

Agenda



Audit & Performance Review Committee

Date: Wednesday, 10 December 2014

Time: 14:00

Venue: Committee Room 3 - Council Offices, Garshake,
Council Offices (1st floor), Garshake Road, Dumbarton, G82 3PU

Contact: Craig Stewart, Committee Officer
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Dear Member

Please attend a meeting of Audit & Performance Review Committee as detailed above.
The business is shown on the attached agenda.

Yours faithfully

JOYCE WHITE

Chief Executive

Distribution:-

Councillor J McColl (Chair)
Councillor G Black
Councillor J Brown
Councillor M McGinty
Councillor I Murray (Vice Chair)
Councillor T Rainey
Councillor G Robertson
Councillor M Rooney
Mr SJ Doogan
Mr E Haynes

All other Councillors for information

Chief Executive
Executive Director of Corporate Services
Executive Director of Infrastructure and Regeneration
Executive Director of Educational Services
Director of West Dunbartonshire Community Health & Care Partnership

Date of issue: 28 November 2014

Audit & Performance Review Committee

Wednesday, 10 December 2014

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

Members are invited to declare if they have an interest in any of the items of business on this agenda and the reasons for such declarations.

3 MINUTES OF PREVIOUS MEETING

5 - 8

Submit for approval as a correct record, the Minutes of Meeting of the Audit & Performance Review Committee held on 24 September 2014.

4 TREASURY MANAGEMENT MID YEAR REPORT 2014/15

9 - 22

Submit report by the Executive Director of Corporate Services providing an update on treasury management during 2013/14.

5 REMIT FROM WEST DUNBARTONSHIRE COUNCIL: AUDIT SCOTLAND – ANNUAL REPORT ON THE 2013/14 AUDIT

23 - 66

In terms of remit from the Meeting of West Dunbartonshire Council held on 29 October 2014, submit relevant excerpt minute and report advising on the findings in relation to the external auditor's final report to Members on the completion of their 2013/14 audit.

6	INTERNAL AUDIT PLAN 2014/15 PROGRESS REPORT TO 30 SEPTEMBER 2014	67 - 70
	Submit report by the Executive Director of Corporate Services advising on the work undertaken by the Internal Audit Section against the Audit Plan 2014/15.	
7	AUDIT ACTION PLANS	71 - 86
	Submit report by the Executive Director of Corporate Services advising of recently issued Internal Audit action plans and progress made against action plans previously issued contained within Internal Audit and External Audit Plans.	
8	STRATEGIC RISK AND RESILIENCE	87 - 104
	Submit report by the Executive Director of Corporate Services on the outcome of the six month assessment of Strategic Risks and an update on progress of resilience planning.	
9	FOOD STANDARDS AGENCY AUDIT OF WEST DUNBARTONSHIRE COUNCIL – FOOD ENFORCEMENT SERVICE	105 - 108
	Submit report by the Executive Director of Corporate Services on the results of the Food Standards Agency (FSA) audit of the Environmental Health Section's Food Law Enforcement Service.	
10	SCOTTISH PUBLIC SERVICES OMBUDSMAN COMPLAINTS REPORT 2013/14	109 - 122
	Submit report by the Executive Director of Corporate Services presenting the Scottish Public Services Ombudsman (SPSO) report 2013/14 on complaints handling by West Dunbartonshire Council.	

AUDIT & PERFORMANCE REVIEW COMMITTEE

At a Meeting of the Audit & Performance Review Committee held in Committee Room 3, Council Offices, Garshake Road, Dumbarton on Wednesday, 24 September 2014 at 2.05 p.m.

Present: Councillors George Black, Jim Brown, Jonathan McColl, Michelle McGinty, Ian Murray, Tommy Rainey*, Martin Rooney and Mr Edward Haynes.

Attending: Joyce White, Chief Executive; Angela Wilson, Executive Director of Corporate Services; Terry Lanagan, Executive Director of Educational Services; Stephen West, Head of Finance and Resources; Gillian McNeilly, Finance Manager; Colin McDougall, Audit and Risk Manager; Soumen Sengupta, Head of Strategy, Planning & Health Improvement, West Dunbartonshire Community Health & Care Partnership; Helen Turley, Head of Housing & Community Safety; Peter Barry, Head of Customer & Community Services; Amanda Coulthard, Corporate & Community Planning Manager; and Craig Stewart, Committee Officer, Legal, Democratic and Regulatory Services.

Also Attending: Ms Elaine Boyd, Senior Audit Manager, and Mr Laurence Slavin, Senior Auditor, Audit Scotland.

Apologies: Apologies for absence were intimated on behalf of Councillor Gail Robertson and Mr Stevie J. Doogan.

Councillor Jonathan McColl in the Chair

DECLARATIONS OF INTEREST

It was noted that there were no declarations of interest in any of the items of business on the agenda at this point in the meeting.

MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of the Audit & Performance Review Committee held on 11 June 2014 were submitted and approved as a correct record.

Note: Councillor Rainey entered the meeting at this point in the proceedings.

TREASURY MANAGEMENT ANNUAL REPORT 2013/14

A report was submitted by the Executive Director of Corporate Services providing an update on treasury management during 2013/14.

After discussion and having heard the Finance Manager and the Head of Finance and Resources in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the treasury management stewardship information within the report; and
- (2) to note the 2013/14 actual prudential indicators as advised within the report.

AUDIT OF FINAL ACCOUNTS 2013/14

A report was submitted by the Executive Director of Corporate Services in relation to the audit of the Council's Financial Statements for 2013/14.

After discussion and having heard Ms Boyd, Senior Audit Manager, Audit Scotland, the Chief Executive and the Executive Director of Corporate Services and relevant officers in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the findings of the audit of the financial statements as detailed in Audit Scotland's report dated September 2014; and
- (2) to convey its thanks and appreciation to the External Auditors, Audit Scotland, and Finance staff for their work and effort on the audit of final accounts.

AUDIT ACTION PLANS

A report was submitted by the Executive Director of Corporate Services advising of recently issued Internal Audit action plans and progress made against action plans previously issued contained within Internal Audit and External Audit Plans.

After discussion and having heard the Head of Finance and Resources, the Chief Executive and relevant officers in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) that the action contained in **Appendix B** - Project 48. Housing – Repairs & Maintenance, 3. (b) Contractors, be clarified further in view of the significant timescale that had elapsed, and to ensure that the action was still relevant; and
- (2) otherwise to note the contents of the report.

ADJOURNMENT

Having heard Councillor McColl, Chair, the Committee agreed to adjourn for a period of 5 minutes.

The meeting reconvened at 3.22 p.m. with all those Members shown on the sederunt in attendance.

INTERNAL AUDIT PLAN 2014/15 PROGRESS REPORT TO 30 JUNE 2014

A report was submitted by the Executive Director of Corporate Services advising of the work undertaken by the Internal Audit section against the Audit Plan 2014/15.

After discussion and having heard the Audit and Risk Manager in further explanation and in answer to a Member's question, the Committee agreed to note the contents of the report.

AUDIT SCOTLAND EVALUATION OF PUBLIC PERFORMANCE REPORTING

A report was submitted by the Executive Director of Corporate Services providing the Committee with the review of national and local public performance reporting (PPR) as carried out by Audit Scotland.

After discussion and having heard the Chief Executive, Executive Director of Corporate Services and the Corporate & Community Planning Manager in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the evaluation;
- (2) to note the relative position of West Dunbartonshire across the range of service areas evaluated; and

- (3) to note the actions already underway for the publication of the 2013/14 annual report, which contained the PPR information required.

**PUBLIC INTEREST DISCLOSURES FOR THE PERIOD
1 JANUARY TO 30 JUNE 2014**

A report was submitted by the Executive Director of Corporate Services advising of public interest disclosures received during the period 1 January to 30 June 2014.

After discussion and having heard the Chief Executive in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

The meeting closed at 3.45 p.m.

West Dunbartonshire Council
Report by the Executive Director of Corporate Services
Audit and Performance Review Committee – 10 December 2014

Subject : Treasury Management Mid Year Report 2014/2015

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update on treasury management and prudential indicators during 2014/15.

2. Recommendations

- 2.2** Members are requested to note that Council approved the following on 29 October 2014:

- (a) the 2014/15 revised estimates of treasury and prudential indicators as advised within the report (Tables A, B, C, D, E, F, H, M and N); and
- (b) the amendment to the investment counterparty criteria for Category 1 – Good Credit Quality (section 4.5.4 of the report).

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2014/15, the Executive Director of Corporate Services is required to provide a Mid Year Report to Members regarding the Treasury function.
- 3.2** The mid year report covers the period 1 April 2014 to 30 September 2014 and details the current position (where appropriate) and revises the 2014/15 estimates where required.
- 3.3** The treasury management mid year report was presented to Council on 29 October 2014 and in accordance with the nomination of March 2012 is now passed to members of the Audit and Performance Review Committee to ensure further scrutiny takes place.

4. Main Issues

Treasury Management Stewardship Report

- 4.1** A copy of the report is attached (Appendix 1).
- 4.2** The report gives details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).

- 4.3** The revised estimate for capital expenditure during 2014/15 (Table A) has reduced by £1.735m from the original estimate due to ongoing forecast outturn figures for both the GS 10 year capital plan and the HRA capital plan which are regularly reported to Members.
- 4.4** The external debt figures included within Table C now includes both short term and long term debt. This change has been made due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. The reduction in the estimated external debt for 2014/15 is due to a reduction in the net capital financing need for the year. A 2014/15 Adjusted Original Estimate column has been provided to enable members to compare total debt on a like with like basis.
- 4.5** Continuing regulatory changes in the banking sector are designed to see greater stability and lower risk which will result in the future that the Government need not provide financial support should an institution fail. With this in mind it is recommended that the investment counterparty criteria for Category 1 - Good Credit Quality is amended as noted in section 4.5.4 of the report.
- 4.6** The average return on Investment income to 30 September 2014 is 0.41% (Table K) which is the average of the local benchmarks that was approved by Members in February 2014.

5. People Implications

- 5.1** There are no personnel issues.

6. Financial Implications

- 6.1** There are no financial implications.

7. Risk Analysis

- 7.1** There are three main risks associated with the formulation of prudential indicators and the treasury management strategy:
- (a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;
 - (b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the robust controls included within the investment strategy will assist in mitigating this risk; and

- (c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

8. Equalities Impact Assessment

- 8.1** No equalities impact assessment was required in relation to this report.

9. Consultation

- 9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues or concerns.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council

Angela Wilson
Executive Director of Corporate Services
Date: 9 November 2014

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Appendices: Appendix 1 - Mid Year Monitoring Report 2014/15
Treasury Management and Prudential Indicators
1 April 2014 to 30 September 2014

Background Papers: Loans register and portfolio;
Debt rescheduling schedules;
Prudential Indicators 2013/14 to 2016/17 and Treasury
Management Strategy 2014/15 to 2016/17 (Council 6
February 2014).

Wards Affected: No wards directly affected.

**Mid Year Monitoring Report 2014/15
Treasury Management and Prudential Indicators
1 April 2014 to 30 September 2014**

1 Introduction

1.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government in Scotland Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Scottish Ministers to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made as yet during 2014/15).
- Statutory Instrument (SSI) 29 2004, requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, and therefore to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services; and the treasury activity with regard to the CIPFA Code of Practice for Treasury Management in Local Authorities.

1.2 The regulatory framework of treasury management requires that the Council receive a mid year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously. This report meets that requirement and also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators. The treasury strategy and prudential indicators were previously reported to Council on 6 February 2014. The current position is shown (where appropriate) and revisions to the 2014/15 estimate are provided where required.

1.3 This report sets out:

- Key changes to the Council's capital activity (the prudential indicators);
- The economic outlook;
- The actual and proposed treasury management activity (borrowing and investment); and
- The risk approach to treasury management (the treasury management indicators).

2 Key Prudential Indicators

2.1 This part of the report is structured to update:

- The Council's capital expenditure plans and how these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2.2 **Capital Expenditure** – Table A shows the current position and revised estimates for capital expenditure for 2014/15 only.

2.2.1 The reduction in the both the level of anticipated capital expenditure and the net financing need for the year is due to ongoing forecast outturn figures for both the GS 10 year capital plan and the HRA capital plan in relation to spend and anticipated resources which are regularly reported to Members.

