LEVEL OF ASSURANCE
Good

Independent Living Fund Scotland

Equalities and Diversity

Internal Audit report No: 2025/02

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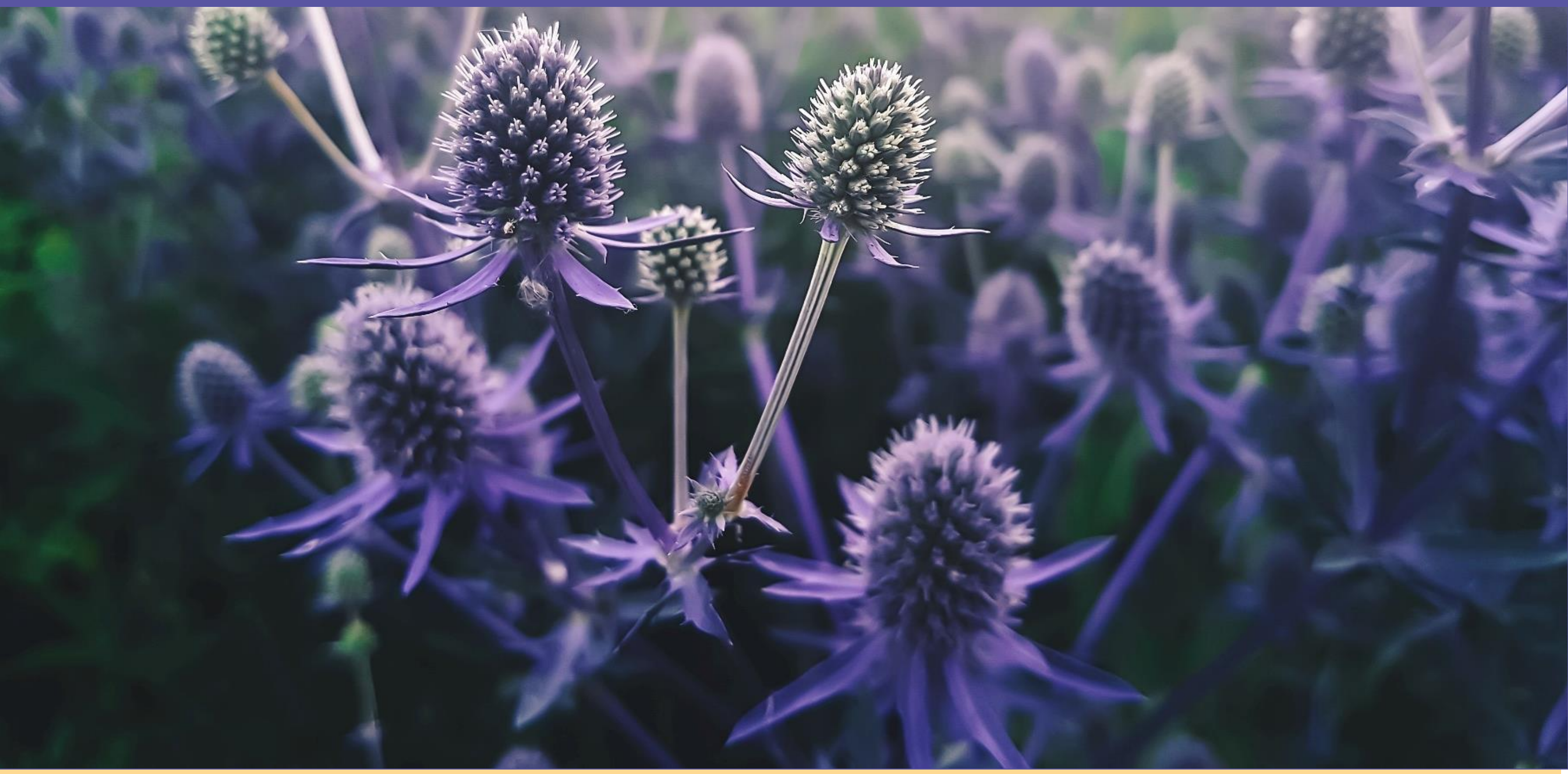
Final issued: 2 October 2024



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Independent Living Fund Scotland (ILFS) risk register as at June 2024:

- 11CLR – Policies used to administer the fund breach / contradict higher level national or international policies or legislation (e.g. equality legislation, COSLA guidance). ILFS becomes subject to an appeal or complaint or challenged on grounds of discrimination to higher body e.g. SPSO. Resultant reputational damage (Residual Risk Score = 3 Low); and
- 12CLR – Inherited policies are not fit for purpose and in line with changes in social care practices and equality legislation. Policies are not linked clearly to vision and mission of ILFS. Consequences- reputational damage with ILF restricting best practices and becoming an obstacle to Independent living (Residual Risk Score = 4 Low).

