Participatory Budgeting – Case Study

Vibrant Communities has supported 12 East Ayrshire communities to hold participatory budgeting events during 2017. These involve working in conjunction with Community Led Action Plan steering groups and other community representatives to arrange, publicise and run events attended by members of the local community, who then vote on which projects should receive an award.

Each community had up to £10,000 to award to groups and individuals with an idea for a project which would benefit the local community. Funding was provided by the Scottish Government’s Community Choices Fund, East Ayrshire Council and East Ayrshire Health and Social Care Partnership.

Those requesting funding were required to display information about their project or idea, or to deliver a short three minute presentation and the community then cast their votes to decide where the funding should be allocated.

The ‘You Decide - Mauchline Matters’ and ‘You Decide - Valley Ventures’ (Darvel/Newmilns) events gave local people the opportunity to choose which community groups received money for projects in their areas. Some of the successful bids are detailed in the tables below.

Mauchline Matters

Name	Project details	£
Nursery Outdoors	Provide wooden play equipment to improve children engagement	600
Scout Hall	Contribution to the cost of internal work to improve the facility	750
Curling Club	Provide ‘come & try’ coaching sessions	195
Local Directory	Delivery of completed directory to 1873 households	836

Valley Ventures

Name	Project details	£
Coffee Pot	Make soup for people that use church hall for lunches & replace old fridge	170
Darvel Beavers	Buy equipment to enhance young members knowledge of the outdoors	348
Ayrshire Foodbank	Buy equipment to help volunteers in preparation of food for clients	250
16 th Ayrshire Scouts	Purchase a tipi for activities	1000

Wider scope requirements (continued)

Public performance reporting

How does the Council monitor Performance and Outcomes?

The Council gathers performance information to monitor, track and improve service delivery to the community. The East Ayrshire Community Plan and the Single Outcome Agreement are the main strategic tools which are used to plan for and report on the Council's performance. Individual services use performance against indicators set out in Service Improvement Plans. The Council has implemented the following to help monitor their performance and related outcomes:

Performance indicators (PIs)

Performance Indicators (PIs) are used to assess whether the Council has achieved its targets. Some PIs are set nationally by the Scottish Government, others were decided locally because they were important to the Council and the local communities.

The national indicators are used to compare performance against other Councils across Scotland. Targets are used to focus on what needs to be done to improve overall performance. The Council has also developed action plans to inform local residents about any intended improvements that they intend to roll out.

Electronic performance management system (EPMS)

The Council has developed an Electronic Performance Management System (EPMS). Service scorecards have been developed and these are used to monitor performance indicators on a weekly, monthly, quarterly or yearly basis in order to help the Council to continuously improve the delivery of services.

Information from EPMS is used to report on the Community Plan and the Single Outcome Agreement. It also contributes significantly to the Annual Performance Report. The performance report is submitted both to the CPP Board and to the Council to enable Member scrutiny to take place. The report is also published on the Council's website. The report enables local residents to have access to a comprehensive range of useful performance indicators about the wide range of services that the Council delivers.

Deloitte view

There is a clear framework in place to ensure that Council performance is monitored and reported. Performance information is readily available to East Ayrshire citizens.

Wider scope requirements (continued)

Public performance reporting (continued)

How well is the Council performing?

We have drawn on the Local Government Benchmarking Framework (LGBF) to make a high level assessment of the Council's performance, relative to all Scottish Councils, in 2015/16 (the latest data available). The LGBF includes a number of indicators organised under common service areas. Performance is summarised in the below table*.

East Ayrshire Council LGBF Indicators in each quarter, 2011/12 – 2015/16



Deloitte view

The number of indicators in the first and second quartile initially improved over the last five years to 60% in 2013/14, before reducing slightly during 2015/16 to 51%. During the Best Value audit and over the next five years, we will develop a detailed understanding of the Council's performance, including:

- How priorities are agreed and reviewed and whether they link the Council's vision and Council Plan objectives;
- How the Council is performing against its key priorities and whether the Council is able to demonstrate that improvements in performance can be attributed to its actions (or actions undertaken with partners); and
- The role of elected members in scrutinising and challenging Council performance.

* The analysis is based on 37 of the LGBF indicators. It does not include indicators that relate to spend/cost, as these may not give a fair reflection of performance. For example, a higher than average spend on roads maintenance could reflect a policy decision to improve the existing condition of roads in the Council area.

Wider scope requirements (continued)

National Fraud Initiative

In accordance with Audit Scotland planning guidance, we are required to monitor the Council’s participation in the National Fraud Initiative (NFI) and progress during 2015/16 and complete an NFI audit questionnaire by 30 June 2017.

A summary of the matches reported in the NFI system and current status of investigations is provided in the table.

	Total
Total matches flagged	4,355
Total recommended matches to be investigated	1,104
Total processed	367
Frauds	0
Errors	0
Outcome	£Nil

Deloitte view

East Ayrshire Council are engaged with the NFI exercise. The key contact and the Governance and Scrutiny Committee have used the self-appraisal checklist published in the 2016 Report to help monitor progress with the 2016/17 exercise. Extensive training is provided to all members of the NFI team to ensure that work is carried out to a high standard, with regular oversight provided by the key contact. The key contact at the Council noted that improvements in fraud and error detection have been clear since the introduction of NFI.

