

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



17 June 2026

To: Councillors Dettbarn (Chair), Bell, Hogg, McGinley, Pollock, Ramsay and Weir.

All other Elected Members for information only.

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held on **Wednesday, 24 June 2026 at 10.00 a.m.** for the purpose of considering the undernoted business.

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

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 3 June 2026 (copy herewith).
4. Action Log and Work Programme (copy herewith).

Internal Audit Reports

5. Internal Audit Annual Report 2025/26 - Submit Report by the Chief Internal Auditor (copy herewith).

6/

Other Governance Reports

6. Delivering Good Governance – 2025/26 Assessment - Submit Report by the Director of Corporate Policy, Strategy and Performance (copy herewith).
7. 2025/26 Annual Accounts (Unaudited) – Submit Report by Chief Financial Officer (copy herewith).
8. Treasury Management Annual Report 2025/26 - Submit Report by the Chief Financial Officer (copy herewith).
9. Strategic Risk Management - Submit Report by the Chief Governance Officer (copy to follow).

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

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 3 June 2026 at 10.00 a.m.

Present in

County Hall: Councillors Julie Dettbarn (Chair), Bob Pollock, Cameron Ramsay and George Weir.

Apologies: Councillors Kenneth Bell, Wullie Hogg and Brian McGinley.

Attending in

County Hall: T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead, Democratic Governance; C. McGhee, Chief Internal Auditor, D. Urquhart, Senior Investigations Officer, J. Chapman, Committee Services Officer and R. Anderson, Committee Services Assistant.

Opening Remarks.

The Chair

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

1. Sederunt and Declarations of Interest.

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

2. Call-ins from Cabinet.

The Panel noted that there were no call-ins from Cabinet of 26 May 2026.

3. Minutes of Previous Meeting.

A Member of the Panel referred to an error in the Minutes of 6 May 2026 relating to Item No 5 Audit Scotland – IJB Financial Bulletin 2024/25, which should be amended to reflect the local arrangements mentioned in paragraph 4 rather than in 4.2.

The Minutes of the meeting of 6 May 2026 ([issued](#)) were submitted and approved subject to the above amendment

4. **Action Log and Work Programme.**

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

The Panel

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

5. **Corporate Fraud Team –Activity Report and National Fraud Initiative update.**

There was submitted a report ([issued](#)) of 7 May 2026 by the Internal Audit Corporate Fraud Team advising the Audit and Governance Panel of the Corporate Fraud Team's (CFT) activity for the year to 31 March 2026, the outcome of the 2024/25 National Fraud Initiative (NFI) and the start dates for the 2026/27 National Fraud Initiative.

A Member of the Panel referred to Page 4, Section 4.8, Table 3 and enquired about the reason for the significantly elevated figures concerning open referrals. The Senior Investigations Officer responded that there was a substantial number of housing referrals related to locating and tracing housing debtor cases which had contributed to the elevated figures.

A Member of the Panel referred to the table in the Appendix, specifically the final row concerning the single person discount and requested clarification on how this integrated into the NFI, noting the absence of a target number. The Chief Internal Auditor provided a comprehensive explanation to the Panel.

In response to a Member's observations regarding discrepancies in the figures, the Chief Internal Auditor provided an explanation of how the numbers should be reconciled.

Following remarks from a Member of the Panel, it was observed that after the advertisement of National Fraud Awareness Week, there was no increase in internal referrals documented.

The Panel

Decided: to note

(1) to note the CFT activity for the year to 31 March 2026.

(2) to note the update on the 2024/25 NFI exercise and the estimated timetable for the 2026-27 exercise.

6. **Audit and Governance Panel – 2025/26 Annual Report.**

There was submitted a joint report ([issued](#)) of 19 May 2026 by the Chief Financial Officer and the Chief Governance Officer providing the Panel with the Audit and Governance Panel annual report for 2025/26.

A Member enquired whether there had been any progress concerning the vacant position on the panel and was informed that there was no update available.

In response to comments made by a Member of the Panel concerning the recorded activity measures of the Panel not accurately representing the workload carried out by Members, it was proposed that the number of pages considered be reported. The Chief Financial Officer indicated that this information could be collated, and this proposal would be considered at the annual review in September.

A Member of the Panel referred to the Annual Survey and queried if any reason had been given as to why one Panel Member disagreed with the Panel's effective decision making. The Chief Financial Officer advised that no explanation had been offered but was willing to discuss the matter with the Member in question to determine if there was an opportunity to enhance skill set and reporting.

The Panel having considered the Audit and Governance Panel annual report for 2025/26

Decided:

- (1) to remit the report to Council on 25 June 2026 for consideration.

The meeting ended at 10:22am.

Audit and Governance Panel

Agenda Item No. 4.

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
			None Outstanding			

Audit and Governance Panel

Work Programme 2026

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	Draft Annual Accounts 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Report to this Panel
2.	Strategic Risk Management	Report to Panel	Chief Governance Officer	24 June 2026 (Biannually)	Report to this Panel
3.	Delivering Good Governance – 2025/26 Assessment	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	24 June 2026 (Annually)	Report to this Panel
4.	Internal Audit Annual Report 2025/26	Report to Panel	Chief Internal Auditor	24 June 2026 (Annually)	Report to this Panel
5.	Treasury Management Annual Report 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Report to this Panel
6.	Internal Audit – Progress Report Quarter 1	Report to Panel	Chief Internal Auditor	2 September 2026 (Quarterly)	Not yet started
7.	Corporate Lets	Report to Panel	Director of Communities and Transformation	2 September 2026 (Annually)	Not yet started
8.	Treasury Management and Investment Strategy Quarter 1 Report 2026/27	Report to Panel	Chief Financial Officer	2 September 2026 (Quarterly)	Not yet started
9.	Final Report on the 2025/26 Audit	Report to Panel	Chief Financial Officer	30 September 2026 (Annually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
10.	South Ayrshire IJB External Annual Audit Report 2025-26	Report to Panel	Director of Health & Social Care	November 2026 (Annually)	Not yet started
11.	Internal Audit – Progress Report Quarter 2	Report to Panel	Chief Internal Auditor	November 2026 (Quarterly)	Not yet started
12.	Internal Audit Plan 2026/27 – Mid-year review	Report to Panel	Chief Internal Auditor	November 2026 (Annually)	Not yet started
13.	Accounts Commission - Annual Report	Report to Panel	Chief Financial Officer	November 2026 (Annually)	Not yet started
14.	Internal Audit – Corporate Fraud Activity	Report to Panel	Chief Internal Auditor	November 2026 (Biannually)	Not yet started
15.	Strategic Risk Management	Report to Panel	Chief Governance Officer	2 December 2026 (Biannually)	Not yet started
16.	Best Value Action Plan – Progress Update	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	December 2026 (Biannually)	Not yet started

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 24 June 2026**

Subject: Internal Audit Annual Report 2025/26

1. Purpose

- 1.1 The purpose of this report is to present to the Audit and Governance Panel the annual report on internal audit activity during 2025/26, and to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems for the year ended 31 March 2026.

2. Recommendation

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

3. Background

- 3.1 South Ayrshire Council's internal audit service is delivered within the context of the Internal Audit Standards. The relevant standards in place in 2025/26 were the Global Internal Audit Standards (GIAS) in the UK Public Sector which came into effect from 1 April 2025. Compliance with the standards is mandatory under Section 95 of the Local Government (Scotland Act) 1973.
- 3.2 The Global Internal Audit Standards (GIAS) in the UK Public Sector requires the Chief Internal Auditor, on an annual basis, to present an annual report and statement on internal controls to the Audit and Governance Panel.
- 3.2 Internal Audit operates in accordance with the Internal Audit Charter which is reviewed by the Chief Internal Auditor and approved by the Council's Audit and Governance Panel annually.

4. Detail

- 4.1 The annual report for financial year 2025/26, and the statement on internal controls included at [Appendix 1](#).
- 4.2 The revised Internal Audit Plan for 2025/26, approved by Panel on 5 November 2025, has been substantially completed, one assignment has not yet started (HSCP – Quality Assurance Process) and testing is currently being concluded on three

assignments (Asset Management, Capital Contract Management and Ward Capital Projects). Fourteen final audit reports have been issued with five draft reports at clearance stage. As testing has concluded for these assignments their individual internal control assessments can be included in the overall annual audit opinion.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

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

8.2 Risk Implications of Adopting the Recommendations

8.2.1 There are no risks associated with adopting the recommendation.

8.3 Risk Implications of Rejecting the Recommendations

8.3.1 Rejection of the recommendation would lead to failure to comply with the Global Internal Audit Standards (GIAS) in the UK Public Sector and in ineffective scrutiny of the Council's control arrangements.

9. Equalities

9.1 The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards (GIAS in the UK Public Sector). This includes compliance by those in the Internal Audit function with the Code of Ethics. The proposals in this report are in relation to the Council's requirements under the GIAS in the UK Public Sector in relation to the operation of the Internal Audit function. Therefore, an Integrated Impact Assessment it is not required for this report.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA) – N/A***

11. Options Appraisal

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

12. Link to Council Plan

12.1 Internal Audit supports the delivery of Council priorities. Therefore the matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Link to Shaping Our Future Council Yes No

14. Results of Consultation

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

14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate, and the contents of this report reflect any feedback provided

Background Papers

[Revised Internal Audit Plan 2025-26](#)
[Global Internal Audit Standards](#)
[The Application Note: GIAS in the UK Public Sector](#)
[CIPFA Code of Governance of Internal Audit](#)
[Internal Audit Charter](#)

Person to Contact

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Date: 10 June 2026

Internal Audit Annual Report 2025/26**1. Introduction**

- 1.1 The purpose of this report is to provide an overview of the Internal Audit activity for 2025/26 and to provide an independent opinion on the adequacy and effectiveness of South Ayrshire Council's governance, risk management and internal control systems for the year ended 31 March 2026.

2. Background

- 2.1 Internal Audit forms part of the Council's wider governance framework and is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps organisations accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 2.2 The Global Internal Audit Standards (GIAS) in the UK Public Sector, which came into effect on 1 April 2025, apply to all internal audit service providers within the public sector and set out the requirements in respect of professional standards for these services. The standards require the chief audit executive to provide an opinion on the effectiveness of governance, risk management and/or control. Within South Ayrshire Council the Chief Audit Executive is the Chief Internal Auditor.
- 2.3 This Internal Audit Annual Report has been prepared in compliance with the requirements of the GIAS in the UK Public Sector in relation to annual reporting.

3. Compliance with the Global Internal Audit Standards (GIAS) in the UK Public Sector

- 3.1 During 2025/26 the Internal Audit Section operated in compliance with GIAS in the UK Public Sector.
- 3.2 These standards require a Quality Assurance and Improvement Programme (QAIP) to be developed and maintained to provide assurance that internal audit activity is conducted in accordance with an Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations.
- 3.3 The Quality Assurance and Improvement Programme (QAIP) covers all aspects of Audit Services and includes both periodic internal self-assessments and five-yearly External Quality Assessments (EQA). Time is allocated within the annual Internal Audit Plans for this. Annual self-assessments are completed by the Chief Internal Auditor and external assessments are completed by an Internal Audit team from another Council as part of the Scottish Local Authority Chief Internal Auditor Group (SLACIAG) reciprocal arrangement. The latest self-assessment was completed in January 2026 and reported to the Audit and Governance Panel on 25 February 2026. The self-assessment concluded that overall, the internal audit service generally conforms with the GIAS in the UK Public Sector. There were no areas of non-conformance identified. An action plan has been developed and is being progressed by the Chief Internal Auditor.

3.4 The last EQA was completed in February 2024 and reported to the Audit and Governance Panel on 29 May 2024. The results of the EQA were broadly in line with the 2024/25 self-assessment. The overall conclusion was that Internal Audit fully conformed with 10 areas and generally conformed with 4 areas. There were no areas assessed as partially or not conforming. An action plan containing seven improvement actions in relation low priority areas was prepared following the EQA and was fully implemented by the due date of 31 March 2025.

4. Position and Resourcing of Internal Audit

4.1 Internal Audit is an independent review activity free from undue influence or other pressures affecting its independence and to that end Internal Audit and Corporate Fraud is situated within the Chief Executive’s department and has a direct reporting line to the Chief Executive and to the Council’s Audit and Governance Panel in its role as the Council’s audit committee.

4.2 During 2025/26 Internal Audit operated within the Internal Audit Charter approved by the Audit and Governance Panel on 26 March 2025.

4.3 There are four professionally qualified posts (3.6 FTE) in the Internal Audit establishment, one Chief Internal Auditor, one Senior Auditor and 1.6 Auditors. However, there are only 3.4 FTE employees in post. Corporate Fraud includes a further two posts (2 FTE) one Senior Investigations Officer and one Investigations Officer). The Senior Investigations Officer holds the Accredited Counter Fraud Specialist qualification.

4.4 One auditor post became vacant in March 2025. Steps were immediately taken to recruit for this vacancy which was filled in August 2025.

5. Internal Audit Activity 2025/26

5.1 Internal Audit activity during the year was undertaken in accordance with the revised internal audit plan approved by the AGP on 5 November 2025. Progress reports have been provided to the Audit and Governance Panel quarterly throughout the year. Assignments included within the revised plan, approved by the Audit and Governance Panel in November 2025, have been substantially completed. Sufficient work has been carried out to enable an annual audit opinion on the adequacy of internal controls to be produced.

5.2 The revised 2025/26 internal audit plan included an estimated 488 direct audit days. The actual number of days achieved was 541 days. An analysis of audit days by type of audit as at 31 March 2026 is summarised in the following table:

Type of Audit	Planned Days (Revised) 2025/26	Actual Days 2025/26	Variance in day(s)
Key corporate systems	50	40	-10
Governance and Best Value	54	32	-22
Transformation	15	14	-1
ICT Auditing	30	41	11

Type of Audit	Planned Days (Revised) 2025/26	Actual Days 2025/26	Variance in day(s)
Directorates and other systems	74	98	24
Regularity	34	32	-2
Follow Up Reviews	15	14	-1
Other Entities	48	32	-16
Other Commitments	168	238	70
TOTAL	488	541	53

- 5.3 The overall variance of 53 additional days is as a result the Chief Internal Auditor being involved in more operational audits than had been originally planned. This was due to the need to provide training and support throughout the audit process to staff. The variance recorded under “other commitments” mainly relates to additional time being required to provide support to auditors, to complete prior year work, carry out investigations and for management review and development.
- 5.4 A total of 19 internal audit reports (including two investigation reports) have been issued for South Ayrshire Council for the year to 31 March 2026. Fourteen final Internal audit reports have been issued for completed assignments and five draft reports which are being cleared and finalised with services issued (see summary at [Annex A](#)). As the fieldwork is complete, their conclusions can still be included in the overall opinion for 2025/26.
- 5.5 A diverse range of areas throughout the Council have been reviewed during the year including; access controls in Education, business continuity and resilience, management of corporate appointeeship arrangements, capital budget Monitoring, Procurement, One Time Payment and Direct Award processes, arrangements around ensuring financial sustainability, review of transformation projects, the Ayrshire Growth Deal, and review of the Scottish Housing Regulators annual assurance statement and performance information. In addition, three follow up assignments; Participatory Budgeting, PVG Checks and Malicious Damage invoices, were completed and two Network Support Grant claims were certified.
- 5.6 East Ayrshire Council’s Internal Audit section delivers the annual audit plan for the Ayrshire Road Alliance (ARA). The findings from their work are shared with South Ayrshire Council. There was one ARA assignment, ARA Digital Transformation: Temporary Traffic restriction Orders, completed in the year ending 31 March 2026. This assignment concluded with “sound assurance” with no improvement actions raised.
- 5.7 Of the total 14 South Ayrshire Council final internal audit reports issued for 2025/26, five resulted in substantial assurance, two in reasonable assurance, five in limited and one in no assurance. The remaining assignment involved providing advice and guidance on the Housing Allocation Policy and therefore did not require the provision of assurance. Of the five audit reports in draft, two reports resulted in substantial assurance and three in reasonable. Copies of final Internal Audit reports are shared with all Members via SharePoint.

- 5.8 There was no common area of control weakness identified across the audit areas with limited assurance. However, the findings from three audits; Business Continuity Plans, One Time Payments, and Payroll Processing - Overtime and Timesheets, were applicable to all Council Services. Management accepted all recommendations in these reports and took immediate action to address the control weaknesses identified. The remaining two areas where limited assurance was assigned related to follow-up assignments, PVG Checks and Malicious Damage invoices, where there was insufficient evidence that agreed improvement actions had been fully implemented. The limited assurance areas were considered when forming the overall audit opinion for the Council. The assignment that resulted in no assurance was limited to one specific area of the Council and does not affect the overall level of assurance.
- 5.9 A total of 48 improvement actions were raised within the 14 final internal audit reports issued for 2025/26. All actions raised were accepted by management. Twelve of the 48 actions raised were due to be implemented by 31 March 2026, of these, three (25%) were recorded by the action owners as implemented either by the due date or ahead of the due date and nine (75%) were implemented after the due date.
- 5.10 There were 75 actions raised in audit reports issued prior to 1 April 2025 which were due in the year to 31 March 2026. Of these actions, 18 (24%) were recorded by the action owners as implemented either by the due date or ahead of the due date, 43 (57%) were recorded as being implemented after the due date. There were 14 (19%) actions due within the year that were outstanding as at 31 March 2026. Of the 14 actions that were outstanding at 31 March 2026, nine (64%) were low priority four (29%) were medium priority and one (7%) was high priority. The high priority action relates to the re-establishment of the Sustainable Development and Climate Change Member Officer Working Group to monitor progress of the new Sustainable Development and Climate Change Strategy. Implementation of this action was delayed as the most appropriate governance arrangements were being sought. Confirmation from the service was received that this has been resolved post year end.
- 5.11 It is acknowledged that a high proportion (60%) of audit actions scheduled for implementation by 31 March 2026 appear to have been completed after their due dates. Action owners are expected to update Ideagen promptly to reflect progress against these actions. However, it is unclear whether the delays noted arise from late recording by managers and reliance on quarterly reminder prompts from Ideagen before updating completion dates, or from delays in progressing implementation by the agreed date. Internal Audit will continue to monitor this position during 2026/27 and, where necessary, take action to improve the timeliness of updates within Ideagen and completion of actions by due dates.
- 5.12 In addition to the deliverable assignments for South Ayrshire Council, a further five assignments were delivered for other entities; one assignment was completed for the South Ayrshire Integration Joint Board (IJB), two were completed for the Ayrshire Valuation Joint Board (AVJB), one was delivered for the Ayrshire Rural and Island Ambition Fund (ARIA) and one assignment was delivered for the East Renfrewshire Council Trusts as part of the reciprocal arrangement between South Ayrshire, North Ayrshire and East Renfrewshire Councils.