Background

As part of the Internal Audit programme at ILFS for 2024/25 we carried out a review of the organisation's equalities and diversity arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Chief Executive Officer and the Audit and Risk Committee (ARC) that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Public Sector Equality Duty (PSED), which is set out in the Equality Act 2010, came into force in April 2011 – this is often referred to as the general duty. Scottish public authorities must have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Scottish Ministers made regulations in The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended, placing specific duties on Scottish public authorities to enable the better performance of the public sector equality duty. These are also known as the Scottish Specific Duties which require Scottish public authorities to:

- report progress on mainstreaming the general equality duty;
- publish equality outcomes and report progress;
- assess and review the equality impact of policies and practices;
- gather, use and publish employee information;
- publish information on board diversity and succession planning;
- publish gender pay gap information;
- publish statements on equal pay;
- consider award criteria and conditions in relation to public procurement; and
- publish required information in a manner that is accessible.

ILFS must adopt these specific duties, together with duties under the Self-directed Support (Scotland) Act 2013, with Scottish Local Authorities and as a Corporate Parent.

Scope, Objectives and Overall Findings

The scope of this audit was to carry out a review of the systems and procedures in place to integrate equality into the day-to-day working activities of ILFS, which allow the organisation to meet the legislative and regulatory requirements of the Equality Act 2010.

The table below notes each separate objective for this review and records the results.

Objective	Findings				
The objective of our audit was to obtain reasonable assurance that ILFS is complying with its legal duties under:		**1**	**2**	**3**	**Actions already planned**
		No. of Agreed Actions			
1. The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and	**Good**	-	-	5	✓
2. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended.					
Overall Level of Assurance	**Good**	**-**	**-**	**5**	
		System meets control objectives			

Audit Approach

We assessed whether these objectives were being met by conducting meetings with the Director of Policy, Improvement and Engagement; the Head of Business Services; and the Senior Human Resources (HR) Manager, who are all members of the ILFS Equalities Committee and are operational leads on equality matters. We also met with the Head of Finance regarding sustainable procurement arrangements, and the Privacy and Improvement Manager regarding the Programme Office, in order to assess the way in which equality issues are being assessed in delivering change activity. We also met with the Director of Self-Directed Support to discuss consideration of EQIAs as part of operational changes to service delivery.

We compared the current approach to equalities mainstreaming against the good practice guidance issued by the Equality and Human Rights Commission and the Scottish Government.

Our review focused primarily of the systems and procedures in place within ILFS, in order to comply with its specific PSED requirements in Scotland and Northern Ireland.

Summary of Main Findings

Strengths

- ILFS is complying with the Scottish PSED, as set out in Section 149 of the Equality Act 2010, and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended, with some minor opportunities to enhance existing arrangements identified (see below).
- ILFS has a suite of policies in place which define its stance on equality matters, including the Equal Opportunities Policy (currently due for review) and its Equality and Monitoring Statement (June 2024). Both documents are published on the ILFS website.
- An Equalities Committee has been established, which includes representation from across all business areas. The Equalities Committee is attended by a Board member and meetings are chaired by the ILFS Chief Executive.
- We identified evidence which confirms that there is a strong commitment from senior management and operational leadership to embed equality considerations in all aspects of the organisation’s activity.
- The Director of Policy, Improvement and Communications, Head of Business Services and Senior HR Manager also lead on equality matters, although all staff have a responsibility to comply with the Equality Act 2010.
- While recent meetings of the Equalities Committee have not been held at fixed intervals, the re-opening of the ILF to new applicants in Scotland in April 2024, has resulted in moves by the Chief Executive to resume meetings under a refreshed Terms of Reference and with refreshed representation later in 2024.
- The ILFS Mainstreaming Report has been published, with planned outcomes documented for 2024-2026. The Mainstreaming Report and planned outcomes were reviewed by staff, ILF Scotland’s Advisory, Stakeholder, and Young Ambassador’s Groups and the Equalities Committee prior to approval by the Board and publication in April 2024.
- The Equality Duty Action Plan is in the process of being updated, to incorporate specific actions pertaining to revised outcomes including the mainstreaming equalities in business-as-usual activity via Equality Impact Assessments (EQIAs), improving neurodiversity awareness, building on Corporate Parenting duties, and reopening of the ILF for new applicants.
- Equality duties are communicated via mandatory Equality and Diversity and Disabilities training via staff induction and annual refresher training.
- Comprehensive EQIAs are completed for all ILFS policies which impact on fund recipients. The policies are published in line with ILFS’ PSED and there is a dedicated EQIA landing page on the website.
- The Programme Office has responsibility for ensuring that EQIAs are completed for any project or practice change requests.
- PSED is factored into the procurement journey of any new suppliers. Potential vendors are assessed, albeit not scored, on their arrangements to comply with the Equality Act 2010 via a specific equalities question on the Invitation to Tender form.
- The ILFS website provides access to the organisation’s Accessibility Statement and Modern Slavey Statement, which are both up to date and are in line with expectations.