Table A:

£000	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
General Services	34,099	5,787	32,772
HRA	35,966	8,735	35,558
Capital Expenditure	70,065	14,522	68,330
Financed by:			
Capital receipts	3,630	879	1,599
Capital grants	11,503	4,837	14,958
Revenue	3,063	1,370	3,647
Net financing need for the year	51,869	7,436	48,126

2.3 **Impact of changes in Capital Expenditure Plans** – Table B shows the CFR, which is the underlying external need to borrow for a capital purpose while Table C shows the expected debt position over the period.

2.3.1 The external debt figures included within Table C now includes both short term and long term debt. This change has been made due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. The reduction in the estimated external debt for 2014/15 is due to a reduction in the net capital financing need for the year. A 2014/15 Adjusted Original Estimate column has been provided to enable members to compare total debt on a like with like basis (original estimate plus short term debt).

2.3.2 The CFR is calculated on a year end position based on the Council's balance sheet and therefore the current position is not shown. The CFR has reduced from the original estimate due to the forecast level of capital expenditure in 2014/15 being less than budgeted and the level of anticipated grant funding

being more than originally estimated. The Executive Director of Corporate Services can report that the Council is on target to meet the 2014/15 revised estimates for both indicators.

Table B:

£000	2014/15 Original Estimate	2014/15 Revised Estimate
Capital Financing Requirement		
CFR – General Services	236,793	214,937
CFR – HRA	156,761	167,343
Total CFR	393,554	382,280
Movement in CFR (from Previous year)	39,831	36,112

Movement in CFR Represented by		
Net financing need for the year (from Table A, above)	51,869	48,126
Less loan repayments in year	(10,730)	(10,726)
New Borrowing : CFR	41,139	37,400
Less Long Term Liability repayment in years	(1,308)	(1,288)
Movement in CFR	39,831	36,112

Table C:

£000	2014/15 Adjusted Original Estimate	Current Position	2014/15 Revised Estimate
External Debt			
Debt at 1 April 2014	255,233	255,233	255,233
Maturing Long Term Debt (LTD)	(27,413)	(9,412)	(27,407)
Movement in Borrowing			
New Borrowing - Maturing LTD	27,397	9,400	27,400
New Borrowing - CFR	41,139	16,600	37,400
Movement in Short Term Debt (STD)	0	(3,000)	0
Debt at 31 March (1)	296,356	268,821	292,626
Long Term Liabilities (LTL) at 1 April	90,242	89,753	89,753
Expected change in LTL	(1,308)	(644)	(1,288)
LTL at 31 March (2)	88,934	89,109	88,465
Actual Debt at 31 March (1) + (2)	385,290	357,930	381,091
CFR from Table B	393,554	n/a	382,280
Under/(Over) Borrowing	19,631	n/a	1,189

2.3.3 Table C highlights that the Council is forecast to be under borrowed by £1.189m at 31 March 2015 when compared to the CFR.

- 2.4 Compliance with the limits in place for borrowing activity** – The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose. Gross borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. As discussed in section 2.3, above the current position is not shown since the CFR is calculated on a year end position. The revised indicator is detailed in Table D and the Executive Director of Corporate Services reports that no difficulties are envisaged for the current year in complying with this prudential indicator.

Table D:

£000	2014/15 Original Estimate	2014/15 Revised Estimate
CFR at 31 March 2014		
2013/14 Estimate/Actual	353,723	346,168
Estimated movement in CFR		
2014/15	39,831	36,112
2015/16	69,988	77,444
2016/17	28,945	28,549
Anticipated CFR at 31 March 2017	492,487	488,273
Gross Debt at 31 March 2014	373,923	381,091

- 2.4.1** The Operational Boundary is detailed in Table E below and is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Table E:

£000	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
External Debt	411,316	393,723	419,201

- 2.4.2** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which is detailed in Table F and represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Table F:

£000	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
External Debt	448,708	429,516	457,310

3 Economic Outlook

3.1 UK Economy - After strong UK GDP quarterly growth in 2013, it appears very likely that strong growth will continue through 2014 and into 2015. Forward surveys for the services and construction sectors, business investment and the manufacturing sector have been encouraging although the latest figures indicate a weakening in the future trend rate of growth. For this recovery to become more balanced and sustainable in the longer term it needs to move away from dependence on consumer expenditure and the housing market to exporting and manufacturing.

3.1.2 Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to continue to decrease this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However, what impact those future increases in pay rates will have on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

3.2 Global Economy – A summary of the global economic outlook is noted below.

3.2.1 Eurozone - Concern in financial markets for the Eurozone reduced considerably during 2013. However sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not address fundamental issues such as low growth and a lack of international competitiveness. It is, therefore, possible over the next few years that levels of government debt could continue to rise for some countries which could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

3.2.2 US - The U.S. faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

3.2.3 China and Japan - Japan is causing considerable concern as the increase in sales tax in April has resulted in low consumer expenditure and growth. As for China, Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach, however there are major concerns in relation to the level of bank lending to companies and local government during the post 2008 credit expansion period and whether the bursting of a bubble in housing prices is drawing nearer.

3.3 Interest Rate Movements and Expectations which take into account both the economic outlook as described above and risk analysis are detailed in Table G below.

Table G:

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank Rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%
10yr PWLB Rate	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%
25yr PWLB Rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%
50yr PWLB Rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%

Source: Sector Mid Year Review Report 2014/15

4 Treasury Management Activity

4.1 This part of the report is structured to update:

- The Council's expected borrowing need and details of under/(over) borrowing;
- Debt rescheduling and new borrowing;
- Debt charges; and
- Investments.

4.2 The Expected Borrowing Need – This was set out in Table C and demonstrates that the Council is currently under-borrowed to reduce risks in investments held and the cost of carry on investments (investments yield up to 1%, long term borrowing rates for periods greater than 25 years are approximately 4.00%). This introduces an element of interest rate risk, as longer term borrowing rates may rise; however, this position is being carefully monitored.

4.3 Debt rescheduling and new borrowing – The Council has not undertaken any debt rescheduling during the first half of 2014/15. Naturally maturing long term debt of £9.400m has been repaid and new borrowing to fund the capital financing requirement of £16.600m has been undertaken which were both funded by 2 new PWLB loans of £16.000m and a new long term market loan of £10.000m.

4.4 Debt Charges – The revised estimate for debt charges for both the General Fund and the HRA is shown in Table H.

Table H:

£000	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
Borrowing	25,787	9,055	23,287
Other Long Term Liabilities	8,895	4,334	8,669
Total	34,682	13,389	31,955

- 4.5 Investments** – The objectives of the Council's investment strategy are to ensure the re-payment of the principal and interest of its investments on time with the level of investment return being a secondary objective. Following on from the economic background above, the current investment climate has one over-riding risk consideration which is the risk of default.

- 4.5.1** The Council held £12.942m of investments at 30/09/2014, and the constituent parts of the investment position are detailed in Table I:

Table I:

£000	Country	< 1 Year	1 – 2 Years	2 – 3 Years
Banks	UK	12,940	Nil	Nil
Money Market Fund		2	Nil	Nil
Total		12,942	Nil	Nil

- 4.5.2** Table J details the revised budget position for investment income. The original estimate has been reduced by £0.145m due to the utilisation of short term borrowing of in lieu of new long term borrowing.

Table J:

£000	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
Investment Income	180	19	35

- 4.5.3** A regulatory development to address risk is the consideration and approval of benchmarks relating to investment security, liquidity and the level of return. Benchmarks are currently widely used to assess the level of return and investment performance, however the application of security and liquidity benchmarks are more subjective in nature.

- **Security** - The Council's maximum security risk benchmark for the current portfolio in relation to investment periods of up to one year (when compared to historic default tables) was set at 0.09% and the Executive Director of Corporate Services can report that there have been no defaults of principal sums invested in the year to date.

- **Liquidity** – The Executive Director of Corporate Services can report that liquidity arrangements were adequate during the year to date and that the liquidity facilities and benchmarks set by the Council as noted below were maintained:
 - Bank overdraft - £1.000m; and
 - Liquid short term deposits of at least £5.000m available on an overnight basis.
- **Return on Investments** – The Executive Director of Corporate Services can report that investment return to date average 0.41%. Table K illustrates how this average return compares with the local benchmarks approved in February 2014.

Table K:

Benchmark	Benchmark Return	Average Return
7 day LIBID rate	0.36%	0.41%
1 month LIBID rate	0.37%	0.41%
Council's Instant Access Account	0.50%	0.41%

- 4.5.4** Continuing regulatory changes in the banking sector are designed to see greater stability and lower risk which will result in the future that the Government need not provide financial support should an institution fail.

This withdrawal of sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the short term and long term ratings only. Viability, financial strength and support ratings previously applied will effectively become redundant and will not be considered in choosing counterparties.

With this in mind it is recommended that the investment counterparty criteria for Category 1 - Good Credit Quality is amended as noted below:

- **Category 1 - Good Credit Quality** – the Council will only use financial institutions (including certificates of deposit and corporate bonds) which:
 - Are UK banks; and/or
 - Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AA; The UK will be excluded from any Sovereign rating criteria.
 - And have, as a minimum, the following Fitch, Moody's and Standard and Poors (S&P) credit ratings (where rated):
 - Short Term – F1 (or equivalent from Fitch, Moody's and S&P)
 - Long Term – A- (or equivalent from Fitch, Moody's and S&P)

This change does not reflect deterioration in the credit environment, rather a change of method in response to regulatory changes. All other criteria remains as previously approved.

6 Key Treasury Management Indicators

6.1 This part of the report is structured to update:

- Actual and estimates of the ratio of financing costs to net revenue stream;
- Upper limits on interest rate exposure;
- The maturity structure of borrowing; and
- Total principal sums invested.

6.2 **Actual and estimates of the ratio of financing costs to net revenue stream** – This indicator (as shown below in Table L) identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream

Table L:

	2014/15 Original Estimate	2014/15 Revised Estimate
General Fund	4.55%	4.90%
HRA	36.16%	34.19%

6.3 **Upper Limits On Fixed and Variable Rate Exposure** – These indicators identify a maximum limit for fixed and variable interest rates based upon the debt position and were set at 100% and 50% respectively for 2014/15. The Executive Director of Corporate Services can report that the indicator for borrowing due within 12 months at the start of 2014/15 was 53.4% compared to the prudential limit of 50%, however this position was corrected shortly thereafter. This temporary position was detailed in the annual treasury report for 13/14 as reported to Members on 27 August 2014 and was due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. There are no statutory or regulatory consequences of breaching this limit as it is for each local authority to set appropriate limits with regard to debt maturity. The prudential code states that the requirement to set indicators for debt maturity will not “unreasonably fetter” the discretion of an authority to take advantage of favourable debt restructuring opportunities

6.4 **Maturity Structures Of Borrowing** – These maximum limits are set to reduce the Council’s exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) which are due to naturally mature in any given period as detailed in Table M.

Table M:

Maturity Structure of Fixed Interest Rate Borrowing	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
Under 12 months	50%	46.15%	50%
12 months to 2 years	50%	2.99%	50%
2 years to 5 years	50%	21.07%	50%
5 years to 10 years	50%	11.25%	50%
10 years to 20 years	50%	2.98%	50%
20 years to 30 years	50%	0.74%	50%
30 years to 40 years	50%	12.6%	50%
40 years to 50 years	100%	2.23%	100%
50 years to 60 years	100%	0%	100%
60 years to 70 years	100%	0%	100%

- 6.5 Total Principal Funds Invested** – These limits are set to reduce the need to temporarily borrow to cover any unexpected expenditure, and show limits to be placed on investments with final maturities beyond each year-end. The Council does not currently invest sums for periods greater than 364 days, however as any potential investment in hub West Scotland would be for a period greater than 364 days an indicator is required and limits are detailed in Table N.

Table N:

Principal sums invested > 364 days	2014/15 Original Estimate	Current Position	2014/15 Revised Estimate
Under 12 months	100%	100%	100%
12 months to 2 years	0%	0%	0%
2 years to 5 years	0%	0%	0%
5 years to 10 years	0%	0%	0%
10 years to 20 years	0%	0%	0%
20 years to 30 years	0%	0%	0%

AUDIT SCOTLAND - ANNUAL REPORT ON THE 2013/14 AUDIT

A report was submitted by the Executive Director of Corporate Services advising of the findings in relation to the external auditor's final report to Members on the completion of their 2013/14 audit.