6. Performance Indicators 2025/26

6.1 The Performance included in the table below relates to delivery of the SAC Internal Audit Plan, performance in relation to delivery of the IJB and AVJB plans is included within their annual audit reports. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor.

Measure	Description	Target	Actual
1. Working Draft Report	Percentage of working draft reports issued within 3 weeks of completion of fieldwork.	100%	100% (19/19)
2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report.	100%	100% (14/14)
3. Audit Plan Delivery	Audit Plan completed to draft by date of annual report	90%	83% (19/23)
4. Audit Budget	Percentage of audits completed within budgeted days.	80%	79%
	Direct Audit Days delivered	79%	81%
5. Audit Recommendations	Internal Audit recommendations agreed	90%	100% (48 actions)
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above. (Includes client and key stakeholder feedback)	100%	94% (15/16 – Note One)
8. Delivery of Annual Report	Annual opinion /report presented to AGP	By 30 June annually	Target Met Reported 24 June 2026
9. Audit Plan	AGP Approval of audit charter and annual plan	By 31 March annually	Target Met Approved 25 March 2026

Note One: the one occasion where Internal Audit was not rated satisfactory or above related to the timing of the issue of the audit report. The delay in issuing the report for this assignment was due to a staff vacancy and resources being diverted to complete an investigation.

6.2 The revised internal audit plan for 2025/26, approved by the Audit and Governance Panel on 5 November 2026, includes 22 deliverable assignments for South Ayrshire Council. This includes two assignments from the 2024/25 Internal Audit Plan which

were carried forward to 2025/26. A summary of the status of 2026/26 plan for SAC deliverable assignments is included in the table below:

Status	No. of Deliverables	Percentage
Complete/Draft report issued	19*	83%
Work in progress	3	13%
Not started	1	4%
Total	23	100%

* Two report were issued as part of one planned assignment

6.3 In addition to planned Internal Audit assignments, time was allocated within the annual plan for ad-hoc requests for advice and guidance, contingency assignments and investigations. In the year to 31 March 2026;

- There were eight requests for advice and guidance in the period to 31 March 2025, six requests related to Council Services and two to ARIA. The Council requests were in relation to; bank charges to Corporate Appointeeship clients, reimbursement from school funds, VAT free purchases from School Funds, updates to the Community Council Scheme, options appraisal for the Ambition Fund and information governance within outlook calendars. The requests from ARIA were in relation to project change requests and project delays.
- There was one contingency assignment completed in the year. This assignment involved review of updated procedures for the recording and submission of Corporate Parenting employee timesheets.
- One investigation into personal use of Council materials was completed in 2025/26. This resulted in improvements being made to the procedures around heating systems repairs.
- An investigation started in 2024/25 in relation to award of contracts and the use of a Framework agreement was also concluded in 2025/26. The Internal Audit Controls Report issued for this investigation include seven high priority actions which management agreed to implement. Time has been allocated within the 2026/27 Internal Audit Plan to confirm these actions have been fully implemented and provide assurance that adequate improvement in this area has been made.

6.4 There was also an allocation of time in the 2025/26 Audit Plan for Internal Audit to deliver audit plans for the IJB and the AVJB and to audit the Ayrshire Rural and Island Fund (ARIA) 2024/25 Grant Claim and to complete the Independent Examination of East Renfrewshire Council Trusts 2024/25 Accounts. This work has been completed.

7. Counter Fraud Work

7.1 The Corporate Fraud Team (CFT) report to the Chief Internal Auditor and has responsibility for investigating any alleged fraud or irregularity which has been highlighted to them. They also undertake pro-active work in identifying circumstances of fraud perpetrated against the Council (either from outwith the Council or from within). Assistance will be provided by Internal Audit in cases where

a lack of internal controls has contributed to a fraud taking place however there were no such cases in 2025/26.

7.2 There were 169 investigations completed by the CFT in 2025/26 which resulted in total financial savings of approximately £72,000. In addition, the 2024/25 National Fraud Initiative investigation was concluded in 2025/26 which resulted in total financial savings of approximately £104,000 being identified by the CFT.

7.3 Separate Corporate Fraud Team activity reports are provided to the Audit and Governance Panel for scrutiny on a six-monthly basis.

8. Other Responsibilities

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

9. Internal Audit and Corporate Fraud Development

9.1 The training needs of the service continue to be reviewed on an ongoing basis, and where gaps are identified, action is taken to address these. Networking opportunities are continually explored, with the Chief Internal Auditor attending the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) and the Senior Auditor attending the Computer Audit Sub-Group of SLACIAG (CASG) and the Data Analytics user groups and the Senior Investigation Officer attending the Scottish Local Authorities Investigators Group (SLAIG). These meetings are a valuable source of training and sharing of information with counterparts across Scotland.

9.2 Pan-Ayrshire meetings are held with the other Chief Auditors for North and East Ayrshire Council.

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

10. Audit Opinion

10.1 The Internal Audit Opinion is that overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2026.

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

10.3 The internal audit annual statement on the adequacy of internal controls for 2025/26 is included in [Annex B](#).

11. Conclusion

11.1 The 2025/26 internal audit plan was sufficiently completed to deliver an annual opinion. There are no limitations of scope to the issued audit opinion.

Internal Audit Reports and Briefing Notes Issued/Drafted 2025/26 For South Ayrshire Council

Report Ref	Description	Assurance	Actions Arising				Total Accepted
			High	Medium	Low	Total	
2025-08	Access Controls	Reasonable	0	2	3	5	5
2025-09	Corporate Appointeeship#	Reasonable	5	2	5	12	TBC
2026-01	Main Accounting (Capital Accounting)	Substantial	0	1	0	1	1
2026-02 (Note 1)	Payroll Process – Overtime and Timesheets	Limited	3	2	0	5	5
	HR and Payroll Fusion Controls – Employee Set Up	Substantial	0	1	0	1	1
2026-03	One Time Payments	Limited	4	2	1	7	7
2026-04	Direct Awards#	Reasonable	0	1	0	1	TBC
2026-05	Financial Sustainability#	Substantial	0	0	2	2	TBC
2026-07	Ayrshire Growth Deal	Substantial	0	1	1	2	2
2026-11	Transformation#	Reasonable	2	2	5	9	TBC
2026-13	Business Continuity and Resilience	Limited	4	4	1	9	9
2026-15	Housing Allocations Policy	N/A Advice and Guidance Assignment	0	0	0	0	N/A
2026-20	Scottish Housing Regulators Annual Return on Charter	Substantial	0	0	0	0	N/A
2026-21	Continuous Auditing#	Substantial	0	0	1	1	TBC
2026-24	Malicious Damage (Follow Up)	Limited	4	1	0	5	5

Report Ref	Description	Assurance	Actions Arising				Total Accepted
			High	Medium	Low	Total	
2026-25	Participatory Budgeting (Follow Up)	Substantial	0	0	1	1	1
2026-27	PVG Checks (Follow Up)	Limited	2	0	0	2	2
2026-31/01b	St Ninians and Hourstons Controls Report	No Assurance	7	0	0	7	7
2036/31/07	Personal use of Council Materials	Reasonable	0	3	0	3	3
East Ayrshire Council (CA/25/70014)	ARA Digital Transformation: Temporary Traffic restriction Orders	Sound	0	0	0	0	N/A

*#Assignments are complete and draft reports issued, the number of actions and risk rating may be subject to change following clearance with Services, but the assurance level is unlikely to reduce.
Note 1: Two Audit reports issued under this assignment*

Internal Audit Annual Statement on the Adequacy of Internal Controls

To the Members and Chief Executive of South Ayrshire Council

As Chief Internal Auditor for South Ayrshire Council, I am pleased to present my annual statement on the overall adequacy and effectiveness of the framework of governance, risk management and control of the Council for the year ended 31 March 2026.

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

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

Sound internal controls

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

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

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

The work of internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In 2025/26, the Internal Audit section operated in accordance with the Global Internal Audit Standards (GIAS) in the UK Public Sector which came into effect from 1 April 2025. The requirements under GIAS in the UK Public Sector represent best practice and are mandatory.

The Chief Internal Auditor prepares an annual internal audit plan which outlines the programme of work to be undertaken. The plan is developed utilising a risk-based

methodology and considers the requirement placed upon the Chief Internal Auditor to deliver an annual internal audit opinion. The plan needs to be flexible to reflect the changing risks and priorities of the organisation. The plan, and any material changes to the plan during the year, are approved by the Audit and Governance Panel.

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

Summary of Internal Audit Activity 2025/26

A total of 14 final internal audit reports have been issued for South Ayrshire Council for the year to 31 March 2026. Five resulted in substantial assurance, two in reasonable assurance, five in limited and one in no assurance. The remaining assignment involved providing advice and guidance on the Housing Allocation Policy and therefore did not require the provision of assurance. A further five audit reports are in draft with their fieldwork completed, two draft reports resulted in substantial assurance and three in reasonable assurance.

A diverse range of areas throughout the Council have been reviewed during the year including; access controls in Education, business continuity and resilience, management of Corporate Appointeeship arrangements, capital budget Monitoring, Procurement, One Time Payment and Direct Award processes, arrangements around ensuring financial sustainability, review of transformation projects, the Ayrshire Growth Deal, and Scottish Housing Regulators annual assurance statement and performance information. In addition, three follow up assignments; Participatory Budgeting, PVG Checks and Malicious Damage invoices, were completed and two Network Support Grant claims were certified.

Many expected key controls were in place and operating effectively, however Internal Audit has also identified scope for improvement in some systems. There was no common area of control weakness identified across the audit areas with limited assurance. However, the findings from three audits; Business Continuity Plans, One Time Payments, and Payroll Processing - Overtime and Timesheets, were applicable to all Council Services. Management accepted all recommendation in these reports took immediate action to address the control weaknesses identified. The remaining two areas where limited assurance was assigned related to follow-up assignments, PVG Checks and Malicious Damage invoices, where there was insufficient evidence that agreed improvement actions had been fully implemented. These areas were considered when forming the overall audit opinion for the Council. The assignment that resulted in no assurance was limited to one specific area of the Council and does not affect the overall level of assurance.

A total of 48 improvement actions were raised within the 14 final internal audit reports issued for 2025/26. All actions raised were accepted by management. Twelve of the 48 actions raised were due to be implemented by 31 March 2026, of these, three (25%) were recorded by the action owners as implemented either by the due date or ahead of the due date and nine (75%) were implemented after the due date. There were also 75 actions raised in audit reports issued prior to 1 April 2025 which were due in the year to 31 March 2026. Of these actions, 18 (24%) were recorded by the action owners as implemented either by the due date or ahead of the due date, 43 (57%) were implemented after the due date. There were 14 (19%) actions due within the year that were outstanding as at 31 March 2026.

Basis of Opinion

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

- the audit work undertaken by Internal Audit for the year to 31 March 2026 (including the audit work carried out by East Ayrshire Council for the Ayrshire Roads Alliance);
- the audit work undertaken by Internal Audit in previous years and knowledge of any significant audit findings after the year end;
- the assessment of risk completed during the preparation of the annual audit plan;
- the assessment of corporate governance arrangements and the standard of internal financial controls environment within individual services recorded by Senior Management in the annual assurance statements;
- reports issued by the Council's external auditors and other review and inspection agencies;
- knowledge of the Council's governance, risk management and performance monitoring arrangements; and
- any other items brought to the attention of internal audit by whatever means which may warrant further investigation.

Limitation of scope

There are no limitations of scope to the issued audit opinion.

Opinion

On the above basis it is my opinion that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2026.

Cecilia McGhee
Chief Internal Auditor
South Ayrshire Council
10 June 2026

South Ayrshire Council

**Report by Chief Executive
to Audit and Governance Panel
of 24th June 2026**

Subject: Delivering Good Governance: 2025-2026 Assessment

1. Purpose

- 1.1 The purpose of this report is to invite Members to review the 2025-2026 year-end assessment against the Council's Delivering Good Governance Framework.

2. Recommendation

2.1 It is recommended that Panel:

- 2.1.1 reviews and agrees the 2025-2026 year-end assessment as set out in appendix one of this report;**
2.1.2 notes progress against the 2025-2026 Improvement Actions; and
2.1.3 notes the new set of Improvement Actions agreed by the Extended Management Team for the period 2026-2027.

3. Background

- 3.1 South Ayrshire Council is committed to the highest standards of governance in the way that it is organised, managed and operates. To help achieve and maintain such standards, it has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) 2016 Delivering Good Governance (DGG) in Local Government Framework. The Framework sets out the main agreements and procedures that the Council has in place in relation to the seven 'principles' of governance as set out below:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law;
2. Ensuring openness and comprehensive stakeholder engagement;
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
4. Determining the actions necessary to optimise the achievement of the intended outcomes;
5. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
6. Managing risks and performance through robust internal control and strong public financial management; and
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2 Since the 2024-2025 year-end assessment was reviewed and agreed by Audit and Governance Panel members on 25th June 2025, work has progressed to address the 2025-2026 associated improvement actions.

3.3 Several improvements have been made to the Delivering Good Governance (DGG) process over the past year, including:

- Revisions to the information-gathering approach have streamlined the process for obtaining feedback from Services;
- Additional evidence is now provided to strengthen the assessment of the 91 behaviours that demonstrate how the sub-principles are being met; and
- A more detailed overall assessment of the sub-principles has been introduced, clearly setting out the RAG* status of behaviours and principles, thereby enhancing transparency in reporting.

**RAG status: green – effective; amber – effective but with scope for improvement; red – requires improvement.*

4. Detail

This report provides updates on Delivering Good Governance as follows:

4.1.1 **2025-2026 Year-End Assessment** on the effectiveness of the framework (**attached as appendix one**). This reflects any developments of the framework that occurred between 1st April 2025, and the year-end sign off as at 31st March 2026. It also includes an assessment of the effectiveness for each of the 21 sub-principles by the lead officers identified for the aspects they have responsibility for/knowledge of. The year-end assessment has been signed off by the Extended Management Team.

- Table one provides information on the overall assessment; and
- Table two provides a summary of the evidence provided to support the overall assessment providing additional detail on the RAG status.

Table 1: Overall Assessment 2025-2026



Note: For sub-principle A3 – there are 6 overall pieces of evidence - **1 piece of evidence** (16.7%) has been rated red (requiring improvement)
 For sub-principle C2 – there are 3 overall pieces of evidence - **1 piece of evidence** (33.3%) has been rated red (requiring improvement)
 Further information can be found in the summary of evidence table below

Table 2: Summary of Evidence 2025-2026

Behaviour	Principle	Number of evidence items submitted		
		Effective	Effective but scope for improvement	Requires Work
A1	Behaving with Integrity	7		
A2	Demonstrating strong commitment to ethical values	5		
A3	Respecting the rule of the law	5		1
B1	Openness	5	1	
B2	Engaging comprehensively with institutional stakeholders (other organisations)	9	1	
B3	Engaging with individual citizens and service users effectively	11	2	
C1	Defining outcomes	6	1	
C2	Sustaining economic, social and environmental benefits	2		1
D1	Determining actions	3		
D2	Planning actions	7	1	
D3	Optimising achievement of intended outcomes	9		
E1	Developing the Council's capacity	3	1	
E2	Developing the capability of the Council's leadership and other individuals	11	3	
F1	Managing risk	4		
F2	Managing performance	5		
F3	Robust internal control	14	1	
F4	Managing data	6	1	
F5	Strong public financial management	3		
G1	Implementing good practice in transparency	3		
G2	Implementing good practice in reporting	11		
G3	Assurance and effective accountability	5		

4.1.2 **Update on the progress of 2025-2026 Improvement Actions** up to 31st March 2026 in line with CIPFA recommendations (**attached as appendix two**). Where slippage has occurred which is material to the effectiveness of the governance arrangements, then this has been factored into the year-end assessment (appendix one). Similarly, if any of the continuing or outstanding actions are regarded as being significant in the context of the framework, then these will be included within the Improvement Plan for 2026-2027.

DGG Improvement Actions (2025/2026)	
Total Number of Actions:	9
Actions completed:	5
Actions to be carried forward into 2026/2027:	4

4.1.3 **2026-2027 Improvement Actions** to further strengthen the Council’s governance arrangements (**attached as appendix three**). Based on the 2025-2026 assessment, lead officers were asked to identify any specific actions they felt would improve the current arrangements. For 2026-2027 there have been **10** new improvement actions identified. Along with the **4** actions carried forward from 2025/2026, there will be a total of **14** improvement actions.