Opportunities for Enhancement

- The EQIA for Policy 5 - Backdating Policies should be published, and links to EQIAs on the public website that were highlighted to management as broken during our audit fieldwork should be corrected to ensure full accessibility to information.
- Management should prioritise completion of the Procurement Procedures to ensure that they provide clear guidance for managers on how PSED considerations should be incorporated into procurement and contract management decisions. We would recommend that the reconvened Equalities Committee should review these procedures to verify that the PSED guidance for purchasing managers and contract owners is appropriate and is aligned with ILFS’ risk appetite.

Summary of Main Findings (continued)

Opportunities for Enhancement (Continued)

- As part of the management review of the Equal Opportunities Policy, consideration should be given to incorporating further detailed information on PSED obligations and any distinct legal obligations applicable in Scotland and Northern Ireland. Arrangements for staff or recipients to report equality issues should also be documented in the Equal Opportunities Policy. This information is currently documented separately within the Equalities and Monitoring Statement published online (June 2024).
- The Policy Screening Questions Checklist requires to be completed for all internal policies in order to assess whether an EQIA requires to be completed. There are 38 policies identified on ILFS' Policy Checklist, which did not have documented EQIAs or Screening Question Checklists retained. In practice, HR related policies are reviewed every two years by Navigator Employment Law, who in 2022 identified that no EQIAs were required for those policies assessed. However, it would be good practice that Checklists are completed by ILFS in order to provide positive assurance that EQIAs are not required and to document why this is the case, in line with its PSED.
- To support ILFS' Corporate Parenting responsibilities, the EQIA template should be enhanced to include a question specifically assessing the impact of the policy or practice change on recipients who are self-identified as care experienced.

Acknowledgments

We would like to take this opportunity to thank the staff at ILFS who helped us during our audit.

Main Findings and Action Plan

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended.

Our assessment of equalities arrangements at ILFS confirmed that the organisation is complying with the Scottish Public Sector Equality Duty, as set out in Section 149 of the Equality Act 2010, and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended, with some minor opportunities identified to enhance existing arrangements.

Equality Related Policies and Procedures

The ILFS Equal Opportunities Policy (dated July 2022 and due for review) aligns with the Equality Act 2010. It defines how ILFS will mainstream equality into all organisational policies and procedures, positive action programmes, training and development arrangements, performance management, and complaint management.

ILFS also has an Equalities and Monitoring Statement (5 June 2024) published on the public facing website, which sets out the organisation's stance on equality matters and the PSED.

Internally, a suite of internal Human Resources (HR) policies has been established to support the Equalities Policy. From the suite of policies examined, we noted the following support arrangements, which are aligned with expectations:

- Bullying and Harassment Policy (last reviewed July 2022);
- Disciplinary and Grievance Procedures (both dated July 2022 and now due for review);
- Information Governance Handbook (dated December 2023), which includes the Social Media Policy and specifies staff behaviour expectations when using social platforms for business and personal use and describes the consequences of non-compliance; and
- Whistleblowing Policy (January 2024) and staff process (January 2024) for reporting issues anonymously.

All policies are listed on the Policy Checklist, which is managed by Business Services. Other HR Policies, designed to ensure that equalities matters are considered, include the relevant family friendly policies (such as Adoption, Maternity and Paternity, Well-Being and Flexible Working Policies), as well as menopause support guidance and a managers guide.