The Senior Audit Manager and Senior Auditor, Audit Scotland were heard in further explanation of the report and in answer to Members' questions.

Following discussion and having heard the Head of Finance & Resources, the Council agreed to:-

- (1) note the findings of the 2013/14 audit; and
- (2) refer the auditor's report to the Audit and Performance Review Committee to be held on 10 December 2014 for further consideration.

WEST DUNBARTONSHIRE COUNCIL
Report by Executive Director of Corporate Services
Council: 29 October 2014

Reissued for Meeting of Audit & Performance Review Committee: 10 December 2014

Subject: Audit Scotland – Annual Report on the 2013/14 Audit

1. Subject

- 1.1** The purpose of this report is to advise Members of the findings in relation to the external auditor's final report to Members on the completion of their 2013/14 audit.

2. Recommendations

- 2.1** Members are asked to consider the findings of the 2013/14 audit and refer the auditor's report to the Audit and Performance Review Committee of 10 December 2014 for further consideration.

3. Background

- 3.1** Audit Scotland has completed its audit of the Council's 2013/14 annual accounts and have now signed them. The audited abstract of accounts is submitted to Council for approval under another agenda item.
- 3.2** Audit Scotland is required to report to Members at the conclusion of its audit and the full report is appended.

4. Main Issues

- 4.1** The report is intended to inform Members of key issues arising during the audit and to assist Members in fulfilling their obligations in respect of governance, performance management and the stewardship of public funds.
- 4.2** A representative from Audit Scotland will be in attendance at Council to present the findings of the audit and to answer any Members' questions.
- 4.3** The key messages and headline information are provided on pages 3 to 5 of the report. Further detail is provided in pages 6 to 36 with an action plan presented on pages 37 to 39.
- 4.4** The report identifies 4 key risk areas together with management responses, which have been agreed with the auditor, detailed within the action plan, together with targeted dates for implementation of each agreed management action.

5. People Implications

- 5.1** There are no people implications.

6. Financial Implications

- 6.1** Other than the financial position detailed regarding the Financial Statements, there are no financial implications in connection with the preparation of this report.

7. Risk Analysis

- 7.1** The risks identified in the report have been addressed through the recommendations in the Action Plan, referred to above.

8. Equalities Impact Assessment (EIA)

- 8.1** There was no requirement to carry out an equality impact assessment.

9. Consultation

- 9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

10. Strategic Assessment

- 10.1** Sound financial practice are cornerstones of good governance and support Council and officers to pursue the strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council.

Angela Wilson
Executive Director of Corporate Services
Date: 22 October 2014

Person to Contact: Stephen West, Head of Finance and Resources, Garshake Road, Dumbarton.
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E-mail : stephen.west@west-dunbarton.gov.uk

Appendix: Audit Scotland: Annual Report on the 2013/14 Audit

Background Papers: Financial Statements 2013/14
Draft Annual Accounts 2013/2014 – Council 25 June 2014

Wards Affected: None



West Dunbartonshire Council

Annual report on the 2013/14 audit

Prepared for the members of West
Dunbartonshire Council and the Controller of
Audit

October 2014

Contents

Key messages	3
Introduction	6
Financial statements	8
Financial position	13
Governance and accountability	19
Best value, use of resources and performance	24
Appendix I – Summary of West Dunbartonshire Council local audit reports 2013/14	33
Appendix II – Summary of Audit Scotland national reports 2013/14	34
Appendix III – Significant audit risks	35
Appendix IV – Action plan	37

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Key messages

Financial statements

- Unqualified auditor's report on the 2013/14 financial statements.

Financial position

- An underspend of £1.2m (0.55%) against service budgets.
- Usable reserves have decreased by £5.4m to £18.6m.
- The General Fund balance has reduced by £4.7m to £10.1m, of which £4.9m is unallocated.
- Financial management remains strong with a robust budget setting process in place.

Governance & accountability

- The council has sound governance arrangements in place.
- Systems of internal control operated effectively.
- The council has an effective internal audit function.

Best Value, use of resources & performance

- The council has a well developed framework in place for monitoring and reporting performance against strategic priorities.
- In 2013/14 the council met or exceeded 58% of its strategic performance targets and 53% of its statutory performance indicators.

Outlook

- Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care. Effective partnership working will be essential to make the best use of available resources.

Financial Statements

1. We have given an unqualified audit opinion that the financial statements of West Dunbartonshire Council (the council) for 2013/14 give a true and fair view of the state of the affairs of the council and its group as at 31 March 2014 and of the income and expenditure for the year then ended.
2. We have also given an unqualified audit opinion on the 2013/14 financial statements of those charities registered by the council and audited under the provisions of The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations).
3. As recorded in the 2013/14 comprehensive income and expenditure statement, the council spent £351.2 million on the provision of public services, resulting in an accounting surplus of £16.8 million. However, this includes certain elements of income and expenditure that are accounted for to comply with the Code of Practice on Local Authority Accounting, which are then adjusted to show their impact on statutory council reserves. When these are adjusted the general fund balance shows a decrease of £4.7 million.
4. The council recorded an underspend of £1.2 million against service budgets in the year, representing 0.5% of net service expenditure.

Financial position

5. The closing balance at the year end on usable reserves was £18.6 million representing a net decrease of £5.4 million from 2012/13.
6. The net movement in the general fund for 2013/14 was £4.7 million, reducing the fund balance to £10.1 million as at 31 March 2014. This balance is made up of earmarked commitments of £4.9 million, £0.3 million applied to the 2014/15 budget and an unallocated balance of £4.9 million.
7. The introduction of a 10 year capital plan has helped the council reduce capital slippage from 45.3% in 2012/13 to 26.6% in 2013/14. This is a significant improvement however further progress is required to ensure more timely delivery of capital projects.
8. The council's long term financial strategy, last refreshed in August 2014, identifies a cumulative funding gap of £20.6 million by 2017/18. A series of workshops involving the wider senior leadership team have been held to identify ways of closing the gap. The strategic framework for delivering for the future will be set out at the council meeting on 29 October 2014. The council are also looking to bring targeted 2015/16 management adjustments forward and deliver them in 2014/15.

Governance and accountability

9. In 2013/14 we concluded that the council has adequate

Key Messages

governance arrangements and internal control systems including having an effective internal audit function. Our Review of Governance Arrangements and Main Financial System Report issued in May 2014 highlighted areas for improvement including a review of the management of the council's various bank imprest accounts.

10. Integration of adult health and social care is a key challenge for all local authorities. The Council is working with NHS Greater Glasgow and Clyde to progress these developments. A high level transitional work plan to manage the delivery of the new Health and Social Care Partnership was approved by the jointly developed Shadow Integration Joint Board in May 2014. The new arrangements are to be activated by April 2015.

Best Value, use of resources and performance

11. The council has a sound strategic planning and performance framework in place which facilitates the monitoring and reporting of performance against the council's priorities.
12. The council balance the management of operational performance and consideration of the six longer term strategic risks identified in their Strategic Plan 2012/17. This is reflected in the council's positive Assurance & Improvement Plan (AIP) finalised in June 2014 with the Local Area Network (LAN).

Outlook

13. Demands on services and resources continue to increase and these need to be managed alongside major reforms in the welfare system and health and social care. This underlines the need for strong governance, leadership and decision making based on good cost and performance information. Effective working with partners will be required to make the best use of available resources as well as innovation and vision to design and deliver the services needed to serve the future needs of citizens.
14. The public reform agenda, particularly Welfare Reform, is resulting in the most significant changes in the UK welfare system for decades. We are already seeing increasing levels of rent arrears as a direct impact of welfare reform. In 2013/14 the value of rent arrears for all Scottish councils was £35.1 million, an increase of 24% on 2012/13 levels. The council's current tenant rent arrears increased by 6% over the same period however it is noted that the council used £0.8 million of Discretionary Housing Payments to assist with rent arrears. Future reforms such as Universal Credit and direct payments to claimants are likely to make rent collection even more challenging.

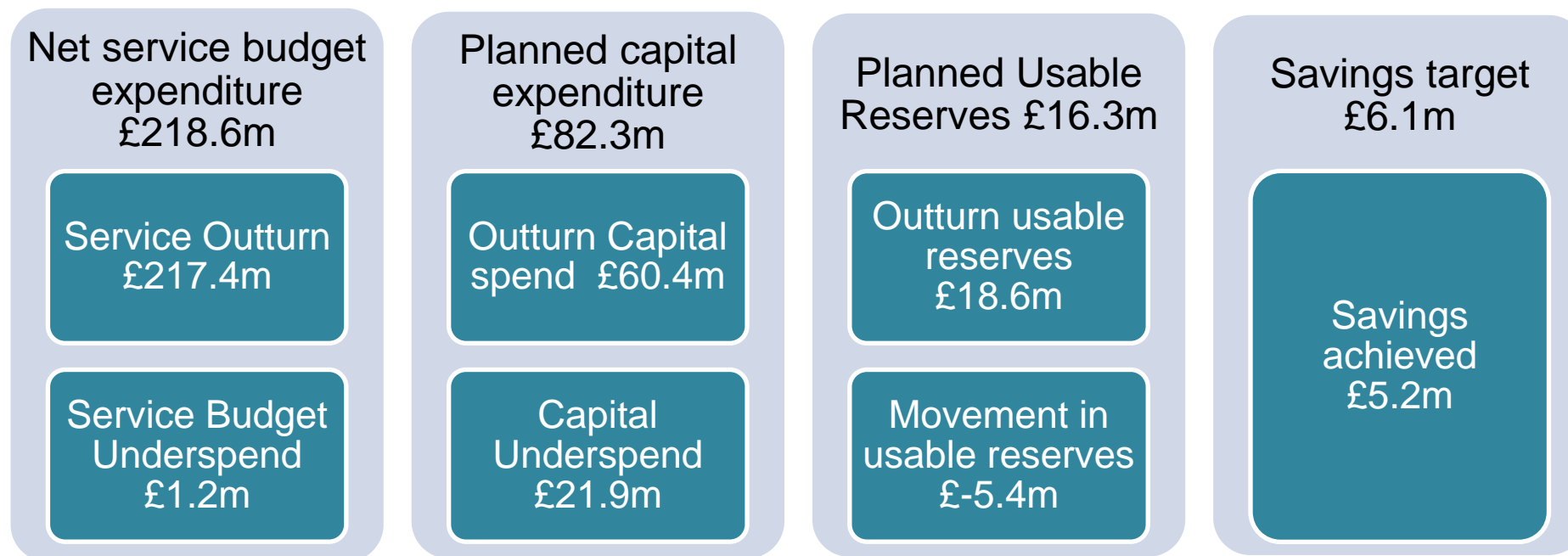
Introduction

15. This report is a summary of our findings arising from the 2013/14 audit of the council. The purpose of the annual audit report is to summarise the auditor's opinions and conclusions, and to report any significant issues arising from the audit. The report is divided into sections which reflect our public sector audit model.
16. Our responsibility, as the external auditor of the council, is to undertake our audit in accordance with International Standards on Auditing (UK and Ireland) and the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011.
17. The management of the council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
18. This report is addressed to the members of the council and the Controller of Audit and should form the basis of discussions with the Audit & Performance Review Committee (A&PRC) as soon as possible after it has been issued. Reports should be made available to stakeholders and the public, as audit is an essential element of accountability and the process of public reporting.
19. This report will be published on our website after it has been considered by the council. The information in this report may be used for the Account's Commission's annual overview report on local authority audits. The overview report is published and presented to the Local Government and Regeneration Committee of the Scottish Parliament.
20. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, shown at Appendices I and II, include recommendations for improvements. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the council.
21. The concept of audit risk is of key importance to the audit process. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements. We set out in our annual audit plan the related source of assurances and the audit work we proposed to undertake to secure appropriate levels of assurance. Appendix III sets out the significant audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.