5. Legal and Procurement Implications

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

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

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

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report allow scrutiny of performance therefore an Integrated Impact Assessment is not required.

10. Sustainable Development Implications

10.1 **Considering Strategic Environmental Assessment (SEA)** - the proposals in this report allow scrutiny of performance therefore an SEA is not required.

11. Options Appraisal

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

- Appendices one and two are reports allowing scrutiny of performance; and
- Appendix three is the development of improvement actions based on performance.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to all Priorities of the Council Plan.

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

14. Results of Consultation

14.1 There has been public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Council Leader and Policy Lead for Economy and Strategy and the contents of this report reflect any feedback provided.

Background Papers Report to Audit and Governance Panel of 25th June 2025:

[Delivering Good Governance Assessment 2024/2025](#)

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Date: 10th June 2026

Appendix 1: DGG 2025 – 2026 Year End Assessment

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Page 2: Overall Assessment 2025-2026

Page 3: Summary of evidence provided

Core Principles - Current Arrangements:

Page 4: A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Page 8: B: Ensuring openness and comprehensive stakeholder engagement

Page 15: C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Page 18: D: Determining the actions necessary to optimise the achievement of the intended outcomes

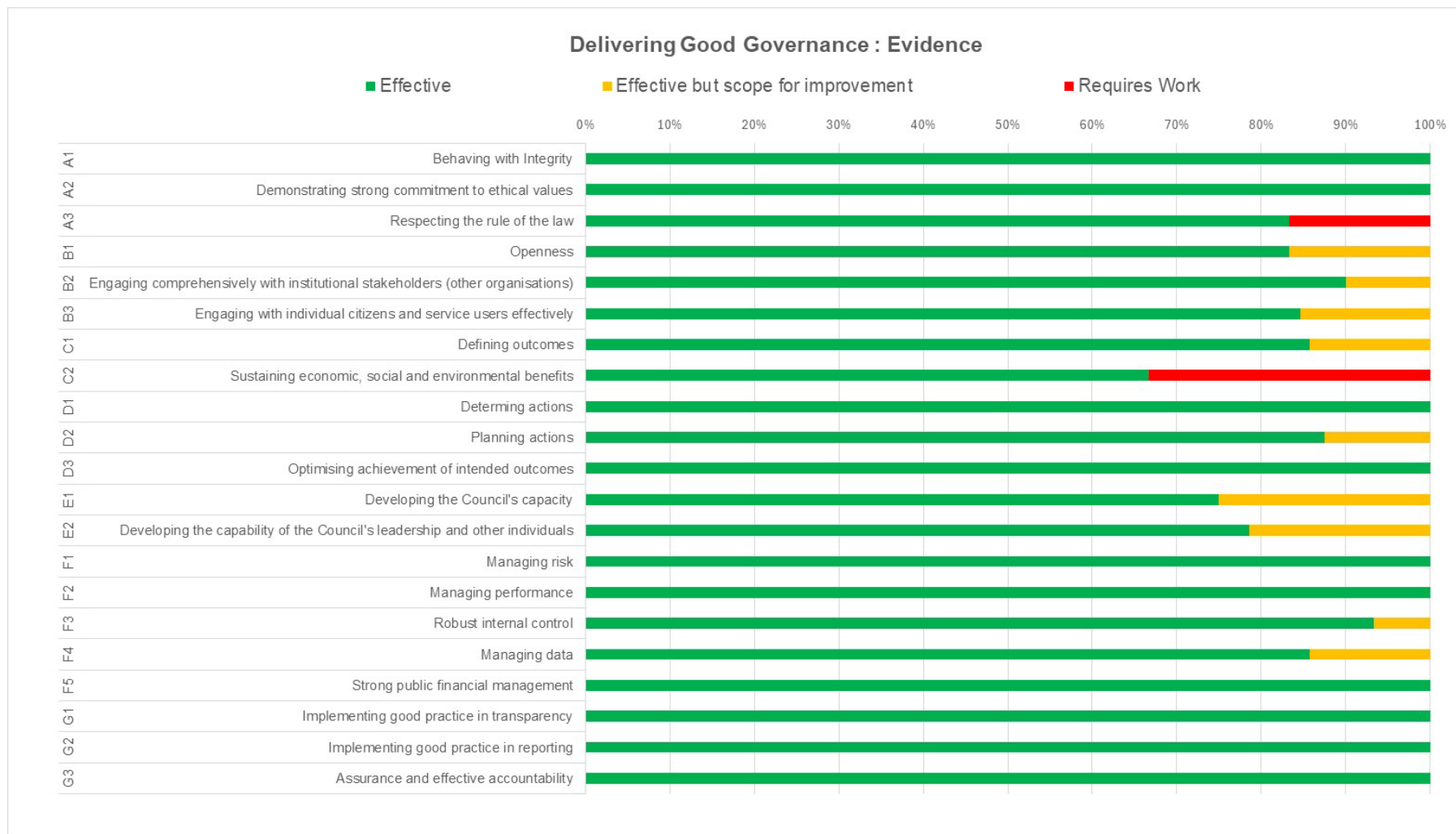
Page 24: E: Developing the Council's capacity, including the capability of its leadership and the individuals within it

Page 28: F: Managing risks and performance through robust internal control and strong public financial management

Page 36: G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Appendix 1: DGG 2025 – 2026 Year End Assessment

Overall Assessment 2025-2026



Note: For sub-principle A3 – there are 6 overall pieces of evidence - **1 piece of evidence** (16.7%) has been rated red (requiring improvement)
 For sub-principle C2 – there are 3 overall pieces of evidence - **1 piece of evidence** (33.3%) has been rated red (requiring improvement)
 Further information can be found in the summary of evidence table below

Appendix 1: DGG 2025 – 2026 Year End Assessment

Summary of Evidence 2025-2026

Behaviour	Principle	Number of evidence items submitted		
		Effective	Effective but scope for improvement	Requires Work
A1	Behaving with Integrity	7		
A2	Demonstrating strong commitment to ethical values	5		
A3	Respecting the rule of the law	5		1
B1	Openness	5	1	
B2	Engaging comprehensively with institutional stakeholders (other organisations)	9	1	
B3	Engaging with individual citizens and service users effectively	11	2	
C1	Defining outcomes	6	1	
C2	Sustaining economic, social and environmental benefits	2		1
D1	Determining actions	3		
D2	Planning actions	7	1	
D3	Optimising achievement of intended outcomes	9		
E1	Developing the Council's capacity	3	1	
E2	Developing the capability of the Council's leadership and other individuals	11	3	
F1	Managing risk	4		
F2	Managing performance	5		
F3	Robust internal control	14	1	
F4	Managing data	6	1	
F5	Strong public financial management	3		
G1	Implementing good practice in transparency	3		
G2	Implementing good practice in reporting	11		
G3	Assurance and effective accountability	5		

Appendix 1: DGG 2025 – 2026 Year End Assessment

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
A1: Behaving with integrity	Arrangements 2025/26
1. Ensuring members and officers behave with integrity and lead a culture where, acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	Both our Councillor's Code of Conduct and our Code of Conduct for Employees identify that behaving with integrity is a key principle that must be followed. The principles within the Councillor's Code are explained as part of induction training for all new councillors and are followed by periodic Standards Commission training sessions. The Employee Code is issued with all contracts of employment for adherence/acceptance. We continue to work with the Code of Conduct as agreed in August 2025, there have been no further changes, however we have the facility to review and amend accordingly in line with any legislative changes or through an annual review process
2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (Nolan Principles).	Councillors are obliged to comply with the provisions of the Councillors' Code of Conduct and to meet the required standards of conduct. We maintain a register of interests for each councillor, published on the Council's website accessible by Councillor together with a register of the gifts and hospitality received by councillors.
3. Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.	Employees declare any private interests or memberships that might cause a conflict of interest to their line manager. Any gifts or hospitality offered to employees (other than those of token value) are recorded in directorate registers.
4. Demonstrating, communicating, and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	In keeping with the Councillors' Code of Conduct and our Standing Orders Relating to Meetings, Panel and Council meetings are conducted with respect. Declarations of interest are made and minuted at the start of each meeting to avoid any conflict of interest arising during the conduct of those meetings.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
1	Code of Conduct for Employees	Effective	Service Lead - Human Resources
	Councillors Code of Conduct	Effective	Service Lead - Democratic Governance
2	Councillors Register of Interests	Effective	Service Lead - Democratic Governance
	List of Councillors	Effective	Service Lead - Democratic Governance
3	Code of Conduct for Employees - Conflict of Interest	Effective	Service Lead - Human Resources

Appendix 1: DGG 2025 – 2026 Year End Assessment

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

4	Standing Orders Related to Meetings	Effective	Service Lead - Democratic Governance
	Declarations of Interest	Effective	Service Lead - Democratic Governance

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
A2: Demonstrating strong commitment to ethical values	Arrangements 2025/26
<p>5. Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</p> <p>6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p>	<p>Our Audit and Governance Panel promote and maintains high standards of conduct by all Councillors, including consideration of the management and operation of ethical standards as set out in the Councillors' Code of Conduct. It recommends to Council any additional protocols, training or support required by Councillors in relation to ethical standards or other matters.</p>
<p>7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p>	<p>We demonstrate our commitment to Equalities and Diversity and ensure we are complying with the public sector equality duty by delivering our new Shared Equality Outcomes (2025-2029) and supporting action plan which were approved by Cabinet in April 2025. We are fully committed to the principles of fairness, equality and human rights and we apply these principles in all we do as a community leader, service provider and employer. Our Equality Outcomes and Mainstreaming Progress Report (2025) sets out how equalities have been further mainstreamed throughout our organisation.</p>
<p>8. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</p>	<p>In line with the Council's Procurement Strategy Key Objective 4; Fulfilment of Sustainable Procurement Duties and where ethically traded goods and services are available, the Council will continue to work with all relevant stakeholders and take a Best Value approach when applying fair and ethical trading principles in procurement activities. South Ayrshire Council also works closely with Fairtrade partnerships to promote Fairtrade products and explore the differences that choices on the procurement of these ethically traded goods can make to the lives of others.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
5 and 6	Audit and Governance Panel	Effective	Service Lead - Democratic Governance
7	Equalities and Diversity	Effective	Service Lead - Performance, Community Planning and Sustainability
	Equality Outcomes (2025-2029)	Effective	Service Lead - Performance, Community Planning and Sustainability
	Equality Outcomes and Mainstreaming Progress Report 2025	Effective	Service Lead - Performance, Community Planning and Sustainability
8	Procurement Strategy 2026 27	Effective	Service Lead - Procurement

Appendix 1: DGG 2025 – 2026 Year End Assessment

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
A3: Respecting the rule of law	Arrangements 2025/26
9. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	All reports to Panel and Council are still required to confirm that the recommendations they contain are consistent with legal requirements and reflect appropriate advice from Legal Services. The Monitoring officer has reminded officers that they are obliged to ensure legal services are sighted sufficiently early to allow robust advice to be provided. The Monitoring officer is rolling out training and signposting officers to the existing guidance reminding officers to seek legal advice on their reports where it is required.
10. Creating the conditions to ensure that the statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	The Chief Governance Officer, acting as Monitoring Officer, ensures the Council observes its Scheme of Delegation, its Standing Orders and operates legally. This includes reporting on the legality of matters, mal-administration, and the conduct of councillors and officers. Statutory Officers, key post holders and members are required to observe our governance documents, including the Financial Regulations, Scheme of Delegation, Standing Orders relating to Contracts and Standing Orders relating to Meetings, in carrying out their roles.
11. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.	Members on quasi-judicial decision-making panels such as Regulatory Panel, Local Review Body and Licensing Board, receive training and briefings on the legal aspects of their decision making.
12. Dealing with breaches of legal and regulatory provisions effectively.	Our current Anti-Fraud and Anti-Bribery Strategy (2021) outlines the measures taken by the Council to protect itself against malpractice through either fraud or corrupt practice. The Special Investigation Procedure outlines the process to be followed by Internal Audit, the Corporate Fraud Team and HR when carrying out employee investigations.
13. Ensuring corruption and misuse of power are dealt with effectively.	Our Procedure for reporting concerns at work outlines how employees can report what they believe to be serious wrongdoing in the Council or information regarding malpractice, such that matters can be expedited thoroughly, discreetly and in a confidential way. Mechanisms are in place to review the policy in line with legislation or regular review in line with other policies.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
9	Reports to Panel and Council - Legal Section	Requires Work	Service Lead - Legal and Licensing
10	Scheme of Delegation 2025	Effective	Chief Governance Officer

Appendix 1: DGG 2025 – 2026 Year End Assessment

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

	Standing Orders Relating to Meetings	Effective	Service Lead - Democratic Governance
11	Statutory training for members on decision making panels	Effective	Service Lead - Democratic Governance
12	Anti-Fraud and Anti-Bribery Strategy 2021	Effective	Chief Governance Officer
13	Whistleblowing Policy 2019	Effective	Service Lead - Human Resources

Appendix 1: DGG 2025 – 2026 Year End Assessment
Core Principle B: Ensuring openness and comprehensive stakeholder engagement

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
B1: Openness	Arrangements 2025/26
14. Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness.	Our Communications Strategy (2023-2028) ensures that information about what we do, why we do it and how we do it is provided to our residents, customers, tenants, businesses, Councillors, staff, partners and other stakeholders in the most effective way. The strategy underlines the responsibility that each Elected Member, manager and officer has in delivering this.
15. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.	All Panel and Council meetings are open to the public where all reports are discussed in open session, other than those containing confidential information. Remote and Hybrid Panel and Council meetings are live webcast, and recordings are available for the public to view for 24 months.
16. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	Minutes are taken of all Panel and Council Meetings, showing a clear record of how decisions were reached. These are published on the Council's website along with Press Releases which cover all the major decisions taken by the Council. Live webcasting of Panel and Council meetings takes place. A new system has been introduced to prompt panel report authors to contact the Communications Team with information at the earliest possible time to ensure press releases and wider communications are drafted and agreed in advance of, or to align with panel dates as appropriate. Communications relating to council meetings are also discussed at ELT and at pre-Cabinet meetings. Our Communications Strategy reinforces the responsibility of Service Leads to take a strategic approach to communications, ensuring service owned campaigns and plans are in place and that information is shared timeously with the Communications Team. A Communications Module forms part of the Council's new Leadership Development Programme and this reinforces the responsibilities of Service Leads and Coordinators.
17. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.	All Panel and council reports set out the 'results of consultation' and where relevant, further information on consultation process can be found in accompanying Integrated Impact Assessments. Our IIA process has a specific section on consultation and engagement to ensure that we are meeting the legal requirements of the Public Sector Equality duty to better understand the needs of our communities and to demonstrate if there have been any changes to proposals as a result of consultation feedback. To further support, services, a new consultation checklist has been approved as part of the Community Engagement Strategy.

Appendix 1: DGG 2025 – 2026 Year End Assessment
Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
14	Communication Strategy 2023-28	Effective	Assistant Director – Corporate Policy, Strategy and Performance
15	Webcasts	Effective	Service Lead - Democratic Governance
16	Council meeting papers and webcasting	Effective	Service Lead - Democratic Governance
	Leadership Development Programme	Effective	Service Lead - Human Resources
	Press Releases	Effective	Service Lead - Democratic Governance
17	Reports to Panel and Council - Consultation Section	Effective but scope for improvement	Assistant Director – Corporate Policy, Strategy and Performance

Appendix 1: DGG 2025 – 2026 Year End Assessment
Core Principle B: Ensuring openness and comprehensive stakeholder engagement

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
B2: Engaging comprehensively with institutional stakeholders (other organisations)	Arrangements 2025/26
18. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	<p>The Council engages with its main ‘institutional stakeholders’ through the Community Planning Partnership, which is underpinned by a Community Planning Board supported by a Strategic Delivery Partnership Chairs Executive, comprising the key partners responsible for facilitating effective community planning as defined in community empowerment legislation. Governance arrangements are in place to ensure the Community Planning Partnership is focused on its agreed priorities.</p> <p>A new Local Outcome Improvement Plan (LOIP) 2024-2029 was approved by the Community Planning Board in April 2024 following a lengthy development and consultation phase, and this is supported by new Performance Management Framework and a number of LOIP Action Plans to take forward our key priority areas as highlighted in our Plan on a Page. The LOIP Annual Progress Report 2024 closed off our previous LOIP (2017-2024 refreshed 2019).</p>
19. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.	<p>Our partnerships are underpinned by formal operating agreements, such as with NHS Ayrshire & Arran for our Health and Social Care Partnership (governed through the Integration Joint Board); with East Ayrshire Council (EAC) for the Ayrshire Roads Alliance (governed by the Ayrshire Shared Services Committee) and with South Carrick Community Leisure for the Quayzone in Girvan (overseen by our Service and Performance Partnerships Panel). A review of the Agreement governing the Health and Social Care Partnership was undertaken across the three partnerships in 24/25. The agreements for ARA and the South Carrick Partnership were reviewed and found currently fit for purpose.</p> <p>A group involving North Ayrshire Council (NAC)/EAC/SAC was set up to consider the provision of shared service. As part of this, consideration will be given in 26/27 to the governance arrangements for the existing joint committee for shared services, and how that could complement an extension of new shared services across the 3 Ayrshire councils. For ARA a 10-year review has been concluded by EAC and will be presented to the director Housing Operations and Development regarding any changes that need to be made to the delivery of services by ARA to South Ayrshire. For 26/27 this will include further consideration of any changes required to the governance to accommodate the changes to the delivery of these services. Then there will be consideration in the same year of any changes to the remit of the joint committee and that of Cabinet/each council for decision take for ARA.</p>