We noted that the Recruitment Guidance (July 2022 and due for review) refers to the Equal Opportunities Policy and that the processes adopted are in line with expectations. ILFS ensures that all job applicants who have self-identified as having a disability, are interviewed and adaptations to support the interview process are made by the relevant manager. Under the Mainstreaming Action Plan, there is a renewed focus on neurodiversity and consideration of the needs of prospective staff members and fund applicants.

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Observation	Risk	Recommendation	Management Response	
The current Equal Opportunities Policy would be enhanced by the inclusion of detailed information on the Public Sector Equality Duty (PSED) and the specific obligations which apply to the organisation in Scotland and Northern Ireland. While an Equalities and Monitoring Statement is available on the ILFS website, it would be beneficial to explicitly acknowledge the national duties within the Equal Opportunities Policy, to ensure consistency in messaging. Additionally, the Equal Opportunities Policy does not outline ways in which staff should communicate any equality issues identified (for example, anonymously via the ILFS' Whistleblowing Policy). The Equal Opportunities Policy does not currently specify the procedures for managing any instances of non-compliance, such as actions under the grievance and disciplinary policy, which are instead captured in the Bullying and Harassment Policy. A cross reference to these policies within the Equal Opportunities Policy would be beneficial.	The lack of detailed information on national equality duties, and the procedures for addressing any instances of non-compliance, could result in inconsistent application of the Equal Opportunities Policy, potentially leading to legal risks, reputational damage, and a failure to adequately protect individuals' rights.	**R1** During management's planned review of the Equal Opportunities Policy, consideration should be given to the enhancement of the current wording by: • Incorporating detailed information on PSED obligations and the specific legal obligations applicable in Scotland and Northern Ireland; and • Including cross references to related policies in relation to the reporting of equality issues (thus allowing a consistent approach to the handling of equality related issues and reinforcing the organisation's commitment to a fair and supportive workplace).	We will incorporate detailed information on PSED obligations and the specific legal obligations applicable into the Equal Opportunities Policy. We will cross reference policy statements relating to the reporting of equality issues. **To be actioned by:** Aileen McNiven, Head of Business Services **No later than:** 31 December 2024	
			Grade	**3**

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Mainstreaming Equalities

There are robust recruitment and staff management arrangements in place, which support ILFS in developing an inclusive culture. These arrangements include:

- Mandatory Equalities and Diversity and Disability training and refresher training for all staff;
- Assessing risks to accessibility of staff to work;
- DSE assessments;
- Hybrid working / flexible working policy;
- Staff can access Network Forums, including the Disability Staff Networking Forum provided by the Scottish Government;
- Staff Development Days that include forums and discussions from staff who experience disabilities;
- Implementation of the Employee Passport, which is a document used to detail information on “this is what it is like to work with me” and is used by staff to support discussions with colleagues and managers during one to ones;
- Mental health first aiders; and
- ILFS Capability Policy (May 2022; due for review in May 2024 and currently planned) allows mechanisms to review feedback and performance and any training needs, including equalities and diversity training requirements.

Our discussions with the Director of Self-Directed Support also highlighted that assessors (who are social workers and therefore Scottish Social Services Council (SSSC) registered) are formally trained on equalities. Non-registered assessors along with case workers and all other staff are trained on the general equalities duties and on ILFS equality duty compliance.

Self-directed support services are driven by national policy, where assessors, case workers, and other relevant staff are trained on Fair Balance and Corporate Parenting duties. There is also a Charter for Involvement, which sets out how disabled people who use support services can, via the Advisory, Stakeholder, and Young Ambassadors Groups, and through general consultation and co-production opportunities, be involved and have their say on the services they receive; the organisations that provide their services; and their wider communities. A Charter for Involvement Action Plan is put in place annually, following consultation with the advisory and stakeholder groups mentioned above, to ensure progress in delivering against the Charter. The Charter for Involvement Action Plan is published online, with the most recent version providing information on actions planned for 2024/25.

In compliance with PSED requirements, ILFS has published its Mainstreaming Report 2024-26, which is updated every two years. It was approved by the Board in April 2024 and was published by the 30 April 2024 deadline. Prior to its approval, the Mainstreaming Report was reviewed by the Equalities Committee (see below), Navigator Employment Law, the Stakeholder & Advisory Group, and the Young Ambassadors Group, prior to Board approval. It sets out four new outcomes for ILFS.