Wider scope requirements (continued)

Local Area Network

We continue to actively participate in the Local Area Network (LAN) and make positive contributions to the Local Scrutiny Plan. The LAN met in December 2016 to update the shared risk assessment, and the LAN Lead met with the Chief Executive in June 2017. The Local Scrutiny Plan 2017/18 was published by Audit Scotland in March 2017.



Conclusion

No specific risks were identified in the shared risk assessment this year. However, the LAN identified a number of areas which form part of the on-going oversight and monitoring work carried out by scrutiny partners. This work includes the following issues:

- **Financial position and challenges to service delivery in the future** – this has been considered as part of our review of Financial Sustainability on page 22 to 24.
- **Transformation Strategy** – this has been considered as part of our work on the Strategic Audit Priorities on page 42.
- **East Ayrshire Health and Social Care Partnership** – this has been considered as part of our separate audit of the Partnership, a summary of the key findings are on page 32 and 33.

Wider scope requirements (continued)

Grant claim work

As part of our audit procedures, we have completed our review of the following grant claims / returns by the audit deadlines set by Audit Scotland:

Grant	Deadline	Status	Issues
Education maintenance allowance	31 July 2017	Completed	None
Criminal justice social work services grant claim	30 September 2017	Completed	None
Non-domestic rates income return	9 October 2017	On Target	None to date
Housing benefit subsidy	30 November 2017	On Target	None to date

Conclusion

We are on target to complete all grant claim work in line with Audit Scotland deadlines.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Governance and Scrutiny Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK and Ireland) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan and the supplementary "Briefing on audit matters" circulated separately.

This report has been prepared for the Governance and Scrutiny Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.



Deloitte LLP

Glasgow

28 September 2017

Technical update

National Performance Reports



National performance reports

Summary of reports issued over the past year

How Councils work (HCW) – Roles and working relationships in Councils: Are you still getting it right?

Published November 2016

Headline messages

The Accounts Commission revisits the themes in its 2010 HCW report on roles and working relationships. It highlights issues that are important to the governance of Councils in the current climate.

The messages highlighted in this report centre on the main themes of the original HCW of:

- clear roles and responsibilities and arrangements for governance that are up to date
- effective working relationships, with Councillors and officers demonstrating appropriate behaviours
- Councillors having the skills and tools to carry out their complex and evolving role

Impact on East Ayrshire Council

This report was presented to Members at the Governance and Scrutiny meeting on the 19th January 2017. The Council should consider how this report and the checklists will support Councillors in their difficult and challenging role. It should also help Councils to consider their current governance arrangements and make any necessary changes, including their preparations for the new intake of Councillors following the May 2017 local government election.

Local Government in Scotland: Financial Overview 2015/16

Published November 2016

Headline messages

Councils have remained within their overall budgets, increased their reserves slightly and reduced their debt in 2015/16. Each Council has its own particular challenges but all Councils face financial shortfalls requiring further savings or using reserves. They need to change the way they work if they are to make the savings needed.

Impact on East Ayrshire Council

Additional training event held with Elected Members to support them in fulfilling their role of scrutinising the Annual Accounts using the Audit Scotland “Why the Accounts Matter” publication. Audit Scotland identify questions that Councillors may wish to consider to help them better understand their Council’s financial position and to scrutinise financial performance. These are available in the self assessment tool for Councillors.

National performance reports (continued)

Summary of reports issued over the past year (continued)

Local Government in Scotland: Performance and Challenges 2017

Published March 2017

Headline messages

Councils overall have maintained or improved their performance in the face of a long-term decline in Scottish Government real term funding and continued increasing pressures on services. However, public satisfaction is declining and complaints are increasing. Looking ahead, they need to better involve their communities in service design and delivery.

There are wide variations between Councils. Some have grasped the nettle in finding new ways to provide services more efficiently. Others have been slower off the mark. Councils have made savings by cutting jobs but half of them still don't have organisation-wide workforce plans.

Impact on East Ayrshire Council

This report was presented to Members at the Governance and Scrutiny meeting on the 15th June. The Council should consider the recommendations made in the report (copied here for reference), when setting priorities and budgets for future periods.

Recommendations

Councils should:

- Set **clear priorities** supported by **long-term strategies** and **medium-term plans** covering finances, services, performance and workforce. These plans should inform all Council decision-making, service redesign, savings and investment decisions.
- Ensure that **budgets are clearly linked** to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management and real-time information to ensure spending is accurately forecast and monitored within the year.
- Have an **organisation-wide workforce plan** to ensure the Council has the people and skills to manage change and deliver services in the future.
- Ensure **workforce data** allows thorough analysis of changes to the workforce at an organisation-wide and departmental level. This will allow Councils to better assess the opportunities and risks in staff changes.
- Thoroughly **evaluate all options for change and service redesign**, including options for investing to save, and monitor the impact of change on Council priorities and desired outcomes
- **Support communities** to develop their ability to fully participate in setting Council priorities and making decisions about service redesign and use of resources.
- Ensure **Councillors** get support to develop the right **skills and knowledge** to fulfil their complex and evolving roles
- Ensure there is clear **public reporting of performance** linked to Council priorities to help communities gauge improvements and understand reduced performance in lower priority areas.
- Continue to work to understand the **reasons for variations in unit costs and performance**, and **collaborate** to identify and adopt good practice for each other.