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	<p>South Ayrshire completed its review of the integrated scheme in 2024. NAC/EAC require to complete a review. There are however material changes to the national landscape for the delivery of service through IJB which will delay the completion of this review of the integration scheme. The Council await guidance from Scot Gov on how these reviews are to be completed.</p> <p>Voluntary Action South Ayrshire (VASA) and Thriving Communities continue to work together to deliver outcomes for our communities across South Ayrshire. There are very good examples of partnership working including managing funding, supporting community capacity, volunteering and ageing well.</p>
<p>20. Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit.</p>	<p>The Health and Social Care Partnership continue to engage with those who are involved, deliver or require support across the region. The Engagement Strategy has been reviewed and is on track to be taken to the IJB for approval in May 2026. A review of the Integration Scheme for the IJB which sets out the requirements is ongoing. Locality plans which have been introduced across the six localities, continue to be reviewed against delivery and are presented to the Performance and Audit /committee on an annual basis.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
18	Local Outcomes Improvement Plan 2024-2029	Effective	Service Lead - Performance, Community Planning and Sustainability
	Local Outcomes Improvement Plan Action Plans	Effective	Service Lead - Performance, Community Planning and Sustainability
	Local Outcomes Improvement Plan Annual Progress Report	Effective	Service Lead - Performance, Community Planning and Sustainability
	Performance Management Framework 2024-29	Effective	Service Lead - Performance, Community Planning and Sustainability
	Plan on a Page	Effective	Service Lead - Performance, Community Planning and Sustainability
19	Quayzone in Girvan	Effective	Service Lead - Sport, Leisure and Golf
	Ayrshire Roads Alliance	Effective	Chief Governance Officer
	Ayrshire Shared Services Committee)	Effective	Chief Governance Officer
20	Partnership Agreement - Voluntary Action South Ayrshire (VASA) 2023-28	Effective	Assistant Director Communities
20	Health and Social Care Partnership Integration Joint Board	Effective but scope for improvement	Head of Community Health and Care Services

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<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
B3: Engaging with individual citizens and service users effectively	Arrangements 2025/26
<p>21. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p>	<p>A new Community Engagement Strategy was approved by Cabinet in February 2026. As part of the strategy, a comprehensive consultation checklist has been devised which will support services through each stage of the consultation process, from the pre-consultation stage, activities that should be carried out during the consultation period, and importantly the development of a post-consultation monitoring procedure to allow feedback to be gathered on engagement activity across the Council. The consultation checklist will also support our Integrated Impact Assessment process in meeting the legal requirements of the Public Sector Equality duty regarding consultation and engagement to better understand the needs of our communities. In addition, the new strategy also incorporates a guidance document to support the participatory budgeting process. We will now work with services to support usage of the checklist.</p>
<p>22. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p>	<p>Across South Ayrshire the approach to embedding Locality Planning continues with the six Locality Planning Partnerships (LPPs) meeting on a regular basis. Both the Community Planning Partnership (CPP) and Health and Social Care Partnership (HSCP) are kept up to date with progress with these groups via a six-monthly reporting to the CPP Board and a quarterly update to the Strategic Planning Advisory Group. In addition, there are updates given at the Performance and Audit Committee in relation to actions within the Locality Plans. The actions are maintained and updated via the Pentana System. To support the work further there are Locality Planning Partnership Groups in each locality and also Locality Planning Partnership Chairs meetings to provide peer support and sharing of learning.</p> <p>During 2025, a number of key publications by Scottish Government have been produced - including Population Health Framework, Public Service Reform Strategy and Health and Social Care Renewal Framework. The context of these documents will be key to Locality activity as the 6 LPPs develop new iterations of their locality plans during 2026. A session with the CPP Board in May 2026 will provide the opportunity for discussion about how we implement locally some of the key principles from Government's Strategic Vision.</p>

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<p>23. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p>	<p>The annual update on Participatory Budgeting (PB) Spend was submitted to Service and Partnerships Panel in August 2025 highlighting PB spend during the period 2024/2025 as per COSLA reporting requirements. To further support the PB process, a new Community Engagement Strategy was approved by Cabinet in February 2026. As part of the strategy, a comprehensive consultation checklist has been devised which will support services through each stage of the consultation process. In addition, the new strategy also incorporates a guidance document to support the participatory budgeting process.</p> <p>The Tenant Participation Strategy was updated to ensure continued compliance with Housing related legislation where it comes to ensuring tenants voices are heard and have the opportunity to inform the services provided to them. The strategy was co-produced by involved tenants, a full Integrated Impact Assessment completed and any revision as well as actions were agreed prior to being presented to Cabinet.</p> <p>South Ayrshire Youth Council has now been rebranded as the Youth Council following the successful elections. The Youth Council are inclusive and provides a meaningful platform for young people to express their views. The Youth Council have been effective in engaging with senior leaders and managers and they review Cabinet papers ahead of key decision being made.</p>
<p>24. Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p>	<p>South Ayrshire 1000 Citizens' Panel is available for Services to use to get the views of South Ayrshire residents, their feedback helping to improve and develop public services. The membership list for SA1000 is currently being reviewed and updated. A list of all consultations carried out by the Council is published online annually. The use of consultation checklist will also support this sub-principle. Services have access to Microsoft 365 which gives them the ability to create their own surveys and engage with the public using the M365 Forms application via the Council's consultations web page.</p>
<p>25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p>	<p>We use our website to publicise current consultation exercises and to report back on their findings through publishing consultation results - either as separate documents or as part of panel papers. We also promote the Community Planning Participation and Engagement Group which can be used to support the consultation process to engage with Champions Board and capture views of lived experience.</p>
<p>26. Taking account of the impact of decisions on future generations of taxpayers and service users.</p>	<p>Thriving Communities manage the Your Area Your Voice Your Choice a consul-based website which continues to be an effective platform to promote community conversation and to assist with distributing grants.</p> <p>The platform is also designed to assist with Participatory Budgeting and grant applications as well as consultations (for example it has been used for latest Community Council consultation process). SAC also publish an annual consultation log on the website. A public budget consultation is carried out annual to support the budget setting process.</p>

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	<p>The IIA considers our legal requirements in terms of the Public Sector Equality Duty and Fairer Scotland duty but also incorporates children’s rights; sustainability, climate change and biodiversity; health and wellbeing; impact on older people; rural communities; the impact of trauma; and our commitment to The Promise. Where an IIA has been completed, an IIA Summary Report is produced and attached to panel papers. The IIA Summary Report highlights all impacts whether be positive, negative, no impact or areas requiring further consideration. The consultation checklist will also support our Integrated Impact Assessment process in meeting the legal requirements of the Public Sector Equality duty regarding consultation and engagement to better understand the needs of our communities. All IIA summary reports are published on SAC website.</p>
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Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
21	Community Engagement Strategy updated 2025	Effective but scope for improvement	Service Lead - Performance, Community Planning and Sustainability
22	Locality Planning	Effective	Head of Community Health and Care Services
	Locality Planning Groups	Effective but scope for improvement	Head of Community Health and Care Services
	Strategic Planning Advisory Group	Effective	Head of Community Health and Care Services
23	Participatory Budgeting	Effective	Service Lead - Performance, Community Planning and Sustainability
	Tenant Participation Strategy 2025-2030	Effective	Service Lead - Housing Strategy and Regeneration
	South Ayrshire Youth Forum	Effective	Assistant Director Communities
24	South Ayrshire 1000 Citizens' Panel Consultations	Effective	Service Lead - Performance, Community Planning and Sustainability
25	Current consultation exercises	Effective	Service Lead - Performance, Community Planning and Sustainability
26	Your Area Your Voice Your Choice	Effective	Assistant Director Communities
	Equality Impact Scoping Assessments	Effective	Service Lead - Performance, Community Planning and Sustainability
	IIA Summary Report Integrated Impact Assessment	Effective	Service Lead - Performance, Community Planning and Sustainability
	Consultation Logs	Effective	Service Lead - Performance, Community Planning and Sustainability

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
C1: Defining outcomes	Arrangements 2025/26
27. Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions.	Our vision is that we want to serve South Ayrshire ‘by making a difference every day’.
28. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	The Council Plan 2023-28 identifies key areas of focus over 5 years. The Plan provides a common framework for services and partners to work collaboratively to achieve improved outcomes and wellbeing for our communities. Council Plan Actions supporting Year 3 (2025-2026) of the Council Plan were approved by Cabinet in June 2025. In March 2026, the process will begin to develop council plan actions for year four of the Council Plan (2026-2027). There is a supporting Performance Management Framework in place in relation to monitoring and scrutiny of performance against actions.
29. Delivering defined outcomes on a sustainable basis within the resources that will be available.	<p>These plans help to inform the resourcing requirements of the Council and at the same time should reflect the realities and constraints around resource availability. The latest iteration of the Medium-Term Financial Plan (2026-27 to 2030-31) and Corporate Workforce Plan (2026-27 to 2030-31) approved by Council in February 2026 and March 2026 respectively improved the linkages between our plans and our resource strategies, covering Finance and our Workforce. A single Corporate Asset Management Strategy that will encompass property, roads and structures, open spaces, ICT, and fleet and align these strategic objectives with the process of capital resource allocation for all asset classes and categories is in development and due to be considered by Council in 2026 which will strengthen the links even further between all three documents and the overall Council Plan.</p> <p>The asset management plan (land and buildings) was approved by Council in February 2026. Beyond a rolling update and the plan, itself, the paper committed to two actions. Firstly: that a property challenge and review process will commence in 2026 with a view to increase efficiency, reduce costs, improve service delivery, and enhance the alignment of capital resource allocation to achieve these ends. Secondly, that officers work to develop a single consolidated South Ayrshire Council ‘Corporate Asset Management Strategy’ (CAMS) that will: encompass property, roads and structures, open spaces, ICT, and fleet; align these strategic objectives with the process of capital resource allocation for all asset classes and categories thus driving forward a best value agenda.</p>

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

30. Identifying and managing risks to the achievement of outcomes.	Our Strategic Risk Register helps us to manage the overarching elements of risk that are critical to the achievement of our desired outcomes, with risk management arrangements also in place at Directorate level.
31. Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.	A new Workforce Plan was approved on 26th March 2026. The plan will be reviewed as and when required or on the instruction of the Chief Executive. A Workforce Plan Strategy Implementation Group will be created with the Terms of Reference to be agreed. This will allow us to monitor and review the plan as required.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
27	SAC Vision	Effective	Service Lead - Human Resources
28	Council Plan 2023-28	Effective	Service Lead - Performance, Community Planning and Sustainability
	Council Plan Actions	Effective	Service Lead - Performance, Community Planning and Sustainability
29	Financial Strategy 2020 to 2030	Effective	Chief Finance Officer
	Asset Management Plan (Land and Buildings) 2026	Effective but scope for improvement	Service Lead - Asset Management and Community Asset Transfer
30	Strategic Risk Register	Effective	Chief Governance Officer
29 and 31	Corporate Workforce Plan 2026-31	Effective	Service Lead - Human Resources

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
C2: Sustainable economic, social and environmental benefits	Arrangements 2025/26
32. Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.	Currently all Panel and Council reports are required to consider 'Sustainable Development and Climate Change Implications' to highlight the environmental impact of proposed policies and plans. This is complimented by the Integrated Impact Assessment process which has a series of ten questions within the environmental impacts section which include questions on sustainability, climate change and nature. In addition, there are a range of questions in relation to Fairer Scotland Duty as well as wider cross-cutting impacts.
33. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. 34. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	The Ayrshire Regional Strategy now known as the Regional Economic Strategy (RES) was reviewed during 2025/26. Work is underway to finalise the refreshed RES and this is expected to be approved in May 2026.
35. Ensuring fair access to services.	Fairer Scotland Duty forms part of the Council's integrated impact assessment (IIA). This prompts officers to carefully consider and reflect on how they comply with the legal responsibility placed on the Council to actively consider ('pay due regard' to) how it can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions. The IIA also has a number of questions in relation to environmental impacts/benefits and social impacts/benefits through the cross-cutting element.

Behaviours	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
32	Reports to Panel and Council - Template	Effective	Service Lead - Performance, Community Planning and Sustainability
33 and 34	Ayrshire Regional Economic Strategy	Requires work	Assistant Director Communities
35	Integrated Impact Assessment	Effective	Service Lead - Performance, Community Planning and Sustainability

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
D1: Determining actions	Arrangements 2025/26
36. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided.	<p>New guidance for the justification of different types of capital projects was approved in September 2025. This ensures a level of consistency is applied to the same category of capital projects to meet Best Value requirements and still operate proportionally depending on the type of capital project.</p> <p>Changes to the panel report process were implemented in March 2025. These updated processes require officers to consider how proposals contribute to the Council's Shaping Our Future Council transformation objectives, apply an enhanced options appraisal approach, and clearly articulate the intended benefits of any transformation proposal, including plans for benefits monitoring and reporting.</p> <p>The Transformation Service now routinely monitors compliance with these requirements through the report review and panel process, providing support and challenge where needed. As a result, the approach is maturing, with services increasingly engaging with the requirements and demonstrating more consistent consideration of transformation outcomes and benefits within proposals.</p>
37. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	The Transformation Service continues to ensure that citizen and service user feedback is routinely considered as part of decision-making on service improvement, redesign or cessation. Insight from engagement, consultations and service feedback is embedded within options appraisal to support prioritisation of competing demands within limited resources, including workforce capacity, skills, land and assets, while taking account of future impacts and sustainability.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
36	Guidance on Justification to Support Capital Projects	Effective	Assistant Director Planning and Development
36 and 37	Updated Panel Report Process;	Effective	Service Lead - Transformation
37	Options Appraisal and Benefit Reporting	Effective	Service Lead - Transformation

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
D2: Planning actions	Arrangements 2025/26
38. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	Our planning and control cycle is set out within the Council's Performance Management Framework for 2023-2028.
39. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<p>A new Community Engagement Strategy was approved by Cabinet in February 2026. As part of the strategy, a comprehensive consultation checklist has been devised which will support services through each stage of the consultation process, from the pre-consultation stage, activities that should be carried out during the consultation period, and importantly the development of a post-consultation monitoring procedure to allow feedback to be gathered on engagement activity (both internally and externally) across the Council. The consultation checklist will also support our Integrated Impact Assessment process in meeting the legal requirements of the Public Sector Equality duty regarding consultation and engagement to better understand the needs of our communities. In addition, the new strategy also incorporates a guidance document to support the participatory budgeting process. We will now work with services to support usage of the checklist.</p> <p>South Ayrshire Community Planning Partnership has a Community Planning Participation and Engagement Group (CPPEG). The main focus of the CPPEG is to inform the process of widening community engagement within a community planning setting through representation of communities of interest, forums that sit with Voluntary Action South Ayrshire (VASA) and community/third sector organisations.</p>
40. Considering and monitoring risks facing each partner when working collaboratively, including shared risks.	The Risk & Safety Team develop the strategy, methodology, systems and monitoring framework for risk, and support all Council services to embed robust risk management principles for service delivery. They also coordinate the development of Council Risk Registers at Strategic and Operational levels and provide information and guidance to managers on areas of risk exposure and potential liabilities.
41. Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.	Plans are managed and assessed in terms of progress against their actions and performance measures through our performance management system (Pentana) and through our service improvement planning process.

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

<p>42. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided.</p>	<p>Benchmarking activity includes use of the Local Government Benchmarking Framework measures to help evaluate our performance, which are reported annually to Members.</p> <p>Scrutiny of performance reports takes place at Service and Partnerships Performance Panel where a range of service updates are presented.</p> <p>Our approach to public performance reporting includes our Annual Performance Report which incorporates high profiles services including Educational Services, Housing and South Ayrshire Health and Social Care Partnerships, along with Delivering Good Governance, Best Value, Self Evaluation, Financial Management and Local Government Benchmarking Framework. In addition, a range of performance updates are provided within our Public Performance Reporting webpage.</p> <p>Guidance has been developed to support officers who may be required to carry out an Options Appraisal. This process is used to identify and analyse the different ways that objectives of a project can be achieved, examining various factors before taking a decision on how to proceed.</p>
<p>43. Ensuring capacity exists to generate the information required to review service quality regularly.</p>	<p>The Council has adopted the Public Sector Improvement Framework (PSIF) for self-evaluation and section one of this framework (service planning) was used to support the development of service improvement plans. Monitoring of service improvement actions has taken place via Pentana with updates provided for the Corporate Leadership Team. During 2025/2026 Human Resources and Organisational Development participated in the full PSIF process and a service improvement action plan was developed.</p>
<p>44. Preparing budgets in accordance with objectives, strategies and the medium-term financial plan.</p> <p>45. Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p>	<p>Our annual budget setting exercise is undertaken within the context of the Council Plan 2023-28 and the Medium-Term Financial Plan 2026-27 to 2030-31. Throughout 2025/26, including the 2026/27 budget setting process, a continued focus has been the impact on current and future resource constraints, including inflationary pressures.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
38	Performance Management Framework 2024-29	Effective	Service Lead - Performance, Community Planning and Sustainability
39	Consultation Checklist	Effective but scope for improvement	Service Lead - Performance, Community Planning and Sustainability

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

40	Risk & Safety Team	Effective	Chief Governance Officer
41	Pentana	Effective	Service Lead - Performance, Community Planning and Sustainability
42	Options Appraisal and Benefit Reporting	Effective	Service Lead - Transformation
43	Public Sector Improvement Framework	Effective	Service Lead - Performance, Community Planning and Sustainability
	National Community Planning self-assessment process	Effective	Service Lead - Performance, Community Planning and Sustainability
44 and 45	Annual budget setting exercise	Effective	Service Lead - Corporate Accounting

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
D3: Optimising achievement of intended outcomes	Arrangements 2025/26
<p>46. Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints.</p> <p>47. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</p>	<p>Our Medium-Term Financial Plan 2026-27 to 2030-31 is key to ensuring the achievement of the Council's strategic objectives and that sufficient resources are available to support their delivery. It assists in identifying where and when resources will become stretched and encourage the identification of a prioritised approach to future planning with regard to financial constraints.</p>
<p>48. Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p>	<p>The Council have developed a consistent method of engaging with Community Groups to collate potential projects that could be delivered via Community Benefits. These requests are visible to any supplier bidding for a Council contract and can be selected as part of their community benefit return.</p> <p>In addition, the Council now has an established method of evaluating and recording Community Benefits in contracts. The Procurement service, with the support of colleagues in Community Engagement, will also review the processes around communicating good news stories and acknowledging suppliers who deliver successful benefits to communities within South Ayrshire.</p> <p>Procurement and Thriving communities have worked together to produce a "Community Groups seeking support" portal which allows groups within South Ayrshire to request community benefits via Council contracts. This has resulted in delivery of community benefits in response to direct asks from the community and improved reporting ability on the breakdown of benefits pledged and delivered.</p>
<p>49. Ensuring the achievement of 'social value' through service planning and commissioning.</p>	<p>Commissioning Plans are in place to deliver on the Health and Social Care Partnership's (HSCP) Adult Mental Health and Adult Learning Disability Strategies and the Adult and Older People Service Plan. These tie in the HSCP Financial Plan to the HSCP Strategic Plan 2021 to 2031.</p> <p>Ongoing work includes,</p> <ul style="list-style-type: none"> • Revision of Commissioning Frameworks to ensure that they meet the needs of the service. • Continuing work to develop and plan for a refreshed Learning Disability Strategy • Continued work to ensure that contracts are in place will be a key focus of the Planning and Performance team.