The Equality Duty Action Plan 2024-26 was still in development at the time of our audit fieldwork.

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Assessing the Impact of ILFS Policies and Change on individuals with protected characteristics

To support the mainstreaming of the Equal Opportunities Policy, ILFS adopts Scottish (June 2016) and Northern Ireland (July 2017) guidelines, which require that Equality Impact Assessments (EQIAs) be completed for current, new, or refreshed policies and practices. The embedding of the use of EQIAs is a key planned outcome within the Mainstreaming Report 2024-26, and action is underway to implement refresher training for managers on the use of EQIAs during 2024/25.

ILFS has two sets of policies: internal policies, which are related to the management of staff and processes, and external policies, which relate to the management of the funds. Managers use the Policy Screening Questions checklist to determine whether a policy requires an EQIA.

Discussions with the managers interviewed identified that most HR-related policies (except for the Travel & Subsistence and Health & Safety Policy) were developed by Navigator Employment Law (who also audit the suite of internal policies against legislative requirements every two years). An audit exercise was underway at the time of our fieldwork with a target completion date of 30 September 2024. The previous audit outcomes were reported to the Senior Management Team (SMT) in July 2022, with no requirements identified and providing confirmation that EQIAs were not required.

All external ILFS policies and associated EQIAs are produced by the Policy Team and are published externally on the public ILFS website. There is a separate EQIA landing page, which is managed by the Communications Team, in line with the PSED.

Following the roll out of the re-opened ILF, EQIAs are now required for all corporate projects and practice change requests via the Programme Office. At the time of our audit fieldwork, management were in the process of confirming the suite of programme / project documentation, to ensure that impact assessments, such as EQIAs and Data Protection Impact Assessments (DPIAs), are completed and frequently reviewed as an integral part of change activity.

Discussions with the managers interviewed highlighted that the Programme Office is currently not a permanent team due to external funding restraints. The role of the Programme Office will be reviewed during 2025/26.

Our review of the EQIA template confirmed that arrangements were appropriate for the seven protected characteristics. In line with the Public Sector Fairer Scotland Duty, the EQIA also requests that the assessments consider how the protected characteristics intersect with socio-economic factors. This is in line with good practice.

Our review of current arrangements identified the following observations and opportunities for enhancement:

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).				
Observation	**Risk**	**Recommendation**	**Management Response**	
Within the 39 internal staff policies identified by management on the Policy Checklist provided to us for review, only one HR Policy was found to have an EQIA completed - the Retirement Policy (July 2024). However, on review, the Retirement Policy EQIA provided was dated July 2022, which could result in individuals wrongly assuming that the EQIA is not applicable to the current version of the Retirement Policy. While Navigator Employment Law did not recommend that EQIAs be completed for the list of policies reviewed in 2022, we noted the absence of completed Screening Question checklists for the policies retained. It would be good practice for policy owners to assess the impact of ILFS policies for any colleagues with protected characteristics. Our discussions with managers interviewed noted awareness of this gap, and we received assurances from management that they are committed to the completion of EQIAs for all policies at their next review date, where necessary.	Without completion of Policy Screening Questions to confirm that EQIAs are not relevant for policies, including those reviewed by the Navigator Employment Law, there is a risk that equality impacts may not be assessed where required.	**R2** A formal process should be introduced to ensure that Policy Screening Questions are completed for all policies, including those reviewed by Navigator Employment Law, to document whether EQIAs are required to be completed or not. Where the Policy Screening Checklist for EQIAs identifies that EQIAs are not applicable, the checklist should be retained for audit purposes to record the rationale for this assessment. EQIAs should be updated in line with the policy review date and good version control practices.	Agreed that a formal process will be developed and implemented , ensuring Policy Screening Questions are completed for all HR policies. **To be actioned by:** Aileen McNiven, Head of Business Services and Heather Melville-Hume, Senior HR Manager **No later than:** 31 March 2025	
			Grade	**3**