Appendices



Audit adjustments

Unadjusted misstatements

There are no uncorrected misstatements above our clearly trivial threshold or uncorrected material disclosure deficiencies. We identified a small number of immaterial adjustments which management have corrected.

		Debit/ (credit) Assets £m	Debit/ (credit) Liabilities £m	Debit/ (credit) Equity £m	Debit/ (credit) Income Statement £m	If applicable, control deficiency identified
Misstatements identified in current year						
Property, Plant and Equipment	[1]	£2.7				
Revaluation Reserve	[1]			(£1.4)		
CIES	[1]				(£1.3)	
Total						

(1) Adjustment in relation to the impairment recognised against two assets.

Action plan

Recommendations for improvement

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
PPE Valuations	From our property specialists review of the valuations performed in the year, a number of recommendations have been made in relation to the valuation process. These should be taken forward as part of the 2017/18 revaluation exercise.	Future terms of engagement will be expanded to ensure the production of a valuation report detailing the valuation process, the rolling programme, valuation basis and methodology, inspections programme and confirmation that the valuations have been prepared in accordance with relevant professional standards.	Estates Manager	December 2017	High
Journals	The council should consider the review procedures in place around journals, with the aim of reducing the time consuming process of posting corrections or recoding of transactions that are currently required to be undertaken.	A review of the top 10% of correcting journals will be undertaken to identify the reason the source transaction requires amendment. Thereafter relevant action will be undertaken to update source systems.	Head of Finance and ICT	March 2018	Low

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity or group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified the risk of fraud in complying with recognition of grant income and management override of controls as a key audit risk for your organisation.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements

We have reviewed the paper prepared by management for the Governance and Scrutiny Committee on the process for identifying, evaluating and managing the system of internal financial control.

Concerns:

No concerns have been identified regarding fraud.



Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland), the Listing Rules and the Companies Act, we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2016/17 is £273,150 as detailed in our Audit Plan.</p> <p>No non-audit services fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its board and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>The Council subscribes for a minimal fee to CIPFA's finance advisory network to access a helpline to obtain a sense check and sounding board on tax technical questions, we do not consider this to be a threat to our independence as the team delivering the service have no involvement in the audit and there are no significant tax judgements in the accounts that could present a conflict. We are not aware of any other relationships which are required to be disclosed.</p>



Events and publications

Our events and publications to support the Council

Sharing our informed perspective

We believe we have a duty to share our perspectives and insights with our stakeholders and other interested parties including policymakers, business leaders, regulators and investors. These are informed through our daily engagement with companies large and small, across all industries and in the private and public sectors.

Recent publications relevant to the local authorities are shared opposite:

Perspectives: Health & Social Care - The great integration challenge

Bringing health and social care closer together has been a policy ambition for decades, yet it continues to be a challenge. This new piece discusses some of the key factors that affect integration and what can realistically be achieved. Read the full blog post here:

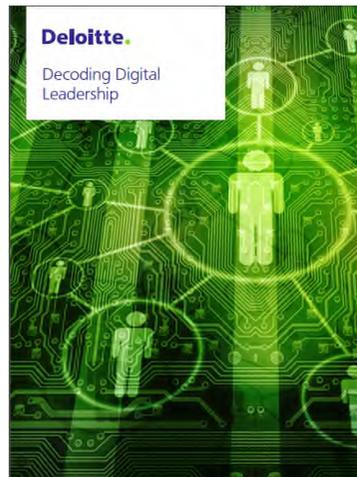
<http://www2.deloitte.com/uk/en/pages/public-sector/articles/the-great-integration-challenge.html>

Perspectives: The public sector's talent retention challenge – How can a talent drain be avoided?

Although global governments are increasingly conscious of the value of skills, the UK's public sector workforce has been hit hard by austerity. Job losses, low morale and pay freezes have all fuelled concerns of a potential drain. Read the full blog here:

<http://www2.deloitte.com/uk/en/pages/public-sector/articles/public-sectors-talent-retention-challenge.html>

Publications



Decoding Digital Leadership Surviving Digital Transformation

Digital transformation is a hot topic in government. The 2010 Spending Review mentioned the word 'digital' only four times in its reform plans, while the 2015 Review mentioned it 58 times. With that context, are senior leaders across government setting their organisations up for digital success?

Digital transformation requires top to bottom organisational transformation, which requires leaders who are willing and able to leverage digital to innovate, fail fast and drive value in an ambiguous context. Are your leaders equipped to drive digital transformation?

Download a copy of our publication here:

<http://www2.deloitte.com/uk/en/pages/public-sector/articles/decoding-digital-leadership.html>



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