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

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
46	2026-27 Budget Update and Medium-Term Financial Plan	Effective	Service Lead - Corporate Accounting
47	Medium Term Financial Plan 2026-27 to 2030-31	Effective	Service Lead - Corporate Accounting
48	Annual Procurement Report 2025	Effective	Service Lead - Procurement
	Community Benefits	Effective	Service Lead - Procurement
49	Commissioning Plans	Effective	Head of Community Health and Care Services
	Integration Joint Board Strategic Plan 2021 - 31 (2025 refresh	Effective	Head of Community Health and Care Services
	Adult Learning Disability Strategy 2022-2027	Effective	Head of Community Health and Care Services
	Adult Mental Health and Wellbeing Strategy 2024-34	Effective	Head of Community Health and Care Services
	HSCP Strategic Plan 2021 to 2031;	Effective	Head of Community Health and Care Services

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
E1: Developing the Council’s capacity	Arrangements 2025/26
50. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.	Service Leads reviewed aspects of their operations, performance and assets as part of priority budget savings activity late 25/early 26, and this informed the medium-term financial plan and corporate workforce plan (both approved in Feb/Mar 26). The budget savings activity resulted in several service designs being paused, although those that did progress will be presented shortly to the Transformation Board. CMT (Corporate Management Team) will shortly determine which services will commence/resume service designs in 2026.
51. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.	Benchmarking activity includes use of the Local Government Benchmarking Framework (LGBF) measures to help evaluate our performance, which are reported annually to Members. LGBF Data Packs have also been produced for Service Leads - during 2025/2026, the data packs were updated and now include information on South Ayrshire’s individual year on year performance and from the base year of 2018/19 or the appropriate year where comparison with 2018/19 is not possible; Longitudinal information on our performance with comparison to national and family group data which highlights the potential impact of Covid on the statistics; and heat maps which show our Family Group Ranking from the base year.
52. Recognising the benefits of partnerships and collaborative working where added value can be achieved. 53. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	The Workforce Plan 2026-31 was approved by Council in March 2026. A Workforce Strategy Implementation Group is being formed, and Terms of Reference have been created and awaiting approval. The Plan will be reviewed as and when required or on the instruction of the Chief Executive and will continue to be aligned with Transformation. The Wellbeing Plan has now been combined with the Workforce Plan.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
50	Service Redesign Framework	Effective but scope for improvement	Service Lead - Human Resources
51	Local Government Benchmarking Framework	Effective	Service Lead - Performance, Community Planning and Sustainability
	Local Government Benchmarking Report	Effective	Service Lead - Performance, Community Planning and Sustainability
52 and 53	Corporate Workforce Plan 2026-2031	Effective	Service Lead - Human Resources

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

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
E2: Developing the capability of the Council’s leadership and other individuals	Arrangements 2025/26
54. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	A concentrated period of member training is carried out for all members, including new members, during the Induction period following Local Council elections. Member training and Briefings are carried out on a regular basis thereafter, including, in response to member requests. Role Profiles set out the generic responsibilities of all members, together with specific profiles for the Council Leader, Leader of the Opposition, Provost, Policy Leads etc. Role Profiles are currently being revised and are awaiting member consultation and input.
55. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.	The Council’s Scheme of Delegation is regularly updated, setting out what powers are exercised by Council, what are delegated to Panels and what are delegated to officers.
56. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority.	Job descriptions are in place for the Chief Executive, Directors, Assistant Directors/Chief Officers, and Senior Officers. A new Check in process has recently been implemented to replace the previous PDR system and applies to all employees, including Chief Officers. Discussions are currently ongoing with Solace in Business to introduce a revised appraisal process for the Chief Executive. The target date for the updated Chief Executive appraisal process is 30 June 2026.
57. Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by ensuring: <ul style="list-style-type: none"> • access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. • they have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and that they are able to update their knowledge on a continuing basis. • personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. 	<p>Welcome pages are in place to support new employees who are joining the Council on different workstyles e.g. homeworking.</p> <p>Organisational Development (OD) will develop a leadership development programme. A survey has been issued to Executive Management Team (EMT) and Service Leads asking them to prioritise 6 key leadership themes which will inform the focus for the programme. A new corporate welcome video has been developed and will shortly be embedded into the recruitment process at the point an employee accepts their contract. Two corporate induction events are being developed (employees and managers) provisionally planned for May 2026, and work is currently underway in designing event content. If successful, these events will be scheduled regularly going forward based on recruitment numbers.</p>

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

58. Ensuring that there are structures in place to encourage public participation.	A new Community Engagement Strategy was approved by Cabinet in February 2026. As part of the strategy, a comprehensive consultation checklist has been devised which will support services through each stage of the consultation process. In addition, the new strategy also incorporates a guidance document to support the participatory budgeting process.
59. Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspection.	Our senior officers and managers have Personal Development Plans arising from our Performance and Development Review process now known as "Check In".
60. Holding staff to account through regular performance reviews which take account of training or development needs.	After significant engagement with employees and services, Organisational Development co-designed with services a revised process call 'Check-In'. The focus is on meaningful conversations which can be held either individually or as part of a group. The process went live early 2026. Check-ins can be held annually at any point during the year which should increase reviews across all directorates.
61. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	<p>A number of policies and are in place which are intended to maintain staff health and wellbeing including, the Council’s Flexible Working, Family, Special and Carers Leave provisions which demonstrates commitments and responsibilities under the Equality Act 2010 and Carers Leave Act 2023. Policies are reviewed yearly or in line with legislative changes. Work is underway to review the current Maximising Attendance Policy.</p> <p>YOUR CARE is an Employee Assistance Programme (EAP) delivered by our employee benefits provider, VIVUP is also now available to staff. Through the platform, staff have access to a dynamic wellbeing platform offering a range of personal, emotional and financial wellbeing tools.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
54	Role Profiles	Effective but scope for Improvement	Service Lead - Democratic Governance
55	Scheme of Delegation 2025	Effective	Chief Governance Officer
56	Chief Officers Appraisal	Effective but scope for Improvement	Service Lead - Human Resources
57	Future Operating Model	Effective	Service Lead - Human Resources
	Leadership Development Programme	Effective	Service Lead - Human Resources
	Welcome Pages	Effective	Service Lead - Human Resources

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

58	Community Engagement Strategy	Effective but scope for Improvement	Service Lead - Performance, Community Planning and Sustainability
59	Performance Development Review	Effective	Service Lead - Human Resources
60	Check-in	Effective	Service Lead - Human Resources
61	Carers Leave Policy	Effective	Service Lead - Human Resources
	Family Leave Policy	Effective	Service Lead - Human Resources
	Flexible Working Policy	Effective	Service Lead - Human Resources
	Special Leave Policy	Effective	Service Lead - Human Resources
	Your Care	Effective	Service Lead - Human Resources

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Core Principle F: Managing risk and performance through robust internal control and strong public financial management

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
F1: Managing risk	Arrangements 2025/26
62. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	Business continuity plans consider risk, Council reports require managers to advise members of the risks of rejecting and supporting their recommendations. The risk register is regularly reviewed and captures the ongoing risks. The Extended Management Team regularly reviews risks at their quarterly meetings to consider whether there are emerging risks. All business projects and Boards (e.g. Transformation Board) have risks registers which are regularly reviewed.
63. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	6-monthly-agreement of the Council's Strategic Risk Register by the Audit and Governance Panel and Cabinet, following specific training for Members.
64. Ensuring that responsibilities for managing individual risks are clearly allocated.	All Panel and Council reports include 'Risk Implications of Accepting or Rejecting Recommendations.'

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
62	Audit and Governance Panel	Effective	Chief Governance Officer
	Risk management strategy;	Effective	Chief Governance Officer
63	Strategic Risk Register	Effective	Chief Governance Officer
64	Report Template and Guidance Notes	Effective	Chief Governance Officer

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<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
F2: Managing performance	Arrangements 2025/26
65. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	Plans are managed and assessed in terms of progress against their actions and performance measures through our performance management system (Pentana).
66. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook. 67. Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible.	Scrutiny of performance reports takes place at the Service and Partnerships Performance Panel (for Council Plan updates it is Quarter 2 and Quarter 4) The Annual Performance Report 2024/2025 was taken to full Council in December 2025. To aid this scrutiny, Elected Members can directly access the performance information held within Pentana.
68. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	We have an agreed Performance Management Framework in place outlining our process for scrutiny including extended CMT and Service and Partnerships Performance Panel on progress towards achieving outcomes in relation to service delivery. Scrutiny also takes place by South Ayrshire Community Planning Board.
69. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).	Revenue Budgetary Control reports are regularly presented to Members at Cabinet providing a financial overview of the General Services Revenue Account, Housing Revenue Account and Common Good Accounts. The frequency of budgetary control reports presented to Cabinet was increased from four to five reports per annum during 2024/25 and this approach continued during 2025/06.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
65	Pentana	Effective	Service Lead - Performance, Community Planning and Sustainability
66	Council's Annual Performance Report 2024/25	Effective	Service Lead - Performance, Community Planning and Sustainability
67	Council Plan Reports	Effective	Service Lead - Performance, Community Planning and Sustainability
68	South Ayrshire Way Strategic Change Programme Reports	Effective	Assistant Director - Corporate Policy, Strategy and Performance
69	Revenue Budgetary Control Reports	Effective	Chief Finance Officer

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<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
F3: Robust internal control	Arrangements 2025/26
70. Aligning the risk management strategy and policies on internal control with achieving objectives.	<p>As described under 'managing risk' we have a risk management strategy aligned to the Council Plan and Risk Registers which management evaluate and monitor on a 6-monthly basis.</p> <p>This 6 monthly target has not been met due to a senior staff vacancy, which we have been unable to fill. It is expected we will be able to do so, and therefore the evaluation and review management strategy will be completed by September.</p>
71. Evaluating and monitoring risk management and internal control on a regular basis.	<p>As described under 'managing performance' we have internal controls (our Performance Management Framework) designed to help deliver our objectives, which includes review by management on progress achieved, on a 6-monthly basis.</p>
72. Ensuring effective counter fraud and anti-corruption arrangements are in place.	<p>As described under 'Respecting the rule of law' we have counter fraud and anti-corruption arrangements, together with a Corporate Fraud Team that reports to the Audit and Governance Panel on a 6 monthly basis. Our current Anti-Fraud and Anti-Bribery Strategy (2021) outlines the measures taken by the Council to protect itself against malpractice through either fraud or corrupt practice. The annual Internal Audit Plan includes an allocation of time to carry out investigations and Special Investigation Procedures are in place outline the process to be followed by Internal Audit, the Corporate Fraud Team and HR when carrying out employee investigations.</p> <p>The Council also participates in the biennial National Fraud Initiative exercises. The Chief Internal Auditor is a member of the Council's Assurance Group (formerly the Integrity Group) which reports to the EMT quarterly. Communication is issued to all employees annually during Fraud Awareness Week to remind them of their responsibilities in relation to managing fraud, linking to relevant guidance and the Anti-fraud and Anti Bribery Strategy and providing details on how to report suspected fraud.</p> <p>Financial controls are governed by the Financial Regulations, which defines the arrangements, processes and controls to be employed while discharging the financial administration and stewardship of the Council. The Financial Regulations form part of a wider group of regulatory documents, including (but not limited to) Standing Orders Relating to Contracts, Scheme of Delegation, etc.</p> <p>The financial system has various controls and checks where bank details, purchase orders and invoices are concerned and have been subject to audit to ensure compliance. Standing Orders Relating to Contracts</p>

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Core Principle F: Managing risk and performance through robust internal control and strong public financial management

	<p>ensures that all contracts have clauses that comply with the Bribery Act 2010 and the Councils own Anti-Fraud and Anti Bribery Strategy.</p> <p>The Standing Orders Relating to Contracts are subject to an annual review and were updated for 25/26 to take account that Capital Works procurement activity is now the responsibility of the Corporate Procurement Team. All Council procurement activity must follow the Standing Orders Relating to Contracts and in 2025 a new training module was developed which all relevant staff have access to.</p>
<p>73. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p>	<p>Our Internal Audit team develop their annual plan linked to risk register and Council Plan. It is focused on areas where Internal Audit can effectively contribute to the effectiveness and efficiency of governance, risk management and control processes. The annual plan includes and allocation of time for investigation and for contingency assignments to allow Internal Audit to respond to fraud and emerging risks. Progress against the annual Internal Audit plan and directorate's progress against the implementation of Internal Audit actions is reported quarterly to the Audit and Governance Panel. The Internal Audit Annual Report and the Internal Audit Annual Statement on the Adequacy of Internal Controls in reported to the Audit and Governance Panel annually. Copies of all final Internal Audit reports are shared with all Members, the Chief Executive, the Chief Financial Officer and the Chief Governance Officer. Reports are also shared with External Auditors. All internal audit work is completed in compliance with the Global Internal Audit Standards (GIAS) in the UK Public Sector</p>
<p>74. Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. • that its recommendations are listened to and acted upon. 	<p>Our Audit and Governance Panel whose Chair and Vice Chair are independent of the ruling political administration, approves the annual Internal Audit Strategy and Plan and the Internal Audit Strategy and is responsible for considering the overall adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements, including the associated anti-fraud and anti-corruption arrangements. The work of the Panel is conducted in line with CIPFA Guidelines and our Audit Committee Handbook.</p> <p>Regular updates are provided to the Audit and Governance Panel on progress against Internal Audit improvement actions together with on progress against External Audit Reports.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
70	Risk Management Strategy	Effective but scope for improvement	Chief Governance Officer
71	Council Plan Reports	Effective	Service Lead – Performance, Community Planning and Sustainability
	Council's Annual Performance Report 2024/25	Effective	Service Lead – Performance, Community Planning and Sustainability

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	Performance Management Framework	Effective	Service Lead – Performance, Community Planning and Sustainability
72	Financial Regulations	Effective	Chief Financial Officer
	Internal Audit Progress Report	Effective	Chief Internal Auditor
	Corporate Fraud Team	Effective	Chief Internal Auditor
	Corporate Fraud Team – 6 monthly Activity Report and National Fraud Initiative update	Effective	Chief Internal Auditor
	Standing Orders Relating to Contracts	Effective	Service Lead - Procurement
	Credit and Debit Cards Policy and Procedures	Effective	Service Lead - Corporate Accounting
73	Internal Audit Annual Statement on Adequacy of Internal Controls	Effective	Chief Internal Auditor
	Internal Audit Plan 2026-27	Effective	Chief Internal Auditor
74	Audit Committee Handbook	Effective	Service Lead - Democratic Governance
	CIPFA Guidelines	Effective	Service Lead - Democratic Governance
	External Audit Reports	Effective	Chief Financial Officer

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Core Principle F: Managing risk and performance through robust internal control and strong public financial management

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
F4: Managing data	Arrangements 2025/26
<p>75. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p>	<p>Our Records Management Plan sets out proper arrangements for the management of both electronic and physical records across all Council service areas, in compliance with the Public Records (Scotland) Act 2011. Our Data Protection Policy sets out our arrangements to ensure that we are fully compliant with the UK General Data protection Regulation (GDPR) and the Data Protection Act 2018. Data breach training was provided to Services in November 2025.</p> <p>There is presently a very robust process in place to replace the existing Health and Social Care (HSCP) Case Management System, with one which is maintainable within the technology that is available, and is more suitable for the needs of Health and Social Care in 2026. We are almost at the point of commissioning and will not be implementing the new system until 2027, however there is much work ongoing which will put the Integration Joint Board (IJB) in a strong position to make this system is effective and efficient in safely collecting, storing, using and sharing data and safeguarding it appropriately and legally.</p> <p>A corporate policy governing the use of artificial intelligence within the Council was approved and implemented in May 2025. An AI register has been established to support effective oversight, recording approved AI use cases and ensuring alignment with the policy. The register is jointly managed by the Transformation Delivery Group and the Council's PMO, providing clear accountability and assurance. In parallel, technical controls have been implemented to block unapproved and public AI solutions, helping to safeguard the Council's data assets and manage risk. Compliance with the policy and the register is being actively monitored, with a formal review and revision scheduled for May 2026. South Ayrshire Council's Data Plan has also been delivered, setting out a clear approach to improving how data is managed, shared and used across the organisation to support better decision-making, service improvement and insight led transformation. The plan aims to strengthen data quality, governance and capability while enabling more effective and ethical use of data. A multi-service Data Advisory Group has been established to provide oversight and drive delivery of key actions within the plan, ensuring progress is coordinated and aligned with council priorities.</p>