Introduction

- 22. Appendix IV is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response".
- 23. We recognise that not all risks can be eliminated or even minimised. What is important is that the council understands its risks and has arrangements in place to manage these risks. The council and the appropriate officer should ensure that they are satisfied with proposed management action and have a mechanism in place to assess progress and monitor outcomes.
- 24. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
- 25. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Financial statements



26. The savings achieved figure of £5.2 million in the diagram above is the projection to the year end as at 31 October 2013 (reported in December 2013). This is because, beyond that date, expectations of savings to be achieved are incorporated into the council's probable outturn which is monitored via budgetary control reporting. Actual progress against savings targets do continue to be monitored by the corporate management team but not reported to council. Consideration

should be given to reporting savings across the full year and not just for the first half of the financial year.

27. The capital underspend of £21.9 million is a combination of slippage of £21.0 million, underspend of £4.0 million and overspend of £3.1 million.

Audit opinion

28. We have given an unqualified opinion that the financial statements of West Dunbartonshire Council for 2013/14 give a true and fair view of the state of the affairs of the council and its group as at 31 March and of the income and expenditure for the year then ended.

Other information published with the financial statements

29. Auditors review and report on other information published with the financial statements, including the explanatory foreword, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.

Legality

30. Through our planned audit work we consider the legality of the council's financial transactions. This includes obtaining written assurances from the Head of Finance & Resources. There are no legality issues arising from our audit which require to be reported.

The audit of charities' financial statements

31. The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) sets out the accounting and auditing rules for Scottish charities. These required, for the first time in 2013/14,

a full audit of all registered charities accounts where a local authority or some members are the sole trustees.

32. The council had eight funds which were subject to the full charities financial statements audit for 2013/14.
33. We have given an unqualified opinion on the 2013/14 financial statements of the relevant charities registered by the council.

Group accounts

34. Local authorities are required to prepare group accounts in addition to their own council's accounts where they have a material interest in other organisations.
35. The council has accounted for the financial results four associates, the Common Good Fund and sundry trusts in its group accounts for 2013/14. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £9.4 million.
36. The net assets of the group at 31 March 2014 totalled £251.3 million, compared to a net asset position of £4.9 million in 2012/13. The positive movement in the closing net worth balance is mainly due to the transfer of Police and Fire functions to the new authorities from 1 April 2013 and the removal of the pension liabilities of Police and Fire from the group accounts.

Accounting issues arising

Presentational and monetary adjustments

37. A number of presentational and monetary adjustments were identified in the financial statements during the course of our audit. These were discussed with management who agreed to amend the unaudited financial statements. The net effect of all monetary adjustments identified during the audit process was:

- £35.9 million decrease in the Council's net worth, predominantly due to the council's housing stock being over valued (refer to paragraph 40).
- £2.1 million decrease in the surplus on the provision of services mainly due to errors in the calculation of the holiday pay accrual (refer to paragraph 44) and a correction in the net book value of land associated with Dumbarton Academy.
- £0.06 million decrease in the general fund balance with an equal increase in the HRA balance.

Whole of government accounts

38. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The council submitted the consolidation pack for audit by the deadline. This has been audited and the

audited return submitted to the Scottish Government.

Report to those charged with governance

39. We presented our report to those charged with governance (ISA 260) to the A&PRC, on 24 September 2014. The primary purpose of that report is to communicate the significant findings arising from our audit prior to finalisation of the independent auditor's report. The main points are set out in the following paragraphs.

40. **Capital Revaluation:** our audit of non current assets identified that the council's housing stock was over valued by £37.7 million due to capital expenditure housing improvements not being removed when the stock was revalued. This had no net revenue impact as the adjustment was offset by a reduction in the revaluation reserve.

41. **Cash Flow Statement:** In 2012/13 we highlighted concerns about the preparation of the cash flow statement. The Council agreed to revise the methodology adopted to prepare the 2013/14 statement and a revised methodology was developed to correct the 2012/13 cash flow statement. However there remained some issues with this revised methodology and consequently material adjustments were required to correct errors in the draft 2013/14 statement.

42. **Capital Slippage:** Capital slippage in 2013/14 totalled £21.0 million, against budgeted capital expenditure of £82.2 million

(25.5%). This is a significant improvement on the 2012/13 slippage of £36.8 million against a budgeted £81.2 million (45.3%) thus providing evidence that the Council's management of the capital programme is improving.

- 43. Housing Rent Reconciliation:** In our 2012/13 report to those charged with governance we highlighted a £54,078 unreconciled difference between the financial ledger and the housing rents system. The Council agreed to implement a process ensuring regular reconciliations of the HRA rental income system however this has not been carried out. Our 2013/14 audit highlighted an unreconciled difference of £16,965.
- 44. Holiday Pay Accrual:** Our review of the Council's holiday pay accrual identified various errors in the spreadsheet used to calculate it. This resulted in £1.4 million being over accrued in the draft financial statements. It should be noted that this did not impact on the council's general fund balance.
- 45. Holiday Pay Contingent Liability:** UK employers are bound by employment law in relation to what constitutes the definition of paid holiday entitlement. Recently case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including overtime payments. The Council has made a payment in relation to the current year 2014/15 and has made provision for ongoing costs within the recently approved updated long term financial strategy, however there

is potential for retrospective liability. The legal position is yet to be clarified and the accounts disclose an unvalued contingent liability in this respect.

- 46. Clydebank Rebuilt:** The Council's draft financial statements disclosed earmarked funds of £0.8 million to purchase Clydebank Property Company. Subsequent to the balance sheet date of 31 March 2014 the Council agreed a reduced purchase price of £171,000 for the shares of the Clydebank Property Company from Clydebank Rebuilt and an additional payment of £93,000 for redundancy costs. The payment was lower as the Council agreed to take on the liability for future pension costs.
- 47.** Where appropriate the Council have adjusted the financial statements for the matters highlighted in the ISA260 and provided assurances that corrective action will be taken.

Outlook

- 48.** The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The main new standards adopted in 2014/15 include :
- IFRS 10 Consolidated financial statements
 - IFRS 11 Joint arrangements
 - IFRS 12 Disclosures of interests in other entities
 - IAS 28 Investments in associates and joint ventures.

Financial statements

- 49. These standards affect the group financial statements and include a change to the definition of control. This is likely to require a reassessment of the group boundary and potentially further consolidations and disclosures.
- 50. The revised Local Authority Accounts (Scotland) Regulations 2014 apply for financial years 2014/15 onwards. The regulations set out in more detail what is required in respect of financial management and internal control, and in respect of the annual accounts themselves. Some of the changes include the requirement for the unaudited accounts to be considered by the A&PRC. This can take place following submission to the auditor and up to 31 August if necessary. In addition the audited accounts must be considered and approved for signature by the A&PRC by 30 September with publication on the council's website by 31 October.
- 51. Highways assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code requires highways to be measured for the first time on a depreciated replacement cost basis. This represents a change in accounting policy from 1 April 2016 which will require a revised opening balance sheet as at 1 April 2015 and comparative information in respect of 2015/16. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets. The council should ensure it is planning ahead to allow full compliance with the Code.

Financial position

52. The council reported a surplus of £16.8 million on the provision of services in 2013/14. Adjusting this balance to remove the accounting entries required by the Code produces the revised position showing that the council decreased its general fund balance by £4.7 million.
53. The explanatory foreword to the 2013/14 financial statements records underspend of £1.2 million against the 2013/14 service budget. Favourable variances as a consequence of initiatives such as saving targets, service restructuring and efficiency reviews were partially offset by an overspend within Social Work Services relating to increases in client numbers and needs.
54. Usable reserves are part of a council's strategic financial management and councils will often have target levels of reserves. As shown in Exhibit 1, the overall level of usable reserves held by the council decreased by £5.5 million compared to the previous year and totalled £18.6 million.
55. From an analysis of Scottish councils' unaudited 2013/14 accounts, over half of all councils utilised reserves brought forward, with around half of all councils ending 2013/14 with lower levels of reserves than they had at the start of 2012/13. This was in part due to the retention of certain reserves

associated with police and fire joint boards and the consequent reduction in general revenue grant from the Scottish Government in 2013/14.

Exhibit 1: Usable reserves

Description	31 March 2013	31 March 2014
	£ million	£million
General Fund	14.8	10.1
Housing Revenue Account	4.2	3.6
Capital Grants Unapplied	0.4	0.3
Capital	4.4	4.2
Other	0.3	0.4
Total Usable Reserves	24.1	18.6

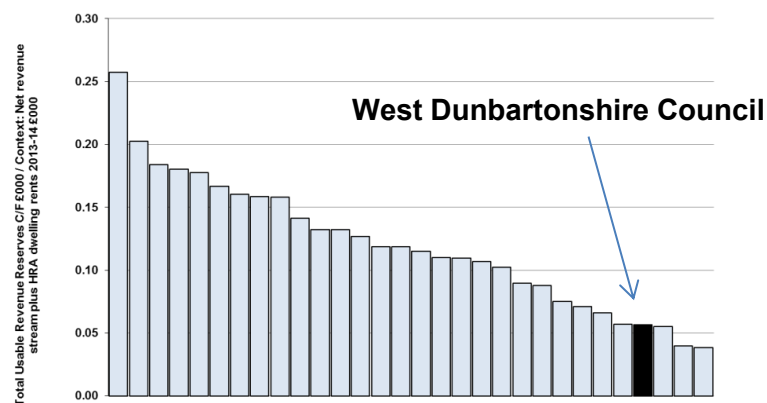
Source: West Dunbartonshire Council 2013/14 financial statements

56. Exhibit 2 highlights that the council has the fourth lowest usable reserves position in relation to net revenue stream for the year in Scotland (net revenue stream being presented as general revenue grant, council tax, non domestic rates and dwelling rents).
57. The general fund balance reduced by £4.7 million during the year reducing the general fund balance to £10.1 million as at 31 March 2014. This balance is made up of earmarked

Financial position

commitments of £4.9 million, £0.3 million applied to the 2014/15 budget and an unallocated balance of £4.9 million, or 2.2% of net cost of services. This complies with the council's policy of holding minimum unallocated reserves of at least 2% of net service cost.

Exhibit 2: Total Usable Reserves as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2013/14

58. The council should regularly review its reserves position to ensure long term financial sustainability and ensure that it strikes a balance between meeting current obligations and preparing for future commitments and possible reductions in funding.

Action Plan 1

Capital investment and performance 2013/14

59. Total capital expenditure for 2013/14 was £60.4 million, covering both the housing and general services programmes.
60. The housing programme final outturn of £31.8 million includes:
- £3.4 million on new council house building
 - £2.6 million on work undertaken to meet the Scottish Housing Quality Standards (SHQS)
 - £10.9 million on structural improvement works.
61. The general services programme final outturn of £28.6 million includes:
- £8.8 million on the new Dumbarton Academy
 - £2.6 million on vehicle replacement
 - £1.9 million on road improvements
 - £1.2 million on flood prevention works
 - £1.1 million on ICT modernisation
62. The capital programme was funded as shown in Exhibit 3.

Exhibit 3: Sources of finance for capital expenditure 2010/11 – 2013/14

Description	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Receipts from asset sales	8.9	2.3	2.0	1.7
Revenue contributions	0.0	1.0	1.4	4.9
Government grants / other contributions	7.8	12.6	16.8	14.9
Loans fund borrowing	17.2	17.6	17.8	18.1
Total	33.9	33.5	38.0	39.6

Source: West Dunbartonshire Council Annual Accounts 2010/11 to 2013/14

63. The council has reported an underspend against the planned level of capital expenditure of £21.9 million or 26.6% of the total programme for 2013/14. This is split between the general fund and HRA as shown in Exhibit 4:

Exhibit 4: 2013/14 capital slippage

Service	Budget (£m)	Actual Spend (£m)	Slippage (£m)
Corporate services	2.2	1.6	0.6
Housing, Environmental & Economic Development	20.3	14.1	6.2
Education	15.4	11.4	4.1
Community Health & Care Partnership	2.1	1.5	0.6
Total General Services	40.1	28.6	11.5
HRA	42.2	31.8	10.4 ¹
Total	82.3	60.4	21.9

64. Capital slippage was predominantly caused by delays in the commencement of capital projects with the budget for these reallocated to 2014/15. Specific projects where slippage exceeded £1.5 million were:

- Non-traditional and traditional improvement works (£3.8 million) – due to delays in low rise upgrade works and

¹ Note that £2.4 million of HRA slippage is actually an underspend for SHQS work that was deemed to be no longer required.