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).			
Observation	**Risk**	**Recommendation**	**Management Response**
The current EQIA template does not explicitly capture the impact of the proposed policy or change on care-experienced individuals, as outlined in the Corporate Parenting Plan 2024–2026, which emphasises consideration of the impact of policy decisions on young people who have identified themselves as care experienced.	Failure to adequately identify and mitigate negative impacts on young people who have identified themselves as care experienced may lead to missed opportunities to support their specific needs, as highlighted within the ILFS Corporate Parenting Plan.	**R3** The ILFS EQIA template should be updated to include a specific question which allows the assessment and recording of the impact of the policy change on young people who have identified as care experienced.	Very happy to take that suggestion on board, which is in line with our positive commitment to ongoing enhancement of services to care experienced young people. **To be actioned by:** Linda Scott, Director of Policy Improvement & Communications **No later than:** Complete **Grade** 3

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).				
Observation	**Risk**	**Recommendation**	**Management Response**	
We identified that the EQIA for Policy 5 - Backdating Policies has not been published, and that the hyperlinks to several published EQIA documents were broken. This issue was flagged to management during our audit fieldwork and the Communication Team agreed to take steps to investigate and resolve the issues.	This could lead stakeholders to mistakenly reference outdated EQIAs, potentially resulting in improper decision-making and non-compliance with current equality and human rights requirements.	**R4** The EQIA for Policy 5 - Backdating Policies, should be published and the broken hyperlinks we highlighted to management during our audit fieldwork should be rectified.	This was an error which occurred as an unintended consequence of website updates by our contractor, which we have now rectified. We carry out assurance checks on a regular basis but the auditor picked this up between checks. We are grateful for this and the opportunity to quickly rectify the situation. **To be actioned by:** Linda Scott, Director of Policy Improvement & Communications **No later than:** Complete	
			Grade	**3**

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Roles and Responsibilities

Supporting individuals who are disabled is central to the ILFS purpose. ILFS' Mission is to "*support disabled people, empowering them to lead their fullest life*". The organisational principles ensure that staff actively listen to disabled people and put them at the heart of ILFS' decision-making processes. To support arrangements, all staff have mandatory training in equality and diversity and disability inclusion as part of their induction and through annual refresher training.

The ILFS Chief Executive is ultimately responsible for ensuring compliance with the PSED and the Equality Act 2010. Operationally, there are several key teams that support mainstreaming activity. These are:

- The Head of Business Services and Senior HR Manager - for internal policies;
- The Director of Policy, Improvement and Engagement - for external publications; and
- The recently established Programme Office, Privacy and Improvement Manager - for projects or organisational changes.

There is an expectation that all Directors and Managers take responsibility for the completion of EQIAs for any changes in policy or services or practice. Manager training was previously provided on responsibilities and completion of EQIAs, with support available from the named individuals noted above. This is scheduled to be repeated in the second half of 2024 to 2025.

The Equalities Committee also has a role in overseeing equality governance arrangements. With management's reprioritisation on the re-opening of the Fund to new applicants in Scotland during 2024, the Equalities Committee has not met quarterly in line with its Terms of Reference (September 2022). The last formal meeting was held in February 2024. However, this issue re meeting frequency is known to management and we were advised that discussions are already underway between the Chief Executive, the Director of Policy, Improvement and Engagement, and the Senior HR Manager to reinstate the calendar of quarterly meetings and to refresh the duties of the Committee, to align them with the Mainstreaming Objectives for 2024-2025.

While membership of the Equalities Committee includes the Chief Executive (as Chair) and an ILFS Board Member, management expressed a desire to refresh representation from across the organisation. The idea of this refresh will be to allow staff members of the Committee to serve as Equalities allies in their areas in order to provide a bridge between staff and the Committee. Members roles and responsibilities are currently documented (August 2022) and the Committee's Terms of Reference set out respective duties.

In February 2022, the Equalities Committee discussed the progress of outcomes and the review of new outcomes for 2024-2026. This included the review of equalities in the recruitment process, Corporate Parenting arrangements, and the role of recipients in the future action planning on the Charter for Involvement (see below). The Mainstreaming Report (and plans for its reporting to the ILFS Board), planning for the annual staff survey, the move to a 35-hour working week, and the status of Disability Training, were also discussed.

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Collecting Equalities Information on Fund Recipients

The collation of equalities data from fund recipients is a challenging process for ILFS. A previous survey resulted in a response rate of only 4% of Transition Fund recipients returning a completed Equality Forms, which meant that any data collected was not representative of the whole population. Challenges in obtaining meaningful data has been discussed with the Scottish Government sponsor department, as well as seeking advice from peer organisations on how to improve the response rate.