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Core Principle F: Managing risk and performance through robust internal control and strong public financial management

<p>76. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p>	<p>We have guidance over sharing of data and a specific Ayrshire and Arran Protocol regulating the sharing of data with Police Scotland and Scotland Fire and Rescue. An information sharing protocol is in place between South Ayrshire Council, East Ayrshire Council, North Ayrshire Council, NHS Ayrshire and Arran and the Health and Social Care Partnership Service Integration Joint Boards.</p> <p>The Data Use & Access Act 2025 will not impact on the Council's data protection obligations with the sharing of data between agencies. This will continue to be assessed through the use of Data Protection Impact Assessments during a project or contract, with appropriate Data Sharing or Data processing agreements being in place between parties to supplement contract terms and conditions. The Council will continue to monitor advice provided by the UK Information Commissioner on the implementation of the 2025 Act. It is not anticipated this will have a significant impact upon Council policies and procedures for UK GDPR compliance.</p>
<p>77. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p>	<p>Work has taken place to update the Corporate Policy and Performance SharePoint site which will provide the main source of agreed data sets that all departments should use going forward. This will be updated regularly and will includes data sets such as population, child poverty, LGBF and locality snapshots.</p>

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
75	Data Protection Policy	Effective	Service Lead - Democratic Governance
	Generative Artificial Intelligence policy	Effective	Service Lead - Transformation
	Records Management Plan	Effective	Service Lead - Democratic Governance
	Records Management Plan IJB	Effective	Director of Health and Social Care
76	Guidance over sharing data	Effective	Service Lead - Democratic Governance
	Ayrshire and Arran Protocol for Sharing Information	Effective	Service Lead - Democratic Governance
77	South Ayrshire Council Data Plan	Effective but scope for Improvement	Assistant Director Communities

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Core Principle F: Managing risk and performance through robust internal control and strong public financial management

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
F5: Strong public financial management	Arrangements 2025/26
78. Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.	Our Medium-Term Financial Plan 2026-27 to 2030-31 is key to ensuring the achievement of the Council's strategic objectives. Our planning at Service and Improvement Plan level continues to be linked to budgets available to services. Links exist between our regular financial and operating performance reporting, including contextual reference in the budget monitoring reports to the impact on service performance.
79. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	The Council has a long record of strong financial management as evidenced by its history of positive internal and external audit reports. Following the implementation of a new Enterprise Resource Planning system in 2023, work to develop and improve the range and accessibility of financial information available to budget holders and senior management is continuing, with particular focus on identifying and resolving gaps in system users' knowledge through targeted training programmes to address known, recurring issues such as order status maintenance.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
78	Medium Term Financial Plan 2026/27 - 2030/31	Effective	Service Lead - Corporate Accounting
	Item 5a - Budget Management.pdf	Effective	Service Lead - Corporate Accounting
79	Financial Regulations	Effective	Service Lead - Corporate Accounting

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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
G1: Implementing good practice in transparency	Arrangements 2025/26
80. Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	<p>The Council website continues to provide clear and easy access to up-to-date information and services and to meet the requirements of the Public Sector Bodies Accessibility Regulations. Accessibility is embedded in our publishing processes, with documents provided in accessible formats and regular reviews undertaken to support continuous improvement.</p> <p>A range of digital channels, including social media, are used to engage with a wide and diverse audience. Translations and alternative formats are available on request, ensuring our communications remain inclusive and continue to improve year on year.</p>
81. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	Our Annual Accounts are pre-faced by a reader-friendly 'Management Commentary' covering our Administration, financial management and operational performance over the course of the last year, providing a concise outline of progress. It also includes a summary of our future plans, outlook and key strategic risks. The Management Commentary is illustrated with examples, infographics and easy-to-read graphs to help promote transparency without compromising understandability.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
80	Public Sector Bodies Accessibility Regulations	Effective	Service Lead - Transformation
	Range of Social Media	Effective	Assistant Director - Corporate Policy, Strategy and Performance
81	Annual Accounts	Effective	Service Lead - Corporate Accounting

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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
G2: Implementing good practices in reporting	Arrangements 2025/26
<p>82. Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.</p>	<p>Our approach to public performance reporting includes our Annual Performance Report which incorporates high profile services including Educational Services, Housing and South Ayrshire Health and Social Care Partnership along with Delivering Good Governance, Best Value, Self Evaluation, Financial Management and Local Government Benchmarking Framework.</p> <p>Annual reporting of performance in line with the appropriate Education legislation is embedded. An annual Standards and Quality report is further supplemented by additional updates to Cabinet in November each year. In 2025/26 further opportunities for additional scrutiny are provided following the publication of national comparator data in April. In addition to Education annual service reporting, additional scrutiny is provided through external inspection of schools and early years centres. School inspection reports are shared with all members of the Education Authority during specific cabinet meetings.</p> <p>Annual Return on the Housing Charter & Annual Housing Performance Report Each year by 31 May, the Council submits the Annual Return on the Housing Charter (ARC) to the Scottish Housing Regulator (SHR). As part of the preparation for the ARC submission, Internal Audit undertake an audit of a selected sample of indicators (normally around 20%) to check data integrity and accuracy. Prior to submitting the ARC to SHR, a meeting is held with Elected Members and Interested Tenants to discuss the performance indicators within the ARC, and to provide updates and explanations on any variances in performance in comparison to the previous reporting year. Following SHR's assessment of the ARC and their publication of Landlords Reports by 31 August each year, consultation takes place with Interested Tenants to produce and publish South Ayrshire Council's Annual Housing Performance Report, this is published by the Council during October each year.</p> <p>Housing Annual Assurance Statement Each year by 31 October, the Council is required to submit the Housing Annual Assurance Statement (AAS) to the SHR. Consultation takes place with Interested Tenants and with the Policy Lead for Housing & Property Services. The Statement is considered and approved by Cabinet prior to submission. Each year, SHR undertakes a thematic review of the self-assurance work landlords carry out to enable them to submit their Annual Assurance Statement. In 2025, SHR visited ten landlords, which included South Ayrshire Council. The purpose of the meeting was to explore how landlords assured themselves they complied with regulatory requirements and how they prepared their Statement, and they also considered how landlords assured themselves about meeting their tenant and resident safety duties. The visit by SHR to South Ayrshire Council took place on 21 May 2025, formal feedback received from SHR identified a range of positive practice.</p>

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	<p>As part of the approved Internal Audit Plan, Internal Audit conduct an audit of the AAS on a three yearly basis. The last audit was conducted in 2024 and Internal Audit concluded that there was ‘Substantial Assurance’, there were no actions or recommendations arising from that audit. The next scheduled audit is due in 2027.</p> <p>Engagement Plan SHR reviews all regulatory returns submitted by the Council and undertakes an annual risk assessment for all social landlords. Following their assessment an Engagement Plan is published effective from 1 April each year. This outlines the regulatory returns required and SHR’s level and terms of intended engagement with the Council over the reporting year. Based on the engagement with SHR during 2025/26, positive feedback was received and the Engagement Plan for 2026/27 is a standard plan.</p> <p>Links to all the above documents and returns are published on the Council’s Housing Performance webpage.</p>
<p>83. Ensuring members and senior management own the results reported.</p>	<p>Council decisions are taken by members and are minuted and published, following approval of minutes.</p>
<p>84. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</p>	<p>Our Council's Annual Performance Report and analysis of benchmarking data allows the public to assess performance across all the main areas of Council service provision. Our Public Performance webpage allows people to find out more about how the Council and Community Planning Partnership are performing.</p>
<p>85. Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).</p>	<p>We have introduced updated evaluation procedures for this Framework, maintaining the robustness of our existing approach, where the initial officer assessment is scrutinised by the Audit and Governance Panel, the findings and improvement actions then being reflected in the Council’s Annual Governance Statement within our Annual Accounts.</p>
<p>86. Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</p>	<p>During 2024/25 the Health and Social Care Partnership (HSCP) updated its Governance Framework into a specific document that sets out the reporting route, structure and pathway around activity and services against delivery of the Strategic Plan.</p> <p>Activity that has been undertaken during the period:</p> <ul style="list-style-type: none"> • Agreed meeting dates for Integrated Joint Board (IJB), Performance and Audit Committee (PAC), Strategic Planning and Advisory Group (SPAG), Health Care Governance (HCG), Risk and Resilience (R&R), Staff Governance Group (SGG), South Ayrshire Area Partnership Forum (SAAPF) presented and agreed to by the IJB.

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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

	<ul style="list-style-type: none"> Membership of the IJB, PAC and SPAG updated and agreed by the IJB in line with the Terms of Reference relevant to each group. Terms of Reference's for Governance groups have been reviewed and agreed. <p>During the period, SAHSCP adopted South Ayrshire Council's revised Integrated Impact Assessment (IIA) tool across all HSCP requirements. These are agreed by the IJB/Council Cabinet for scrutiny, transparency and access by the public. These are available on request and online on both the HSCP webpage and also linked to the Council webpage.</p> <p>During the period we have also presented to the relevant panels and committees the following:</p> <ul style="list-style-type: none"> SAHSCP Engagement Strategy SAHSCP IJB Strategic Plan refresh The Promise (Children's Services) Technology Enabled Care Plan (2025-28)
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Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
82	Public performance reporting - South Ayrshire Council	Effective	Service Lead - Performance, Community Planning and Sustainability
	Public Performance Webpage	Effective	Service Lead - Performance, Community Planning and Sustainability
	Benchmarking data	Effective	Service Lead - Performance, Community Planning and Sustainability
	Educational Services	Effective	Director of Education
	Health and Social Care Partnership Annual Report 2023-24	Effective	Head of Community Health and Care Services
	Housing Performance	Effective	Service Lead - Housing Services
83	Committee agendas, papers and minutes	Effective	Service Lead - Democratic Governance
84	Council's Annual Performance Report 2024/25	Effective	Service Lead - Performance, Community Planning and Sustainability
	Annual Performance Report 2024-25 (final)	Effective	Service Lead - Performance, Community Planning and Sustainability
85	Initial Officer Assessment	Effective	Service Lead - Performance, Community Planning and Sustainability
86	Detailed Governance Arrangements	Effective	Head of Community Health and Care Services

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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<i>Behaviours and actions that demonstrate good governance in practice....</i>	<i>Current arrangements in South Ayrshire that support those behaviours and actions.....</i>
G3: Assurance and effective accountability	Arrangements 2025/26
87. Ensuring that recommendations for corrective action made by external audit are acted upon	<p>Regular updates are made to the Audit and Governance Panel on progress against improvement actions identified in relation to External Audit reports.</p> <p>Inspection reports in schools, social work services, children services etc. are considered at cabinet over their improvement actions.</p>
88. Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.	<p>As detailed in the Internal Audit Charter, within South Ayrshire Council:</p> <ul style="list-style-type: none"> • Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee. • the CAE has unfettered access to the Executive Leadership Team. • the CAE meets regularly with the Chair and Vice Chair of the audit committee. • the CAE attends all Audit and Governance meetings; and • all audit reports are issued directly by, and in the name of, the CAE <p>This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit and Governance Panel, when necessary, without interference and supports the internal auditors' ability to maintain objectivity. The Internal Audit Charter is reviewed and approved by the Audit and Governance Panel on an annual basis.</p> <p>The Chief Internal Auditor reports to the Audit and Governance Panel in her own name. Under the requirements of the Global Internal Audit Standards (GIAS) in the UK Public Sector, the Internal Audit function is required to develop a Quality Assurance and Improvement Programme which includes both internal and external assessment of conformance with the GIAS in the UK Public Sector, the results of these assessments are reported to the Audit and Governance Panel. The performance of the Internal Audit function, progress against the annual Internal Audit plan and directorate's progress against the implementation of Internal Audit actions is reported quarterly to the Audit and Governance Panel. The Internal Audit Annual Report and the Internal Audit Annual Statement on the Adequacy of Internal Controls in reported to the Audit and Governance Panel annually. Copies of all final Internal Audit reports are shared with all Members, the Chief Executive, the Chief Financial Officer and the Chief Governance Officer. Reports are also shared with External Auditors.</p>
89. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	National Audit Scotland reports are considered by the Audit and Governance Panel, allowing the Council to reflect on their findings and to act on areas for improvement.

Appendix 1: DGG 2025 – 2026 Year End Assessment

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

90. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	Services continue to take account of the risks associated with service delivery through third parties as part of our 2025/2026 annual governance statement.
91. Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	Our Service and Partnerships Performance Panel monitors, reviews and challenges the performance of services which are delivered through or in partnership with external bodies and discharges the statutory requirement for local review of police and fire performance.

Behaviour	Evidence of Compliance with Framework	Year-end Assessment 2025/26	Lead Officer
87	External Audit Reports – Progress to 31 March 2025	Effective	Chief Finance Officer
88	Internal Audit Annual Report Internal Audit Charter	Effective	Chief Internal Auditor
89	2024/25 National Fraud Initiative	Effective	Chief Internal Auditor
90	2024/25 Annual Governance Statement	Effective	Service Lead - Performance, Community Planning and Sustainability
91	Service and Partnerships Performance Panel	Effective	Service Lead - Democratic Governance

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

B. Ensuring openness and comprehensive stakeholder engagement

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG01 Refresh Community Engagement Strategy where required	31-Mar-2026	Service Lead - Performance, Community Planning and Sustainability	10-Mar-2026 Refreshed strategy approved at Cabinet on 17th February 2026	Completed	<div style="width: 100%;"><div style="width: 100%; background-color: #4f81bd; height: 10px;"></div></div> 100%		31-Mar-2026
DGG07 Review of formal operational agreements in place with Partnerships	31-Mar-2025	Chief Governance Officer	12-May-2026 A group involving North Ayrshire Council, East Ayrshire Council, and SAC was set up to consider the provision of shared service, as part of this consideration will be given in the year 26/27 of the governance arrangements for the existing joint committee for shared services and how that could complement an extension of new shared services across the 3 Ayrshire councils. For ARA a 10 year review has been concluded by EAC and will be presented to the director HOD for any changes that need to be made to the deliver of service by ARA to South Ayrshire. This will included. 26/27 further consideration of any changes required to the governance to accommodate the changes to the deliver of these	Re-assess due date	<div style="width: 80%;"><div style="width: 80%; background-color: #4f81bd; height: 10px;"></div></div> 80%	Carry forward to DGG Plan 2026-27 Carried forward from DGG Plan 2024-25	31-Mar-2025

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
			<p>services. Then there will be consideration in the same year of any changes to the remit of the joint committee and that of Cabinet/each council for decision take for ARA.</p> <p>South Ayrshire completed it review of the integrated scheme in 2024. NAC/EAC require to complete a review. There are however material changes to the national landscape for the deliver of service through IJB which will delay the completing of this review of the integration scheme. The Council await guidance from Scot Gov for how these review to be completed.</p>				

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

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG02 Update Asset Management Plan (Land and Property)	31-Dec-2025	Service Lead - Asset Management and Community Asset Transfer	<p>22-Apr-2026 An updated plan was presented to and approved by Council 19th February 2026. The paper presented the plan, and approved that officers undertake property review and corporate asset management strategy development.</p>	Completed	<div style="width: 100%; background-color: #4f81bd; height: 10px; display: inline-block;"></div> 100%		31-Dec-2025

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

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

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG03 Complete review of Ayrshire Regional Strategy by South Ayrshire Council officers.	31-Mar-2026	Assistant Director - Communities	22-Apr-2026 The Ayrshire Regional Strategy now known as the Regional Economic Strategy (RES) was reviewed during 2025/26. The new updated and refreshed RES will be published in 2026 following the consultation and review of the existing strategy.	Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%		31-Mar-2026

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

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG08 Revision and updating of Role Profiles for Elected Members	31-Mar-2025	Service Lead - Democratic Governance	15-Apr-2026 Meeting with members to be arranged to discuss prepared drafts, following election.	Re-assess due date	<div style="width: 65%;"><div style="background-color: #4f81bd; height: 10px; width: 65%;"></div></div> 65%	Carry forward to DGG Plan 2026-27	31-Mar-2025

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
						Carried forward from DGG Plan 2024-25	

F. Managing risk and performance through robust internal control and strong public financial management

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG04 Review and update Risk Management strategy to take into account any changes including structure changes (albeit the risk management principles and methodology is still current)	31-Mar-2026	Chief Governance Officer	12-May-2026 Due to a senior staff vacancy, which we have been unable to fill the evaluation and review of the management strategy will be completed by September.	Re-assess due date	<div style="width: 15%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 15%	Carry forward to DGG Plan 2026-27	31-Mar-2026
DGG09 The new Enterprise Resource Planning system will facilitate both the adoption of good practice and further	31-Mar-2023	Service Lead - Corporate Accounting	26-Aug-2024 Significant progress has been made since implementation April 2023 in understanding the process requirements of all aspects of Oracle Fusion and overcoming the associated teething problems. Although some	Re-assess due date	<div style="width: 80%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 80%	Carry forward to	31-Mar-2025