Financial position

postponement of works whilst council officers assess future viability of key projects.

- New house builds (£2.5 million) – delays agreeing contractual conditions.
- Our Lady & St. Patricks School new build (£3.7 million) – original recommended site rejected by Educational Services Committee following period of public consultation.

65. Capital slippage has been an area of concern for the council for a number of years - averaging 28.8% between 2007/08 and 2012/13 and peaking at 45.3% in 2012/13. The 26.6% slippage in 2013/14 is a significant improvement on the 2012/13 slippage of £36.8 million against a budgeted £81.2 million. Projections as at 30 June 2014 were that 2014/15 slippage will be £7.1 million (17.9% of planned budget). This provides evidence that the Council's management of the capital programme, in particular the implementation of the 10 year general services capital plan, is improving. However further continuous improvement is required to ensure capital programmes are delivered in a timely manner.

Action Plan 2

Treasury Management

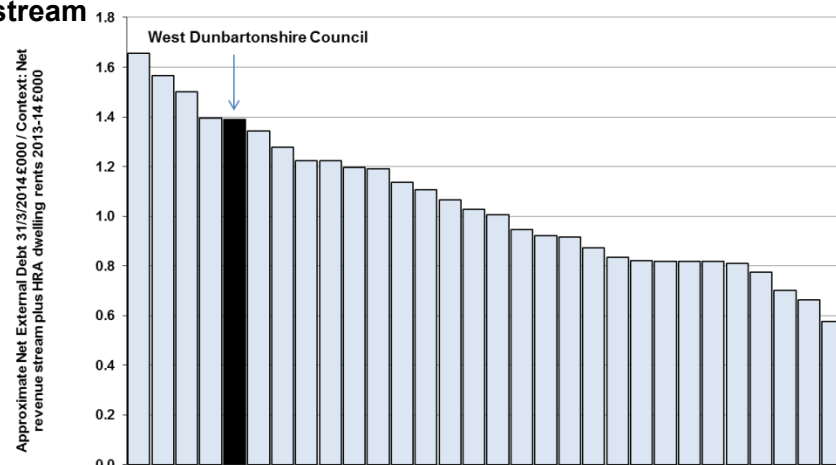
66. High levels of debt may reduce a council's budget flexibility going forward as revenue resource has to be set-a-side to service that debt. The impact that debt levels have on net revenue expenditure will be affected by interest rates and

repayment periods.

67. In the current financial climate, many councils have relatively high levels of internal borrowing, utilising available cash balances and deferring external borrowing. The council's underlying need to borrow or capital financing requirement (CFR) at 31 March 2014 was £346.2 million while net external borrowing² was £2.9 million lower at £343.3 million.
68. As shown at Exhibit 3, almost a half of capital spend in the year was funded through borrowing. The council's level of net external borrowing in 2013/14 has increased by £27.4 million (2012/13: £315.9 million). Exhibit 5 highlights that the council's net debt levels, as a proportion of net revenue stream, continues to be high relative to other Scottish councils.
69. At 31 March 2014 the Council had total borrowings, excluding PPP liability, of £255.2 million (2012/13 £218.2 million), of which 99.8% is at a fixed rate of interest and is repayable over the long term. The council need to ensure it maintains a balance between delivery of the capital programme and strategic objectives with a need to ensure it can service the debt it has incurred.

² Net external borrowing is net of external borrowing, PPP liability, cash & cash equivalents balance and non cash accounting adjustments.

Exhibit 5: Net external debt as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2013/14

70. The council's 2013/14 treasury management strategy took account of projected interest rates over the financial year which advised that variable or short term borrowing would be preferable to medium to longer term fixed interest rates. Continued uncertainty in the financial markets led the council to adopt a cautious approach to treasury management. This approach, combined with market conditions, has resulted in the council's average interest rate on borrowing held at 31 March 2014 reducing from 5.04% to 4.22%.
71. The council sets four treasury prudential indicators which are

designed to protect the council from material financial impact in the event of adverse movement in interest rates. One of these limits is to cap the level of borrowing due to mature within 12 months to 50% of total borrowing. It is noted that, as at 31 March 2014, the council were temporarily in breach of this prudential limit with borrowing due within 12 months being 53.4%. This was due to a council decision to take advantage of relatively low interest rates for short term borrowing to fund the capital programme. The indicators are internally set and we are content that this temporary breach did not place the council at undue risk and that it was a consequence of a prudent approach to debt restructuring.

72. The council took out 13 temporary loans during the year totalling £59.5 million. These were a combination of short term cash management loans of less than one year and longer term loans up to five years in duration. The council's treasury management policy delegates authority for short term loans to treasury management officers however our audit identified that the authorisation process for longer term loans could be improved through the implementation of more formalised procedures.

Action Plan 3

73. Audit Scotland has, on behalf of the Accounts Commission, recently undertook a national review of borrowing and treasury management in councils. This involved discussions with members and officers as well as audit visits to a number of

Financial position

selected fieldwork councils. The review focused on the affordability and sustainability of borrowing and governance arrangements and considered how councils demonstrate best value in their treasury management functions. The national report is planned for publication in January 2015.

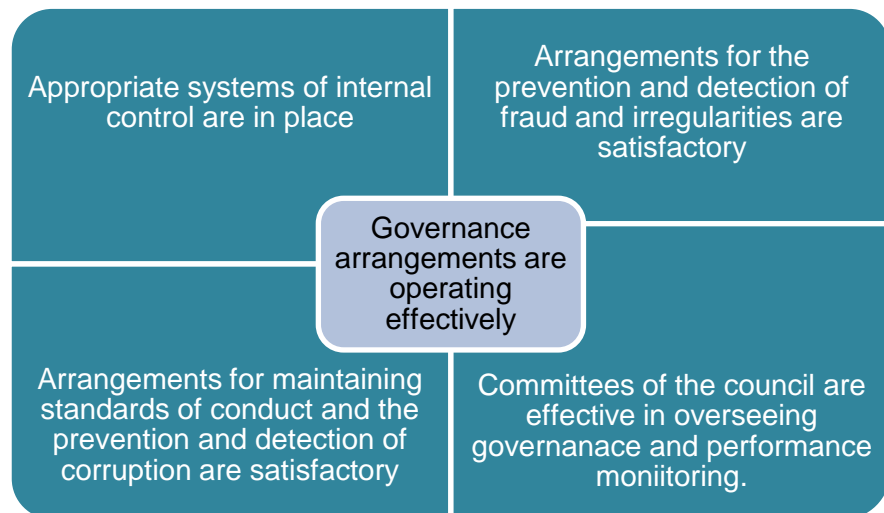
Outlook

- 74. In February 2014 the council approved its budget for 2014/15. The net general services revenue expenditure budget set for 2014/15 is £216.7 million and represents a decrease of 0.9% on that set for 2013/14. (£218.6 million).
- 75. In August 2014, a 2014/15 revenue budget monitoring report presented to the council provided an update on the financial position to 30 June 2014. The report is forecasting a year end adverse variance of £0.7 million (0.3%) for 2014/15 with this predominantly due to a variance in the Community Care & Health Partnership. The report highlights cost pressures in relation to community placements for children in fostering.
- 76. The council's long term financial strategy, last refreshed in August 2014, identifies a cumulative funding gap of £20.6 million by 2017/18. The council have identified a series of savings and management adjustments for 2014/15 and beyond. £5.8 million have been identified for 2014/15 and, as at 30 June 2014, it is projected that £5.1 million will be delivered (slippage of £0.7 million or 12.1%). A series of workshops involving the wider senior leadership team have

been held to identify ways of closing the gap. The strategic framework for delivering for the future will be set out at the council meeting on 29 October 2014. The council are also looking to bring targeted 2015/16 management adjustments forward and deliver them in 2014/15.

- 77. The council will continue to operate in a funding environment which is subject to sustained pressure to deliver more with less. The level of flexibility within expenditure budgets is considerably reduced by the release of cost savings in previous years and debt servicing costs. Continuing to deliver vital public services with a reducing budget will remain a significant challenge for the council.

Governance and accountability



78. Members of the council and the relevant accountable officer are responsible for establishing arrangements for ensuring the proper conduct of the affairs the council and for monitoring the adequacy and effectiveness of these arrangements.

Corporate governance

79. The corporate governance framework within the council is centred on the council, supported by six standing committees.

80. Responsibility for specific matters relating to strategic policy or regulatory issues is predominantly reserved to council or the relevant committee. All powers not specifically reserved to either council or committee are delegated to officers including responsibility for day to day operational matters.
81. The remit of the A&PRC is to scrutinise the development of the council's best value and continuous improvement activity, performance management and audit risk management activity and monitor the council's committees. The A&PRC does not have delegated powers. Any recommendations of the A&PRC will be considered by council or by the appropriate committee.
82. Based on our observations and audit work our overall conclusion is that the governance arrangements within the council are operating effectively.
83. In June 2013 two elected members were reported to the Standards Commission by the Chief Executive. Both cases were heard by an appointed panel of the Standards Commission on 3 June 2014 with the panel determining that both members were in breach of the Councillors Code of Conduct. One member was suspended from all council, committee and sub-committee meetings for a period of nine months, the other for a period of two months. Both suspensions commenced on 6 June 2014.

Internal control

84. As part of our audit we reviewed the high level controls in a number of the council's systems that impact on the financial statements. This audit work covered payroll, cash and banking, council tax collection and trade payables which incorporated procurement processes. Our Review of Governance Arrangements and Main Financial System Report issued in May 2014 highlighted areas for improvement including a review of the management of the council's various bank imprest accounts. However our overall conclusion was that the council had appropriate systems of internal control in place during 2013/14.

Internal audit

85. Internal audit provides members of the council and the Head of Finance & Resources with independent assurance on the overall risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where appropriate
86. Our review of internal audit concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place. We placed formal reliance on

the work of internal audit for non domestic rates billing, treasury management, council tax recovery and enforcement and main accounting/general ledger.

ICT audit

87. In 2012/13, councils had to apply to connect to the Public Services Network (PSN) to allow the sharing of electronic data with other public bodies, such as the Department of Works and Pensions. This entailed complying with the strict security measures of the PSN Code of Connection which, if fully met, resulted in the issue of the annual compliance certificate. The application and approval process is subject to annual review and could result in a disruption to operations and service delivery if there were any non compliance issues.
88. The ICT department has integrated PSN into the ICT Modernising project, and this will incorporate requirements to meet current PSN guidelines. Future PSN requirements will need to be budgeted for separately.

Arrangements for the prevention and detection of fraud

89. The council's arrangements in relation to the prevention and detection of fraud and irregularities were satisfactory.
90. The council participates in the National Fraud Initiative (NFI). The NFI uses electronic data analysis techniques to compare

information held on individuals by different public sector bodies and different financial systems, to identify data matches that might indicate the existence of fraud or error. Overall, we concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

91. The arrangements for the prevention and detection of corruption in the council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Integration of adult health and social care

92. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland. The Act offers some flexibility on the partnership arrangements for the governance and oversight of integrated health and social care services. The integration will be complex and challenging and the council will need to engage at the highest level with the relevant health bodies in its area to ensure that integration is delivered within the required timescales and that the arrangements are functional and fit for purpose.

93. The council have well established integrated community care services for all social work clients. Partnership arrangements with NHS Greater Glasgow and Clyde (NHSGCC) have been in place for a number of years. The Community Health & Care Partnership (CHCP) director and managers reporting to him have employment contracts which support working across both council and NHS services. There is a strong commitment to joint working and providing services in an efficient and effective manner and savings have already been achieved through joint management of services.
94. The November 2013 Community Health & Care Partnership Committee approved the proposals for a Shadow Health & Social Care Partnership (HSCP) ahead of its activation in April 2015. These proposals were approved by full council and the NHSGCC Board in December 2013. A high level transitional work plan to manage the delivery of the new HSCP was approved by the Shadow Integration Joint Board in May 2014.
95. In compliance with the Public Bodies Act the council and NHSGCC are working on their Integration Scheme. This will be submitted to full council and the health board in December 2014 and January 2015 respectively, with it then submitted to the Scottish Government for approval by the end of March 2015. The council are well placed in achieving the deadlines set for integration and have a good track record in delivering joint services.