Despite the challenges in gathering data, ILFS management demonstrated an understanding of the benefits which robust data collection could have on improving services for those with protected characteristics. Additionally, at its meeting held in April 2024, the ILFS Board also requested that management review how data is collected from new fund recipients to the re-opened fund. Options being considered include requesting equalities information when new recipients sign their Agreement Form - given that Local Authority Support Workers currently apply for recipient's funding on their behalf.

The Equalities Committee aims to review the results of these efforts, and it is noted that the Advisory, Stakeholder, and Young Ambassador Groups are consulted with on the Mainstreaming Report and proposed outcomes.

Collecting Equalities Information on ILFS staff

When employees voluntarily share information regarding their protected characteristics, long-term illness, and / or disability upon joining, this data is stored in the e-HR system. Management use this information, with the employee's consent and in accordance with UK GDPR, when consulting with the Equalities Committee on matters related to employee offerings, policies, and practices.

Employees also provide equalities information through the annual staff survey. The Equalities Committee is involved in consulting on the survey questions, and the results are reported back to them. Anonymous feedback from the survey is used to guide the organisation's direction and drive continuous improvement by identifying which policies and practices to stop, start, or continue.

During recruitment, ILFS requests that all applicants, regardless of whether their application is progressed, complete an Equalities Form. HR captures this information anonymously. After each recruitment campaign, HR reviews the statistics, focusing on the reach and alignment with ILFS's strategic priorities. In a recent large-scale recruitment campaign, ILFS incorporated feedback from the Equalities Committee, making a targeted effort to engage hard-to-reach groups, particularly addressing the lack of interest from BAME communities by utilising targeted advertising through ILFS's preferred agencies and social media.

This information is securely stored on the G: drive and retained in line with agreed retention periods.

Given that ILFS employs less than 150 individuals, there is no requirement for it to publish gender-based pay arrangements. However, the Mainstreaming Report does review gender in key roles, such as Board Members, in line with expected practice.

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).

Sustainable Procurement

ILFS is required to comply with the specific duty in relation to public procurement. To support transparency and the fair treatment of suppliers, ILFS adopts Public Contracts Scotland (PCS) policies and manages tendering exercises via the PCS-Tender system. This ensures that all tenders and quick quotes are managed In line with equality considerations. Inspection of the Invitation to Tender form confirmed that prospective vendors declare their equality arrangements, which are used when assessing whether the supplier meets ILFS values on equality matters during manager's assessment of applications.

ILFS also has a Modern Slavery Statement (July 2024) published online that sets its zero-tolerance stance on modern slavery in the supply chain.

Staff involved in Procurement tendering exercises are all well versed in seeking assurance regarding companies' equality policies and commitments, and evidence is available to corroborate this. However, the procurement documentation, and associated guidance, requires to be updated to reflect this expected practice.

Objectives 1 & 2: The Public Sector Equality Duty set out in Section 149 of the Equality Act 2010; and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued).				
Observation	**Risk**	**Recommendation**	**Management Response**	
At the time of our audit fieldwork, the documentation of Procurement Procedures was still pending as an outstanding action from our Procurement and Creditors / Purchasing Report (Report number 2023/10, issued in June 2023). Consequently, we were unable to review documented guidance for managers on how ILFS incorporates its PSED in procurement decisions, or how the impact of externally procured services on staff or recipients with protected characteristics is considered (including ensuring that suppliers adhere to the Equality Act 2010 within contract management arrangements).	Without documented guidance on how PSED is factored into procurement decisions and contract management, there is a risk that ILFS may fail to adequately consider the impact of procurement on individuals with protected characteristics. This could lead to the procurement of services that do not fully align with ILFS' equality and diversity values and obligations.	**R5** ILFS should prioritise the completion and formalisation of its Procurement Procedures, ensuring that guidance is included for managers on how to incorporate the PSED into procurement decisions. This documentation should outline clear steps for assessing the impact of procurement on individuals with protected characteristics and for ensuring that suppliers adhere to equality duties as part of the contract management arrangements. Where necessary, training should be provided to purchasing managers to ensure consistent application of the PSED across all procurement and contract management activities.	We will include guidance in our Procurement Procedures on how to incorporate the PSED into procurement decisions before our next tendering exercise early in November 2024. We will provide necessary training on application of the PSED to members of staff new to procurement scoring exercises as required. **To be actioned by:** Nadeem Hanif, Head of Finance **No later than:** 31 October 2024 and ongoing	
			Grade	**3**

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