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
improvement in financial management and control			teething issues remain, officers across all services but particularly in Finance, Procurement and ICT have learned a considerable amount about the system and the processes and controls required to facilitate its operation. This understanding is critical in order to develop and utilise the system in the most effective way possible, in order to support ongoing and continued improvement in financial management across the organisation.			DGG Plan 2026-27 Carried forward from DGG Plan 2024-25 Carried forward from DGG Plan 2023-24 Due date revised as per agreed 2024/25 plan	

Appendix 2 - Delivering Good Governance – 2025/26 Improvement Actions

Update on progress to 31 March 2026

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
DGG05 Development and deliver of a targeted training programme to address knowledge gaps in elements of the P2P process, including coding and order status maintenance.	31-Mar-2026	Service Lead - Corporate Accounting	09-Apr-2026 Training programme has been rolled out and is being delivered to relevant officers across the organisation. Following initial rollout, a regular refresher session will be provided to capture new starts, etc.	Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%		31-Mar-2026
DGG06 Introduce updated evaluation procedures for this Framework	31-Mar-2026	Service Lead - Performance, Community Planning and Sustainability	01-Apr-2026 Work to develop an improved process for Delivering Good Governance in terms of both gathering updates from appropriate services and creation of the final 2025/2026 report including the assessment process is now complete. This will be supported by a briefing session for A&G panel members on DGG and the improved reporting process.	Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%		31-Mar-2026

Appendix 3 - Delivering Good Governance – Proposed 2026/27 Improvement Actions

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

Action	Behaviour	Due Date	Managed By	Latest Note	Status	Progress	Agreed Revisions
DGG01 Develop a programme of training on report writing which includes the reiteration that services seek legal advice where it is required.	9	31-Mar-2027	Service Lead – Legal and Licensing			<input type="text" value="0%"/>	

B. Ensuring openness and comprehensive stakeholder engagement

Action	Behaviour	Due Date	Managed By	Latest Note	Status	Progress	Agreed Revisions
DGG02 Complete review of the Integration Scheme for the IJB	20	31-Mar-2027	Head of Community Health and Care Services			<input type="text" value="0%"/>	
DGG03 Update locality plans with more focus on outcomes	22	31-Mar-2027	Head of Community Health and Care Services			<input type="text" value="0%"/>	
DGG04 Work with services to support usage of the Community Engagement Checklist.	17/21/39/58	31-Mar-2027	Service Lead – Performance, Community Planning and Sustainability			<input type="text" value="0%"/>	

Appendix 3 - Delivering Good Governance – Proposed 2026/27 Improvement Actions

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

Action	Behaviour	Due Date	Managed By	Latest Note	Status	Progress	Agreed Revisions
DGG05 A property challenge and review process will commence in 2026 with a view to increase efficiency, reduce costs, improve service delivery, and enhance the alignment of capital resource allocation to achieve these ends.	29	31-Mar-2027	Service Lead – Asset Management and Community Asset Transfer			0% <input type="text"/>	
DGG06 Officers will work to develop a single consolidated South Ayrshire Council 'Corporate Asset Management Strategy' (CAMS)	29	31-Mar-2027	Service Lead – Asset Management and Community Asset Transfer			0% <input type="text"/>	
DGG07 Complete refresh and publication of Regional Economic Strategy	33/34	31-Mar-2027	Assistant Director - Communities			0% <input type="text"/>	

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

Action	Behaviour	Due Date	Managed By	Latest Note	Status	Progress	Agreed Revisions
DGG08 CMT to confirm 2026 programme of service reviews	50	31-Mar-2027	Service Lead – Human Resources			0% <input type="text"/>	
DGG09 Introduce a revised appraisal process for the Chief Executive.	56	30-Jun-2026	Chief HR Officer			0% <input type="text"/>	

Appendix 3 - Delivering Good Governance – Proposed 2026/27 Improvement Actions

F. Managing risk and performance through robust internal control and strong public financial management

Action	Behaviour	Due Date	Managed By	Latest Note	Status	Progress	Agreed Revisions
DGG10 Update Corporate Policy and Performance SharePoint site with agreed data sets	77	31-Mar-2027	Service Lead – Performance, Community Planning and Sustainability			0%	

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 24 June 2026**

Subject: 2025/26 Annual Accounts (Unaudited)

1. Purpose

- 1.1 The purpose of this report is to present the unaudited Annual Accounts for the year ended 31 March 2026 ('the unaudited Accounts').

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 approves the accounting policies (contained in Appendix 1 (to follow)) used in preparing the 2025/26 Annual Accounts;**
- 2.1.2 considers the unaudited Annual Accounts (Appendix 1 (to follow)), noting that all figures remain subject to audit;**
- 2.1.3 considers the unaudited Charitable Trust Accounts (Appendix 2 (to follow)), noting that all figures remain subject to audit; and**
- 2.1.4 requests the Chief Financial Officer to report back to the Panel following completion of the audit.**

3. Background

- 3.1 Each year, the Chartered Institute of Public Finance and Accountancy (CIPFA) updates their accounting guidance - the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). All local authorities use the Code in preparing their Annual Accounts.
- 3.2 Where appropriate, the Council's accounting policies have been revised in line with changes required by 2025/26 Code.
- 3.3 The unaudited Accounts have been prepared in accordance with the Code and will be submitted to the Council's external auditors, Audit Scotland, before the statutory deadline of 30 June 2026.
- 3.4 A separate audit is also required for each registered charity where Elected Members and/ or Officers of South Ayrshire Council are sole trustees.
- 3.5 Notice has been given under Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 1985 to allow public inspection of the unaudited Accounts.

3.6 The Chief Internal Auditor's statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31 March 2026 is being reported to the Audit and Governance Panel as a separate item on this agenda.

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

4. Proposals

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

4.2 A copy of the unaudited Charitable Trust Accounts are attached to this report for Members' consideration (please refer to Appendix 2 (to follow)).

4.3 The audit of the Annual Accounts will commence in July and will conclude with the Annual Audit Report presented to the Audit and Governance Panel in September 2025, which will allow the auditor to communicate the matters raised during the audit to the Panel and will also contain the Independent Auditor's Report.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 There are no financial implications arising from this report.

7. Human Resources Implications

7.1 There are no human resource arising from this report.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

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

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 The Panel has a statutory obligation to consider the unaudited Accounts prior to 31 August 2026.

9. Integrated Impact Assessment (incorporating Equalities)

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

10/

10. Sustainable Development Implications

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

11. Options Appraisal

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

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Priority 1 of the Council Plan: Efficient and effective enabling services.

13. Link to Shaping Our Future Council Yes No

- 13.1 Not applicable.

14. Results of Consultation

- 14.1 As indicated at paragraph 3.5 above, the unaudited Accounts will be made available for public inspection in accordance with the statutory requirement during the audit process.
- 14.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT and the content of this report reflects any feedback provided.

Background Papers **None**

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Date: **17 June 2026**

South Ayrshire Council

Report by Chief Executive to Audit and Governance Panel of 24 June 2026

Subject: Treasury Management Annual Report 2025/26

1. Purpose

- 1.1 The purpose of this report is to present, in line with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the annual report of treasury management activities for 2025/26 (as attached at [Appendix 1](#)) and seek Members' consideration of its contents.

2. Recommendation

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

2.1.1 **considers the Annual Treasury Management Report 2025/26, as attached at Appendix 1; and**

2.1.2 **remits the Annual Treasury Management Report to Council on 10th September for approval.**

3. Background

3.1 The Council is required through regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury report reviewing treasury management activities and prudential and treasury indicators. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.3 The Chief Financial Officer also confirms that the Council has complied with the requirements under the Code, to give prior scrutiny of treasury management reporting to the Council's Audit and Governance Panel prior to submitting the report to Cabinet.

3.4 Treasury management in this context is defined as:

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

4. Proposals

4.1 The Treasury Management Annual Report for 2025/26 is submitted to the Panel, as Audit and Governance Panel, in accordance with the requirements of the CIPFA Code of Practice on Treasury Management, for consideration and thereafter remit to the Council meeting on 10th September for approval.

4.2 Executive Summary

During 2025/26, the Council complied with its legislative and regulatory requirements. The key prudential indicators detailing the impact of capital expenditure activities during the year, with previous year comparators, are shown below.

Actual Prudential and Treasury Indicators	2024/25 Actual £'000	2025/26 Actual £'000
Capital Expenditure	87,844	73,771
Total Capital Financing Requirement (including other long-term liabilities)	623,441	633,604
PPP, Finance Lease and Right of Use Assets (ROU)	(126,609)	(114,238)
Underlying Borrowing Requirement	496,832	519,366
Gross External Debt	432,935	472,339
Under (Over) Borrowed	63,897	47,027
Cash/Investments	(14,065)	(9,235)
Net External Debt	418,870	463,104

4.3 The table above shows that the Council has an under-borrowed position on 31 March 2026 of £47,027m, c9.05%. This means the Council has used internal borrowing from cash/reserves to fund an element of its current capital expenditure requirements. It does not indicate that borrowing for the capital programme has not been undertaken; only that internal cash resource has been used as funding, opposed to external borrowing. The under borrowed position has decreased in 2025/26 in part due to the reduction in the capital programme expenditure.

4.4 Although this is a prudent position in the current interest rate environment given the cost of external borrowing compared with cash investment rates, the Council’s under-borrowed position is 9.05% of its overall underlying borrowing requirement and is therefore manageable within the current strategy. The strategy for 2026/27 is expected to maintain an under-borrowed position whilst closely monitoring longer term PWLB and market rates in considering new borrowing.

4.5 Other prudential and treasury indicators are included in [Appendix 1](#) to this report. The Chief Financial Officer also confirms that any borrowing was only undertaken for capital purpose and the statutory borrowing limit (the authorised limit) was not breached during 2025/26.

4.6 The financial year 2025/26 remained a challenging environment due to a volatile economic environment impacted by the situation in the Middle East and the global political pressures. Interest rates remained at a higher level than forecast but have decreased in-year.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 General Services

6.1.1 *Interest on Revenue Balances Held –*

The Council originally budgeted to receive £1.930m in interest income (based on a return of 4.00%) to the General Fund in 2025/26. Overall investments are lower in 2025/26 as there has been less surplus to invest. Investments during 2025/26 have been kept liquid to allow access to funds when required. Investment income to the General Fund turned out at £1.872m, a shortfall of £0.058m. Interest was also received to the Council's repairs and Renewals Fund and Capital Fund to the value of £0.40m.

6.1.2 *Capital Financing Costs -*

The Council originally budgeted £20.133m for financing costs and expenses on debt for 2025/26. The budget consisted of £6.408m in loan principal, £13.552m in interest and £0.173m in expenses. During 2025/2, a pragmatic approach was taken when considering the borrowing requirements to fund capital expenditure. However even with this, the borrowing strategy during 2025/26 resulted in an overspend as under-noted:

	Budget £'000	Out-turn £'000	Variance £'000
Principal	6,408	6,408	0
Interest	13,552	15,104	(1,552)
Expenses	173	423	(250)
Capital Financing costs	20,133	21,935	(1,802)
Investment income	(1,930)	(1,872)	(58)
Total Debt charges	18,203	20,063	(1,860)

The borrowing strategy undertaken in 2025/26 resulted in an overall overspend to the General Services of £1.860m. This is due to interest rates remaining higher than forecast throughout 2025/26 due to higher inflation rates and the continued war in Ukraine and the opening interest rate being slightly understated. In addition, the war in Iran in the fourth quarter greatly impacted PWLB borrowing rates. This is discussed further in the Economic Commentary. Please note the overspend in interest in General Services, includes the interest of £746,107 for the Developer's Contribution repaid in March 2026.

6.2 Housing Revenue Account (HRA)

6.2.1 **Interest on HRA Revenue Balances Held** – the HRA budgeted to receive investment income of £0.400m on its revenue balances in 2025/26 based on achieving an interest rate of 4.00%. The investment strategy was able to slightly out-perform budget resulting in a return of £0.479m in investment income, a surplus of £0.079m.

6.2.2 **Capital Financing Costs** - the HRA budgeted £9.016m for financing costs on debt for 2025/26. This consisted of £3.361m in loan principal, £5.584m in interest and £0.071m in expenses.

	Budget £'000	Out-turn £'000	Variance £'000
Principal	3,361	3,361	0
Interest	5,584	6,055	(471)
Expenses	71	178	(107)
Capital Financing costs	9,016	9,594	(578)
Investment income	(400)	(479)	79
	8,616	9,115	(499)

The borrowing strategy undertaken in 2025/26 resulted in an overall overspend to the HRA of £0.499m due to interest rates remaining higher than forecast throughout 2025/26 due to higher inflation rates, the continuing conflict situation in Ukraine and the opening interest rate being slightly understated. Global instability in the fourth quarter has impacted PWLB borrowing rates as they have increased and remain volatile (note same explanation as 6.1.2 of General Services).

6.3 In total, net debt financing costs were overspent by £2.380m, and when added to an overall surplus in interest income of £0.021m, this resulted in an overall deficit of £2.359m which was reflected in the Council and HRA financial position at 2025/26.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 **Risk Implications of Rejecting the Recommendations**

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

9. **Equalities**

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

10. **Sustainable Development Implications**

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

11. **Options Appraisal**

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

12. **Link to Council Plan**

- 12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/Leadership that promotes fairness.

13. **Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **CIPFA Code of Practice for Treasury Management in Local Authorities**

Report to South Ayrshire Council of 6 March 2025 -
[Treasury Management and Investment Strategy 2025/26](#)

Report to South Ayrshire Council of 19 February 2026 –
[Treasury Management and Investment Strategy Mid-year Report 2025/26](#)

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Date: 9 June 2026

**South Ayrshire Council
Treasury Management Annual Report 2025/26**

Introduction

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

- Section 1 - The Council's Capital Expenditure and Financing 2025/26.
- Section 2 – The Council's overall borrowing need.
- Section 3 – Treasury Position as of 31 March 2026.
- Section 4 – The Strategy for 2025/26.
- Section 5 – The Economy and Interest Rates
- Section 6 – Borrowing Rates 2025/26
- Section 7 – Borrowing Outturn 2025/26
- Section 8 – Investment Outturn 2025/26
- Section 9 – Other Issues

Section 1 The Council's Capital Expenditure and Financing 2025/26

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

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

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

Table 1

<i>Item</i>	2024/25 Actual £'000	2025/26 Estimate per Strategy £'000	2025/26 Actual £'000
General Fund capital expenditure	39,475	86,237	46,714
HRA capital expenditure	48,369	58,057	27,057
Total	87,844	144,294	73,771
Resourced by:			
Government Grant & Other	(21,280)	(17,795)	(13,856)
Other funding/contribution identified	(11,161)	(24,007)	(26,770)
Borrowing :	55,403	102,492	33,145

1.3 The reason for the movement between planned expenditure/funding and actual out-turns for 2025/26 can be found in the General Services and HRA 2025/26 capital monitoring reports presented to Cabinet throughout 2025/26. The largest examples (by value) of reprofiling of spend into 2026/27 and future years being:

- Girvan Primary School – £18.9m
- Hourstons Development - £5.8m
- Burns Statue Square Regeneration £2.9m
- Place Planning - £2.7m
- Green Waste project – £1.8m
- HRA New Builds - £11.3m
- HRA Major Components Replacements - £6.2m
- Unallocated Structural and Environmental Works - £4.9m
- HRA External Fabric Upgrades - £4.3m
- HRA Window Replacement - £2.6m
- HRA Net Zero Fund works - £2.4m

Section 2 The Council's overall Borrowing Need

- 2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2025/26 unfinanced capital expenditure (Table 1), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 2.2 Part of the Council's treasury activities are to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service manages the Council's cash position to ensure that sufficient cash is available to meet not only the capital plans but also to manage the daily cash flow requirements of funding its revenue commitments of payroll, suppliers, benefits etc.
- 2.3 This borrowing for capital expenditure may be sourced through external bodies such as the Government, through the Public Works Loan Board [PWLB] or the money markets) or utilising temporary cash resources within the Council (internal borrowing).
- 2.4 **Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the scheduled debt amortisation as a loan repayment, to reduce the CFR. This is effectively a repayment of the borrowing need and differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge. The Council's 2025/26 prudent repayment policy, (as required by Scottish Government), was approved as part of the Treasury Management Strategy Report for 2025/26 on 6/03/2025.
- 2.5 The Council's CFR for the year is shown below and represents a key prudential indicator. It includes PFI, ROU and finance leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

The undernoted table shows the Council's underlying borrowing requirement, inclusive of PPP and Finance lease arrangements, as of 31 March 2026.

Table 2/

Table 2

Capital Financing Requirement	31 Mar 2025 £'000	31 Mar 2026 £'000
Opening Balance	534,409	623,441
Add unfinanced capital expenditure	57,957	33,145
Add new OLTL obligations (PPP/Finance & ROU)	49,001	(5,601)
Retrospective PPP adjustment	0	0
Less loans fund repayment	(8,840)	(9,770)
Less PPP/ finance & ROU lease repayment	(9,086)	(7,611)
Closing Balance	623,441	633,604

The borrowing activity is constrained by prudential indicators for gross borrowing, CFR, and by the authorised limit. The increasing CFR position reflects the Council's capital programme expenditure in 2025/26 and the resulting borrowing requirements to fund this investment.

- 2.6 **Gross Borrowing and the CFR** - to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2025/26) plus the estimates of any additional capital financing requirement for the current (2026/27) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs 2025/26.

The table below highlights the Council's gross borrowing position against the CFR.