Welfare Reform

96. The council recognises the impact that the changes to the UK welfare system could have on resources and service provision. 2013/14 was a period of significant change with council tax benefits being replaced by the Council Tax Reduction Scheme and the introduction of the Scottish Welfare Fund. The council has established a Welfare Reform Programme Board (WRPB) which considers the impact of the various welfare reform changes, in terms of the financial impact on individuals affected and the council's finances. The WRPB is also monitoring the effects of welfare reform changes on the council's services, including council tax collection and rent arrears.
97. Total rent arrears have increased in the council. In 2012/13 arrears totalled £2.52 million and these had increased to £2.67 million at 31 March 2014 (an increase of 6%). This is much lower than the average 2013/14 increase across Scotland of approximately 24%. These increases ranged from 5% to 73%. There are various possible reasons for this level of increase including, but not exclusively, the impact of welfare reforms such as reductions in housing benefit due to the removal of the spare room subsidy, the benefit cap, changes to Employment Support Allowance and tax credits.
98. The Discretionary Housing Payment (DHP) Fund can provide additional support to households where a tenant is in receipt of housing benefit but where there is a shortfall between their rent and the amount of housing benefit paid. DHP can be paid to alleviate short term hardship, or to assist those most affected by the welfare reforms, particularly those affected by the size criteria restrictions in the social rented sector.
99. The council used £0.8 million of DHP in 2013/14 to assist with rent arrears in support of a policy to award 100% DHP for cases affected by the spare room subsidy. As a result of welfare reforms the UK government increased DHP funding for DHP for Scottish councils from £4.2 million in 2012/13 to £18.2 million in 2013/14. Furthermore the Scottish Government provided Scottish councils with an additional £20 million of funding in 2013/14 to help mitigate the impact of welfare reforms. It should be further noted that the additional DHP funding provided in 2013/14 is not guaranteed going forward and could revert to levels closer to those in 2012/13. This could create further pressure on tenants and councils relying on DHP funding to assist with rent charges.
100. Councils continue to face uncertainties over the roll out of the Universal Credit and there is the potential for further reforms depending negotiations relating to further devolution of powers to the Scottish Government. These future reforms are likely to make rent collection even more challenging.

Housing and council tax benefits performance audit

101. In June 2014 the Accounts Commission approved the Audit Scotland benefits performance audit annual update report for

2013/14. The report highlights the main areas of risk identified during 2013/14 as well as areas where improvement is being evidenced. The Accounts Commission raised some specific concerns about the performance of benefit services across councils and their capability to deliver improvements going forward including:

- The on-going impact on benefit services from the loss of experienced staff and the difficulty benefit services have in filling vacant positions. This risk is increased by the continuing uncertainty about the timetable for the roll out of Universal Credit.
- The delivery of services to claimants being adversely affected for extended periods during times of change such as the implementation of new systems.

102. The council's benefits service was last subject to a benefits performance audit follow-up risk assessment in July 2013. The overall conclusion of the report was positive. If performance remains satisfactory we will review progress on the council's action plan during the next round of risk assessments in 2015/16.

Outlook

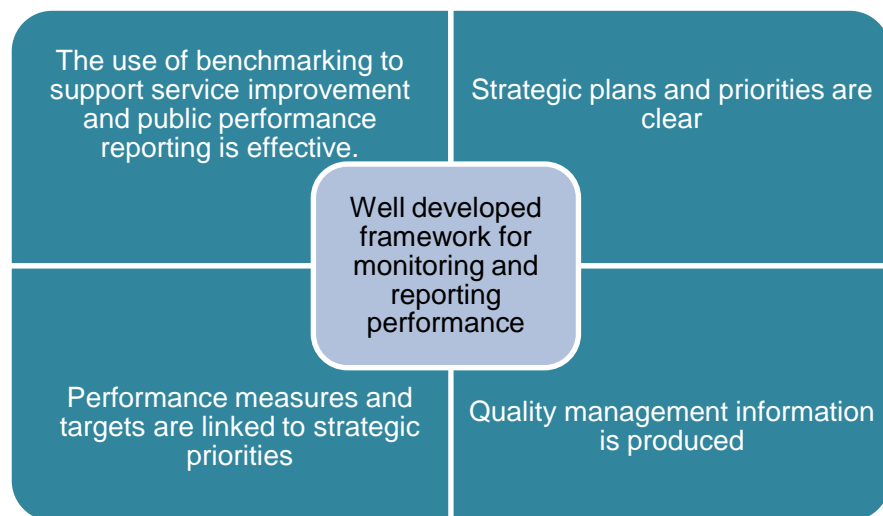
103. Councils continue to face rising demands for services alongside managing major reforms in welfare and health and social care. There is now a greater need than ever for strong governance and leadership. The integration of health and

social care is a complex and challenging process and the council will need to continue to engage at the highest level with partners to ensure that the unified service is in place by the statutory date of 1 April 2016.

104. There are to be major changes in councils' responsibilities for the investigation of fraud. The new Single Fraud Investigation Service (SFIS) is a national fraud investigation service within the Department for Works and Pensions which will take over the responsibility for the investigation of housing benefit frauds. The investigation of the Local Council Tax Reduction Scheme and corporate frauds will remain within councils. There is a risk that councils' arrangements for the prevention and detection of fraud may be weakened due to the loss of experienced investigators to the SFIS. The council have taken steps to manage this risk by retaining all four posts in the Benefit Fraud Team within a newly established Corporate Fraud Team.

105. The political context in 2014 has been particularly challenging with the referendum on Scottish independence. Whatever the conclusions of the Scotland Devolution Commission, a cross party working group tasked with overseeing the devolution of more powers to Scotland, there is the potential for even further change and discussions are likely on local services, governance and accountability.

Best value, use of resources and performance



- 106.** Local authorities have a statutory duty to provide best value in those services they provide directly as well as those provided through agreements with Arms Length External Organisations. This requires continuous improvement while maintaining a balance between quality and cost and having regard to value for money, equal opportunities and sustainability. There is also the duty to report performance publicly so that local people and other stakeholders know what quality of service is being

delivered and what they can expect in the future.

Arrangements for securing Best Value

- 107.** In the 2013-2016 Assurance and Improvement Plan, prepared for the council and issued in April 2013, the reviewing Local Area Network (LAN) confirmed their opinion that any Best Value review should be delayed and reassessed as part of the 2013/14 Shared Risk Assessment (SRA). In May 2014 the LAN remained of the view that there was no requirement for a Best Value review. This reflected the LAN's overall view that the council is continues to make good progress and is taking appropriate action to manage the challenges that it faces.
- 108.** Paragraphs 139-142 provide an update on the issues identified in the AIP update 2014-2017 which was issued in May 2014.

Use of resources

Asset management

- 109.** The council introduced a 10 year capital plan in February 2013 which is subject to an annual refresh and an anticipated full refresh every three years. It was last updated in February 2014. The plan sets out capital projects over the 10 year period with total capital investment of £337.1 million. This will be principally funded by government grants and prudential borrowing.
- 110.** The Council refreshed their capital budget monitoring process

Best value use of resources and performance

during 2013/14. Feedback received on the new reports highlighted they contained excessive information and, consequently, the quality control process before finalising reports was onerous and not identifying errors. The reports were reformatted to provide a better focus on projects graded red or amber in terms of projected overspend or delay, and highlight identified issues, mitigating action and the anticipated outcome. The new reports were first presented to council in August 2014. Early indications are that the new reports are providing elected members with clearer, more focused information enabling better monitoring of capital projects.

Office Rationalisation Project

- 111. In June 2014 the council approved an office rationalisation project which included a new office in Dumbarton Town Centre and refurbishment of other existing sites. The capital cost of the project has been estimated at £19.3 million with a projected £1.3 million annual average savings over a 40 year period.
- 112. The proposed site incorporates a significant amount of common good land which may require an action of declarator to ascertain judicially the council's right to change the use of the site. The council are projecting that this clarification should take place between September 2014 and October 2015. The project timeline highlights that, during this same period, the council intend to carry out the detailed design and approve the final design. There is a risk of incurring costs on the design phase whilst there is uncertainty over the use of the site.

Risk management

- 113. The revised risk management strategy and framework was approved by the Corporate Services Committee in November 2013. The strategy applies to all risks (i.e. strategic, service, project or partnership) and separate risk registers are available for each of these risk types.
- 114. The council's Strategic Plan 2012/17, agreed in September 2012, identifies six strategic risks which are subject to review every six months. Each risk is mapped to existing internal controls designed to reduce the risk of crystallisation or the impact should the risk materialise. Department and service risks are embedded into service planning arrangements, and have been developed in line with departmental plans.

Procurement

- 115. In 2009 the Scottish Government introduced an annual procurement capability assessment (PCA), to assess all public bodies' purchasing activity and promote improvement. Since scoring 17 per cent and being graded as 'non-conformance' in the 2010 PCA, the council has demonstrated a commitment to improving their approach to procurement. The 2013 assessment scored the council at 58 per cent placing the council in the 'improved performance' category. The next PCA is due in November 2014.
- 116. The council's procurement manager resigned in September 2014. The council moved quickly to recruit a replacement and

Best value use of resources and performance

a successful applicant has been offered the post. A start date is currently being finalised.

Partnership working

- 117.** The council has confirmed its intention to participate in the £1.13 billion Glasgow and Clyde Valley City Deal initiative which will be used to fund major infrastructure projects, drive innovation and address challenges in the labour market across eight participating local authorities. The funding, to be provided over a 20 year period, comprises £500 million from both the UK and Scottish Government, and £130 million from the participating councils. The City Deal is made up of 20 named projects including the Glasgow Airport Rail Link and SPT bus improvement linkage projects. West Dunbartonshire's project is the £27.9m development of the EXXON site in Bowling. It is expected that work could start in 2016 with completion in 2022.
- 118.** Due to the multi authority working arrangements sound project management arrangements should be developed to monitor delivery of this complex and large scale project.

Workforce management

- 119.** The Corporate Services Committee approved a Workforce Planning Strategy & Framework in November 2013. The strategy provides a structured framework to facilitate a consistent approach to planning across all departments. It was developed in partnership with the trade unions and was used

by departments as part of the 2014/15 planning process.

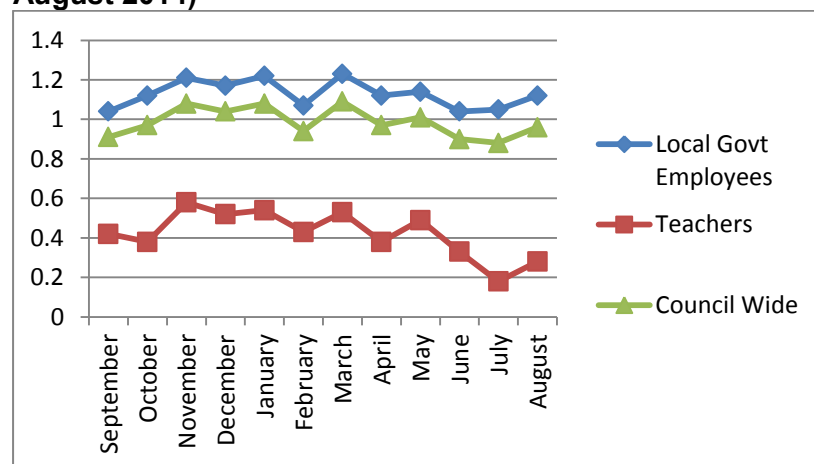
- 120.** A council wide workforce plan was approved by the Corporate Services Committee in May 2014. The plan provides a link between key council policies and the projected impact these will have on the council's future workforce requirements. It also summarises the key issues that will impact on the council's workforce. These issues are explored further within departmental workforce plans.
- 121.** Improving attendance at work continues to be an area of significant focus for the council. The council has set challenging targets that, by 2017, days lost for local government employees will have reduced to 7 days full time equivalent (FTE) and to 5.5 days for teachers. An Attendance Working Group has been established and focus groups were arranged in June 2014 to help identify activities aimed at delivering against these targets.
- 122.** Exhibit 6 below shows how the total FTE days lost per FTE employee has varied between September 2013 and August 2014. This highlights a general improvement in teacher attendance from a peak in November 2013 however it is noted that the main period of improvement is during the school summer holidays. There is no clear improvement for local government employees where absence rates have remained broadly in line with an average of 1.1 FTE days lost per FTE employee each month. It is recognised that 2013/14 did see significant improvement in specific areas such as corporate

Best value use of resources and performance

services and educational services support staff however there are still high absence levels within CHCP and Housing, Environment and Economic Development (HEED).