Table 3

Item	31 March 2025 £'000	31 March 2026 £'000
Capital Financing Requirement (CFR)	623,441	633,604
Gross External Borrowing Position (including PPP, ROU and finance Lease)	559,544	586,577
Net Under/ (Over) Borrowed Position	63,897	47,027

The table above shows the CFR in an under-borrowed position on 31 March 2026 of £47.027m. This means the Council has used internal borrowing from cash/ reserves to fund an element of its current capital expenditure requirements.

This is a prudent position in the current interest rate environment given the cost of external borrowing compared with cash investment rates. The current strategy for 2025/26 is expected to maintain this under-borrowed position whilst closely monitoring longer term PWLB and market rates and consideration of potentially re-financing some of the temporary loan debt with longer term.

2.7 *Borrowing Prudential Indicators*

- **The Authorised Limit – Table 4** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Council has maintained gross borrowing within its authorised limit.
- **The Operational Boundary – Table 4** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- **Actual Financing Costs as a Proportion of Net Revenue Stream–Table 5** - this indicator identifies the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream of the Council.

Table 4

<i>Item</i>	2024/25 £'000	2025/26 £'000
Authorised Borrowing Limit External Debt	663,098	716,540
Borrowing	432,935	472,339
Other Long-Term Liabilities	126,609	114,238
Total	559,544	586,577
Operational Boundary External Debt	620,873	656,580
Borrowing	432,935	472,339
Other Long-Term Liabilities	126,609	114,238
Total	559,544	586,577

Table 5

<i>Ratio of Financing Costs to Net Revenue Stream</i>	Actual 2024/25	Actual 2025/26
General Services	6.75%	5.99%
HRA	20.44%	28.18%
Total	8.06%	8.10%

Section 3 Treasury Position as of 31st March 2026

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

At the end of 2025/26 the Council's treasury, (excluding borrowing by PFI and ROU and finance leases), position was as follows:

Table 6

	Borrowing position as at 31 March 2025		Borrowing position as at 31 March 2026		Change in year
	£'000	Average interest rate %	£'000	Average interest rate %	£'000
Long Term Borrowing					
Public Works Loans Board	279,235	3.79	338,339	3.89	59,104
Market – Fixed	49,000	4.51	25,000	4.63	(24,000)
LOBO (Option Loans)	33,200	4.58	23,500	4.58	(9,700)
Total Long-Term Borrowing	361,435		386,839		25,404
Short Term Borrowing	71,500	5.24	85,500	4.45	14,000
Total External Borrowing	432,935	4.18	472,339*	4.06	39,404
CFR (underlying borrowing need)	496,832		519,366		22,534
Over (Under) Borrowing	(63,897)		(47,027)		(16,872)
Investments	(14,065)	4.90	(9,235)	3.34	

* The carrying amount of loans on the Council's balance sheet as of 31 March 2026 is £478.283m. The difference between this figure and the external borrowing shown in Table 6 above is £5.585m of accrued interest and £0.359m of equivalent interest rate accounting adjustments required by the Code of Practice on local authority accounting.

3.2 **Table 7** below details the profile of the Council's loan maturity periods as of 31 March 2026.

Table 7/

Table 7

Maturity analysis of Debt Outstanding at 31 March 2026	PWLB £'000	Market £'000	LOBO (Option) £'000	Temp Borrowing £'000	Total £'000
Maturing within 1 year	7,396	5,000	0	85,500	97,896
Maturing 1 to 2 years	26,296	15,000	0	0	41,296
Maturing 2 to 5 years	70,685	5,000	3,000	0	78,685
Maturing 5 to 10 years	50,489	0	0	0	50,489
Maturing 10 to 20 years	32,804	0	5,500	0	38,304
Maturing 20 to 30 years	44,003	0	10,000	0	54,003
Maturing 30 to 40 years	39,166	0	0	0	39,166
Maturing 40 to 50 years	67,500	0	0	0	67,500
Maturing > 50 years	0	0	5,000	0	5,000
Total	338,339	25,000	23,500	85,500	472,339

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

Table 8 – Loans Fund Advances to General Fund

Loans Fund	31 March 2025 £'000	31 March 2026 £'000
Opening Balance	314,765	330,848
Add advances	22,480	13,246
Less repayments	(6,397)	(6,408)
Closing Balance	330,848	337,686

Table 8(a)/

Table 8(a) – Loans Fund Advances to HRA

Loans Fund	31 March 2025 £'000	31 March 2026 £'000
Opening Balance	103,325	134,092
Add advances	33,210	19,899
Less repayments	(2,443)	(3,361)
Closing Balance	134,092	150,630

Section 4 Strategy for 2025/26

- 4.1 Investment returns remained robust throughout 2025/26 despite Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and at the end of March the yield curve had turned positive, reflecting inflation concerns emanating from the on-going conflict in the Middle East.
- 4.2 Bank Rate reductions of 0.25% occurred in May, August and December, bringing the headline rate down from 4.50% to 3.75%. Two of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.
- 4.3 As of early April 2026, market sentiment has been heavily influenced by the Middle East conflict. Commentators anticipate a growing risk of inflation, meaning interest rates will not be cut for some time, and may increase to counteract inflationary pressures arising from steepening energy costs. Growth will also be impacted in many regions of the world. UK Gross Domestic Product (GDP) is projected by the Office for Budget Responsibility (3 March 2026) to be 1.1% in 2026 before picking up to 1.6% in 2027 and 2028. However, it is possible that there is downside risk to this forecast given events in the Middle East through March and still on-going.
- 4.4 Looking back through 2025/26, investors were able to achieve returns generally in a range of 4.5% - 5% for periods ranging from 1 month to 12 months in the spring of 2025. By the end of March 2026 deposit rates were somewhat volatile, regaining some traction as the Middle East conflict suggested energy driven inflation may lead to higher interest rates than would otherwise have been the case. Where liquidity requirements allowed, using staggered investments with varied maturity dates could produce a good return.
- 4.5 Investments for the Council were required to be kept on a liquidity basis and lack of funds meant that the overall return was lower than projected.
- 4.6 Heading into 2026/27, UK inflation is likely to increase to over 4% in the coming months as oil prices, for example, remain close to \$100 per barrel, over 50% higher than before the Middle East conflict started.

Section 5 Economy and Interest Rates

5.1 UK Economy

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% y/y (April), the Consumer Price Index (CPI) measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%.

Moreover, borrowing has become more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February's outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% y/y jump in spending. However, tax revenues of £8.1bn, were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor's £23.6bn headroom.

The weaker labour market continues to bear down on wage growth. The 3myy growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%. The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies driven largely by the US administration.

	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%/y/y)	+0.2%q/q Q4 (1.2%/y/y)	0.7% Q4 Annualised
Inflation	3.0%/y/y (Feb)	1.9%/y/y (Feb)	2.4%/y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

The Bank of England meeting in March was as anticipated, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The Monetary Policy Commission (MPC) stated it "stands ready to act as necessary" and "is alert to the increased risk of domestic inflationary pressures through

second-round effects in wage and price-setting". Even so, MUFG Corporate Markets Ltd believes the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, it was around 4.23% in late February before increasing to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate hikes were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming year.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That drop leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. Pound sterling has stayed relatively resilient also at \$1.33, strengthening from \$1.29 back in April.

5.2 US Economy

Despite a weak finish to 2025, the US economy has generally been the strongest among the developed economies, but with uncertainties growing surrounding President Trump's central economic tenet of being able to apply tariffs on an ad-hoc basis, and influence the Federal Open Market Committee (FOMC) Federal Funds rate decision-making to his will, there is something of a stalemate in place at present over when, and if, rates will be cut further in 2026.

Inflation is currently stuck at around 2.5%, unemployment is only a little above 4%, and tax refunds are in the process of being facilitated for many households.

The S&P500 started April 2025 at 5,633 and finished March 2026 at 6,528 having peaked at just over 7,000. The 10-year Treasury yield finished March at 4.30% having been 4.17% back at the start of April, and during the year has been both above 4.50% and below 4.00%.

5.3 EZ Economy

The Eurozone economy has run pretty much in parallel with that of the UK. A slightly stronger finish to 2025 (GDP of 0.2% q/q) than that of the UK cannot hide the fact that the economy has been negatively impacted by German economic stagnation until late in 2025. France has also struggled against a difficult political back drop but managed to post GDP growth of 0.3% q/q for October to December.

With Eurozone headline inflation close to 2%, the ECB has been able to reduce its Deposit Rate to 2%. Whether it rises from that low point will very much be driven by how energy prices trend over the coming months. The Euro has appreciated against the dollar from 1.08 at the start of April 2025 to 1.16 at the end of March.

Section 6 Borrowing Rates in 2025-26

6.1 Public Works Loan Board (PWLB) Borrowing Rates –

HIGH/LOW/AVERAGE PWLB RATES FOR 2025/26

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.25%	4.56%	5.13%	5.78%	5.46%
Date	27/02/2026	27/02/2026	02/03/2026	04/04/2025	04/04/2025
High	5.28%	5.47%	5.88%	6.43%	6.24%
Date	23/03/2026	23/03/2026	27/03/2026	27/03/2026	27/03/2026
Average	4.52%	4.82%	5.38%	6.06%	5.81%
Spread	1.03%	0.91%	0.75%	0.65%	0.78%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. More recently, the Middle East conflict is likely to see inflation spike higher from late spring 2026 through to early 2027.

Gilt yields have been volatile through 2025/26. The low point for long-term rates of 25 and 50 years' duration was reached early in April 2025 whilst the low points for short and medium dated rates were reached in early 2026, prior to the outbreak of the Middle East conflict.

At the close of 31 March 2026, the 1-year PWLB Certainty rate was 5.04% whilst the 5, 10, 25 and 50 year rates were 5.28%, 5.72%, 6.29% and 6.08% respectively.

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

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps) – available through The National Wealth Fund
- **HRA Borrowing rate** is gilt plus 40 basis points (G+40bps)

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60	3.60
5 yr PWLB	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60
25 yr PWLB	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20	5.20
50 yr PWLB	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00	5.00

MUFG Corporate Markets Interest Rate View 25.03.26													
	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29	
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30	
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80	
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10	
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60	
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10	
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90	

6.2 Borrowing strategy and control of interest rate risk

During 2025/26, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as near-term investment rates have generally been lower than medium to long-term borrowing costs. The latter are expected to fall a little through 2026 and 2027 in the light of economic growth concerns and the eventual dampening of inflation. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years on a maturity loan structure/<10 year on an EIP loan structure) as appropriate.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Financial Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g., due to a marked increase of risks around a relapse into recession or of risks of deflation), then long-term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short-term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from the stickiness of inflation in the major developed economies, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.

At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%, whilst all parts of the curve have also risen substantially through March. A significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Section 7. Borrowing Outturn

- 7.1 During 2025/26 the Council funded part of the capital borrowing requirement in the short-term market, with temporary borrowing of £85.500m, by March 2026. However, additional long-term borrowing (PWLB) of £62.000m was also undertaken, taking advantage of any lower interest rates and gaps in the borrowing maturity profile. The Council were in an under-borrowed position of £48.947m for 2025/26. The Council has not borrowed more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed.
- 7.2 During 2026/27 focus will be on monitoring longer term rates and looking to borrow longer term to meet the CFR when appropriate and at the same time consider some short-term borrowing where rates are suitable.
- 7.3 During 2025/26 the actual borrowing and repayments of external debt transacted are shown in Table 9 below. This shows temporary borrowing slightly increased and PWLB borrowing has increased. A LOBO's loan was repaid early and most mid-term borrowing has been repaid. Longer-term borrowing has been undertaken when rates have allowed, a prudent position in the current interest rate environment. The Council's policy was to ensure that not more than 27% of long-term loans are due to mature within any financial year. The indicator for maturing debt of 20.7% (within one year) is 6.3% below the maturity limit indicator in 2025/26.

Table 9

Loan Type	Borrowed 2025/26 £'000	Repaid 2025/26 £'000	Net £'000
PWLB	62,000	(2,896)	59,104
Market Loans	5,000	(29,000)	(24,000)
LOBO's	0	(9,700)	(9,700)
Temporary borrowing	134,500	(120,500)	14,000
	201,500	(162,096)	39,404

- 7.4 **Debt Re-scheduling** – no external debt was re-scheduled during 2025/26 as the average differential of 1% between PWLB new borrowing rates and premature redemption rates made early repayment of loans expensive and unviable due to the premiums that would be payable.

Section 8 Investment Out-turn, and Policy in 2025/26

8.1 The Council's investment policy is governed by Scottish Government investment regulations, which have been implemented in the annual investment strategy approved by the Council on 6th March 2025. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

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

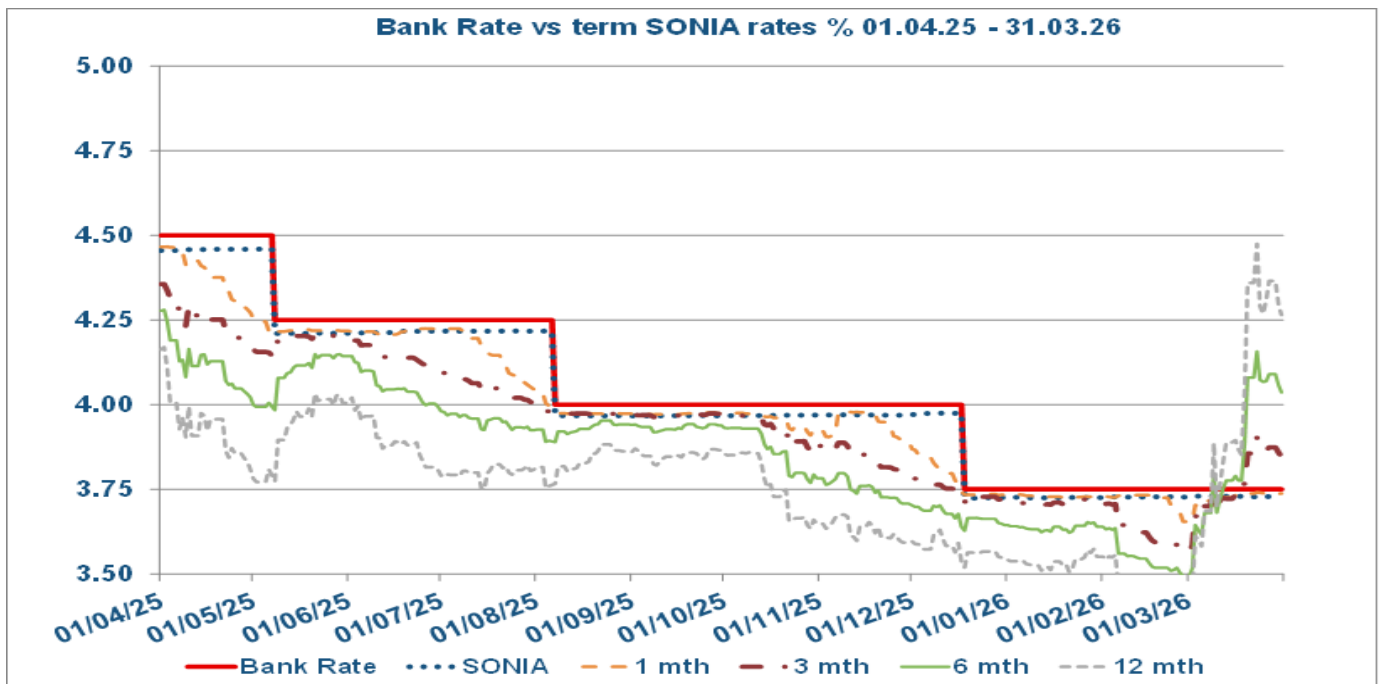
8.3 **Investment Out-turn** – the Council maintained an average balance of £14.548m of internally managed investment funds. The internally managed funds earned an average rate of return of 3.99%.

The comparable performance indicator is the 30 days backward Sterling Overnight Index Average (SONIA) compounded rate which was 4.01%.

Table 10

Average Value of Investments Held	Rate of Return	Benchmark Return*
£14.548m	3.99%	4.01%

*The benchmark return used is the 30d backward SONIA compounded rate of £4.01.



8.4 **Investment Policy** – the Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the Annual Investment strategy approved by the Council on 6 March 2025. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

8.5 Current Council Investments held on 31 March 2026

Table 11

Class	Type	Start Date	Maturity Date	Counterparty	Rate	Principal £'000
Deposit	MMF	01/12/17	--	Money Market Fund (MMF)- Federated Prime Rate Class 3	3.83%	7,600
Deposit	MMF	30/06/20	--	Money Market Fund (MMF)- Aberdeen Liquidity Sterling Fund	3.81%	300
MMF Total						7,900
Deposit	VNAV	27/04/23	--	MMF VNAV - Federated Cash Plus	4.10% (daily rate)	31
VNAV Total						31
Deposit	Call	10/05/16	--	Bank of Scotland Call A/C	1.40%	850
Deposit	Call	30/05/25	--	Bank of Scotland Treasury A/C	3.51%	454
Call Total						1,304
Overall Total						9,235

Section 9 Other Issues

- 9.1 **Sources of borrowing** - Although PWLB remains a low-risk source of long-term borrowing, due to recent rate changes and the ongoing consultation with local authorities on the future of PWLB borrowing other borrowing institutions may be looked at to remove the reliance on PWLB for long term borrowing needs.
- 9.2 **Changes in risk appetite** - The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. South Ayrshire Council has a low-risk appetite and as such would look at all aspects before making any changes to the current strategy and members would be made fully aware of any such changes.
- 9.3 **IFRS 16** - The implementation of IFRS 16 bringing currently off-balance sheet leased assets onto the balance sheet was implemented during 2024/25. Right of Use Assets (ROU) are now included in the Capital Financing requirement (CFR) figures.