Action Plan 4

Exhibit 6: Total FTE Days Lost per FTE Employee (Sept 2013-August 2014)



Source: West Dunbartonshire Council absence statistics

Performance management

123. The council has a corporate self-evaluation model in place which is based on the Public Service Improvement Framework (PSIF). It operates in conjunction with more service specific self-evaluation activity in areas such as education (Validated Self Evaluation) community learning & development and the CHCP specific PSIF programme.

124. A pilot programme across four service areas within Corporate Services was carried out between May and December 2013. This was also shadowed by the Strategy team within HEED to facilitate wider application of the self-evaluation process. This identified a range of benefits and also areas where further development would better enable the sharing of best practice and effective processes across the organisation. The following improvement actions have been implemented which are designed to embed self-evaluation across the council:

- integrate self-evaluation within the council's strategic planning process
- refine the questions set to reflect the local context for services
- develop a manager's improvement toolkit
- embed self-evaluation and continuous improvement in manager development programmes.

125. The council's self evaluation model is now supported by the corporate & community planning team which ensures it sits fully within the Strategic Planning & Performance Framework used by all council departments.

126. The council's priorities set out in its strategic plan for 2012-17 are supported by a series of objectives. The council assess progress against these objectives using a range of performance indicators (PIs) which are a combination of PIs established by the Local Government Benchmarking Framework (LGBF) and ones developed by the council. This is

Best value use of resources and performance

reported in the council's public performance report (PPR) 'Measuring Up?' The council intend to expand 'Measuring Up?' into an annual performance report which details an assessment of performance against targets and the alignment of indicators to the council's strategic priorities.

127. We are satisfied that appropriate performance management arrangements were in place within the council for 2013/14.

Overview of performance targets in 2013/14

128. As described at paragraph 126 the council have established PIs to monitor their progress toward delivering their strategic priorities. There are three overarching priorities, supported by 11 objectives and 38 PIs identified to monitor progress. In 2013/14:
- 22 (58%) of the strategic PIs were met or exceeded target
 - 5 (13%) missed targets marginally
 - 4 (11%) missed target significantly
 - 4 (11%) could not be assessed as year end data was not available at the time of reporting
 - 3 (8%) were 'data only indicators' which have no target set.
129. In the majority of cases where targets have been met the council have set more challenging targets in 2016/17. This reflects a culture of seeking continuous improvement.
130. Areas of particularly strong performance include:

- Continued positive inspection reports for educational establishments
- Attendance at indoor sports and leisure facilities
- Positive engagement with local citizens and communities.

131. The four PIs where the target was missed significantly were:

- Number of new build social housing for rent
- Percentage of municipal waste collected that was recycled (and composted)
- Percentage of child protection referrals to case conference within 21 days
- Average number of working days lost per employee through sickness absence for all local government employees.

132. For each of these areas for improvement the council either has ongoing initiatives in place targeting improved performance or are in the process of reviewing performance.

Statutory performance indicators

133. The Accounts Commission has a statutory power to define performance information that councils must publish locally and it does this through its annual Statutory Performance Information Direction. Since its 2008 Direction, the Accounts Commission has moved away from specifying individual indicators and has focused on public performance reporting and councils' requirement to take responsibility for the performance information they report.

Best value use of resources and performance

134. The audit of Statutory Performance Indicators (SPIs) in 2013/14 is a two stage process. The first stage requires auditors to ascertain and appraise councils' arrangements for public performance reporting and the completion of LGBF indicators. This focuses on three SPIs namely :
- SPI 1: covers areas of corporate management such as employees, assets and equalities and diversity
 - SPI 2: covers service performance
 - SPI 3: relates to the reporting of performance information as required by the LGBF.
135. The second stage involves an assessment of the quality of the information being reported by the council to the public. An evaluation of all Scottish Local Authorities' approaches to PPR has been carried out by Audit Scotland's Performance Audit and Best Value section, the results of which were reported to the Accounts Commission in June 2014. This highlighted the extent to which council's PPR material either fully, partially or did not meet the criteria used in the evaluation. The results for the council were 44% fully, 56% partially and 0% not meeting.
136. The council has shared the evaluation with their performance staff and are using it to inform the development of the 2013/14 'Measuring Up?' report. A further evaluation of councils' approaches to PPR is due to be carried out by Audit Scotland in spring 2015.
137. The council have established procedures and a timetable to collect performance information to cover the 142 SPIs relating

to areas of corporate management, service performance and those required by the LGBF. PIs are allocated to relevant departments with personnel nominated within each department to take responsibility for collection of the data and updating the council's performance management system, Covalent. The councils internal audit team have implemented a cyclical audit process which is designed to ensure all PIs are subject to audit over a four year period.

138. A 2013/14 year-end progress report on SPIs 1-3 was presented to full council on 25 June 2014. It highlighted that, of the 142 SPIs
- 75 (53%) met or exceeded target
 - 38 (27%) missed targets marginally
 - 16 (11%) missed target significantly
 - 8 (6%) could not be assessed as year end data was not available at the time of reporting
 - 5 (4%) were either a 'data only indicator' or targets were still being developed as 2013/14 was a baseline year.

Assurance and improvement plan 2014-17

139. The AIP covering the period 2014 to 2017 is the fifth AIP for the council prepared by the LAN since the introduction of the SRA process. This was submitted to council in April 2014 and has been published on Audit Scotland's website.
140. No areas within the AIP were risk assessed as requiring

Best value use of resources and performance

specific scrutiny. The following areas were assessed as requiring further information:

- Housing & Homelessness – the Scottish Housing Regulator wished to monitor progress against the findings of its enquiry carried out in 2013.
- People Management – auditors agreed to monitor development of workforce plans and progress reducing absence levels.
- Efficiency - auditors agreed to monitor the delivery of efficiency savings.

141. The council has progressed all three of these areas through:

- Housing & Homelessness – Taking action to improve rent collection rates, progressing activity to met the Scottish Housing Quality Standard by 2015, refreshing the housing asset management plan and developing the 2015/2020 HRA Capital Plan.
- People Management – Embedding workforce planning and developing strategies to reduce absence levels. Refer to paragraphs 119-122 for more detail.
- Efficiency – Improving reporting of efficiency savings to elected members and updating long term financial strategy. Refer to paragraphs 26 and 76 for more detail.

142. We have highlighted concerns at the rate of progress regarding absenteeism at paragraph 121-122. Otherwise we are satisfied with the progress made to date by the council on these three

issues and will revisit these areas as part of the SRA process for 2014/15.

Local performance audit reports

143. In June 2011, Audit Scotland, published a national report entitled '*Arm's-Length External Organisations (ALEOs): Are you getting it right?*' This report set out good practices to be considered by councils when setting up and operating ALEOs.

144. In 2013/14, we carried out a targeted follow-up review to provide the Accounts Commission with a position statement on councils' use of ALEOs and, in particular, assess what progress had been made subsequent to the publication of the 2011 report. This work will inform the Accounts Commission's consideration of ALEOs in the context of the public sector audit model. This work focused predominantly on the establishment of the West Dunbartonshire Leisure Trust (the Trust). We concluded that the council:

- carried out a robust options appraisal process before deciding to create the Trust
- procured external services to create a business case for establishing the Trust
- submitted an options appraisal to the HEED committee
- were clear about its reason for delivering services through the Trust.

145. In March 2013, Audit Scotland, published a national report

Best value use of resources and performance

entitled '*Major capital investment in councils.*' This was a comprehensive review of major capital projects over £5 million and focused on how well councils direct, manage and deliver capital investments. The report contained 14 recommendations, a good practice guide and a good practice checklist.

146. In 2013/14, we carried out a follow-up to determine whether:

- the recommendations from the report been considered and effectively implemented
- councils have sustainable capital investment plans which reflect strategic priorities
- elected members provided with sufficient information to support effective scrutiny and decision-making.

147. The follow-up also considered the extent to which councils are using the good practice guide and checklist to help improve the management and delivery of their major capital projects and programmes and support effective scrutiny of plans. The work did not cover how capital projects are funded in detail. This will be covered in part by the forthcoming performance audit '*Borrowing and treasury management in local government.*'

148. Our overall conclusion was that, after a period of relative inactivity in terms of forward planning for capital investment, the council are now making good progress to ensure that capital investment is considered on a longer term basis. They responded well to the report, made it available to members, considered their own position against the recommendations

made in it and are using it to further improve their processes. We did highlight some areas where further improvements could be made. In particular:

- clearer links between the long term capital plan, investment and outcomes
- development of a capital programme risk register
- more clearly defined project benefits to justify the investment and provide a benchmark against which progress can be measured.

National performance audit reports

149. The council regularly reports the findings from our national performance audit reports to members including, where appropriate, an assessment of current arrangements against good practices and the agreement of actions to ensure further improvements. We have also been invited to attend Elected Member's briefings to present two reports issued in year. A summary of national performance audit reports, along with local audit reports, is included in Appendices I and II.

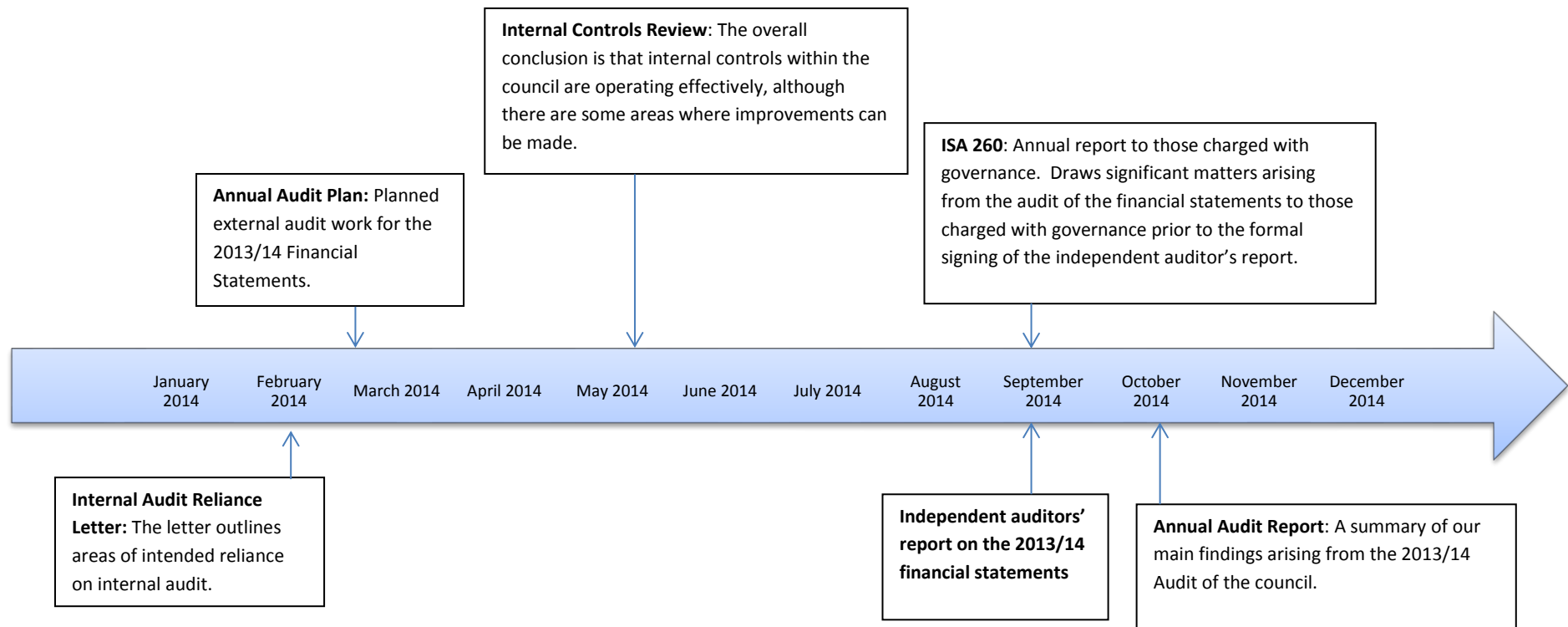
Outlook

150. In common with other councils, the council faces the key challenges of reducing budgets, an aging population with higher levels of need and the public expectation of high quality services. Savings have been made in recent years largely by reductions in the workforce. However as choices on how to

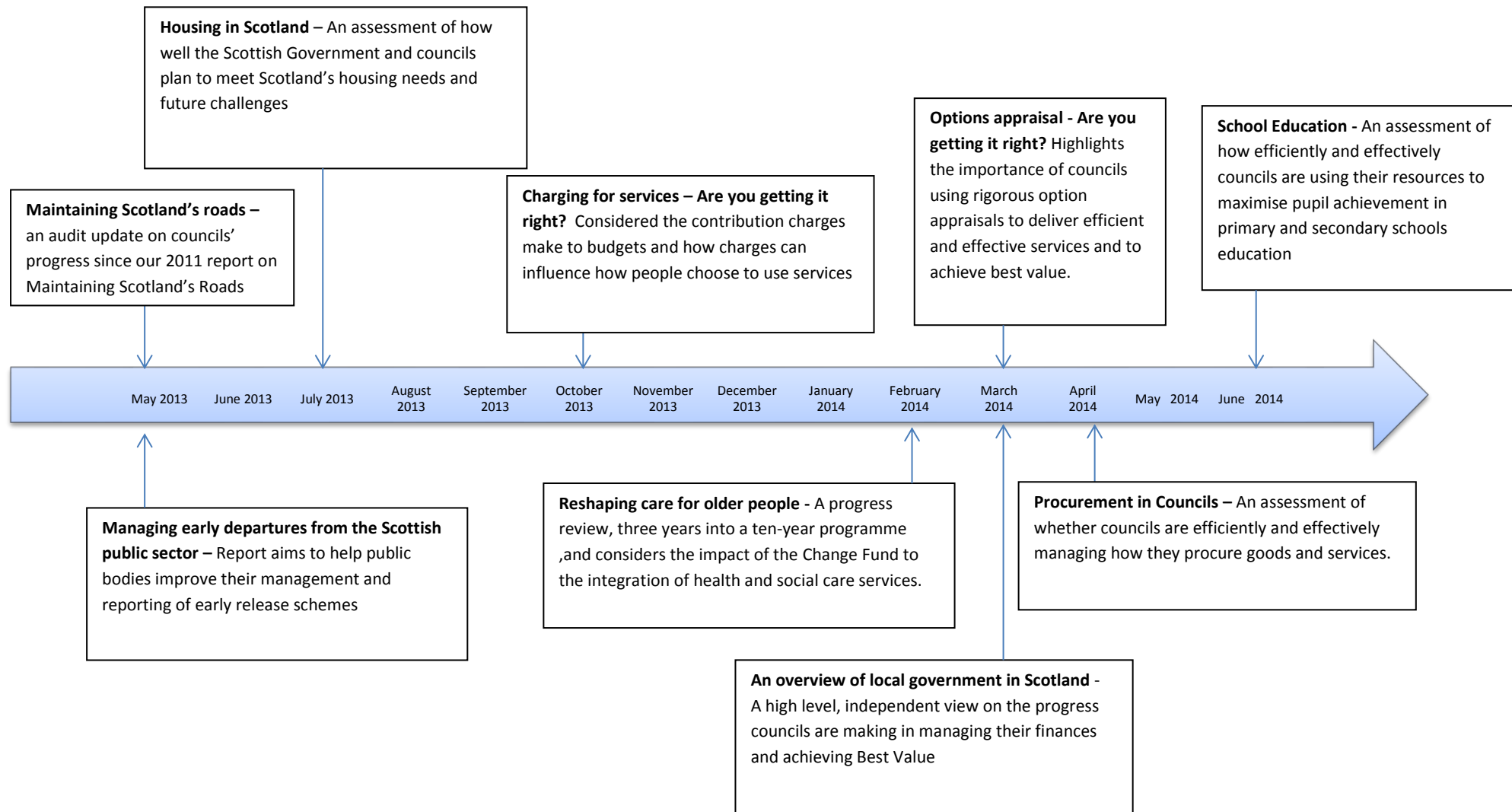
Best value use of resources and performance

address funding gaps becomes increasingly difficult, councils will have to focus on making the best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities.

Appendix I – Summary of West Dunbartonshire Council local audit reports 2013/14



Appendix II – Summary of Audit Scotland national reports 2013/14



Appendix III – Significant audit risks

The table below sets out the key audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure
<p>Managing financial pressures</p> <p>The council may fail to deliver their agreed savings options and close their cumulative budget gap.</p>	<p>We monitored the delivery of savings and the financial position of the council by reviewing the budget monitoring reports presented to members throughout the financial year. Refer to paragraphs 26 and 76.</p>
<p>Clydebank Rebuilt / Clydebank Property Company</p> <p>The council may not achieve best value for the resource invested. The acquisition of the assets might not be appropriately disclosed in the financial statements.</p>	<p>We monitored developments through discussions with relevant council officers and assessed the disclosure of the relevant transactions and council decisions in the 2013/14 financial statements. Refer to paragraph 46.</p>
<p>Welfare reform</p> <p>The Council may not effectively mitigate the impact of Welfare Reform Act 2012 on individuals directly affected and the wider delivery of council services.</p>	<p>We monitored developments through discussions with relevant council officers and review of relevant council minutes. Refer to paragraphs 96-100.</p>

Appendix III – Significant audit risks

Audit Risk	Assurance procedure
<p>Scottish housing quality standards (SHQS)</p> <p>The Council may fail to meet the SHQS by 2015 and rent increases may lead to a rise in rent arrears.</p>	<p>We monitored progress toward meeting the SHQS through discussions with relevant council officers and review of relevant council minutes. We also reviewed the impact of welfare reform on rent arrears. Refer to paragraph 141.</p>
<p>Net debt</p> <p>High levels of debt servicing may have an adverse impact on the delivery of Council initiatives.</p>	<p>We reviewed the council's net external debt at 31 March 2014 as a proportion of net revenue stream. Refer to paragraph 66-72.</p>

Appendix IV – Action plan

Action plan point/ para ref	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
1/14	<p>Usable Reserves</p> <p>The council has the fourth lowest usable reserves position in relation to net revenue stream out of the 32 Scottish local authorities.</p> <p>Risk</p> <p>The council may not have sufficient reserves to protect itself against unforeseen events or reductions in future funding.</p> <p>Recommendation</p> <p>The council should consider whether its current policy on holding unallocated reserves provides a balance between meeting current obligations and preparing for future commitments.</p>	The revised long term Finance Strategy was reported to Members in August 2014. In setting the budget for 2015/16 and indicative budgets for 2016/17 & 2017/18 Members will have the opportunity to budget to increase reserves.	Head of Finance and Resources	28 February 2015
2/16	<p>Capital Slippage</p> <p>The council's management of their capital programme is showing signs of improvement with capital slippage decreasing to 26.6% from a five year peak of 45.3% in 2012/13. However further improvement is required.</p>	The council will review its current capital management process with a view to developing a Capital Risk Register and more defined project benefits.	Strategic Asset Management Group Chair	31 August 2015

Appendix IV – Action plan

Action plan point/ para ref	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
	<p>Risk</p> <p>Capital programmes and associated service improvements may not be delivered in a timely manner.</p> <p>Recommendation</p> <p>The council should develop their approach to capital programme management including development of a capital programme risk register and more clearly defined project benefits.</p>			
3/17	<p>Treasury Management</p> <p>The council continue to have high levels of debt in comparison with other Scottish local authorities and we note that authorisation procedures for loans in excess of one year could be improved through the implementation of more formalised procedures.</p> <p>Risk</p> <p>Servicing of debt may pre-empt the best use of the council's finances.</p>	<p>It should be noted that the council's debt levels include PPP debt, which not all councils have.</p> <p>The council will review its Treasury Management processes for authorising loans in excess of 1 year and develop more formalised processes.</p>	Finance Manager	31 December 2014

Appendix IV – Action plan

Action plan point/ para ref	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
	Recommendation The council should review its processes for authorising loans and ensure a balance is struck between delivering strategic objectives and incurring further debt.			

Appendix IV – Action plan

Action plan point/ para ref	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
4/27	<p>Sickness Absence</p> <p>The council are continuing to focus on improvement attendance at work and have set challenging targets to be achieved by 2017. Whilst there has been some improvement in teacher attendance in the past 12 months there has been no clear improvement in local government employee attendance.</p> <p>Risk</p> <p>The Council are not achieving best value from the staff resources available to them.</p> <p>Recommendation</p> <p>The council should consider the effectiveness of current activity and continue to seek new approaches to decrease absenteeism.</p>	<p>Work is currently ongoing within all council departments to ensure that the attendance management policy is consistently and effectively applied and that good practice in relation to improve levels of attendance is shared.</p> <p>The Attendance Working Group consider the effectiveness of current activity and continue to seek new approaches to support managers and decrease absenteeism</p> <p>Workforce Management System functionality will be enhanced to provide more detailed recording and reporting of absences and of management actions taken.</p> <p>A renewed communications campaign will be launched to increase awareness amongst staff.</p>	Head of People and Transformation	<p>Ongoing</p> <p>Ongoing</p> <p>On a phased basis until March 2017</p> <p>On a phased basis until March 2017</p>

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 10 December 2014

Subject: Internal Audit Plan 2014/15 Progress Report to 30 September 2014

1. Purpose

- 1.1** The purpose of this report is to advise Members of the work undertaken by the Internal Audit Section against the Audit Plan 2014/15.

2. Recommendation

- 2.1** It is recommended that the Committee note the contents of this report.

3. Background

- 3.1** In accordance with the Annual Audit Plan, Internal Audit report to Members on the work completed by the Section on a quarterly basis. The progress report to 30 September 2014 (quarter 2 2014/15) is attached at Appendix A.

4. Main Issues

- 4.1** There are variances from the planned programme of work reported at this stage of which the most significant is an adverse variance of 184 days for leave (comprises annual leave / public holidays / sickness absence / special leave). This is principally due to 230 days of absence arising from long term sickness. Work for the remainder of the Audit Plan for 2014/15 is being prioritised to ensure that the programme of risk based audits can be completed.
- 4.2** The variance of 42 days for staff turnover relates to voluntary early retirement. As part of the continuous review of service, two posts have now been deleted from the structure with the remaining resource in place continuing to provide the appropriate level of audit assurance.
- 4.3** The Benefits Fraud Team will be transferred to join Internal Audit from 1 April 2015. This will enable a joined-up approach to fraud detection and will gradually see the WDC fraud team shift focus more onto corporate fraud areas.

5. Personnel Implications

- 5.1** The audit team is now around the same size of teams in other similar-size authorities.

6. Financial Implications

6.1 There are no financial implications.

7. Risk Analysis

7.1 There is a risk that failure to deliver sufficient of the Internal Audit Plan would result in an inability to provide assurances over the Council's system of internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk based systems audits. Every endeavour is made to ensure that no material slippage occurs in risk based systems audits by concentrating resources on these audits.

8. Equalities, Health & Human Rights Impact Assessment

8.1 EIA is not appropriate to this report.

9. Consultation

9.1 This report has been subject to a check by Legal, Democratic & Regulatory Services.

10. Strategic Assessment

10.1 This report relates to "Assuring Our Success through strong financial governance and sustainable budget management".

.....
Angela Wilson
Executive Director of Corporate Services
Date: 19 November 2014

Person to Contact: Colin McDougall, Audit and Risk Manager
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E-mail – colin.mcdougall@west-dunbarton.gov.uk

Appendices: A – Internal Audit Quarterly Report to 30th June 2014

Background Papers: Audit & Performance Review Committee – 12th March 2014: Internal Audit Plan 2014/15.

Wards Affected: N/A

WEST DUNBARTONSHIRE COUNCIL**Appendix A****INTERNAL AUDIT SECTION****PROGRESS REPORT FOR THE PERIOD 1ST APRIL 2014 TO 30TH SEPTEMBER 2014**

CATEGORY	PLANNED TIME (DAYS)	ACTUAL TIME (DAYS)	VARIANCE (DAYS)
Risk Based Audit	220	163	57 F
Computer Audit	45	46	-1 A
Development	45	24	21 F
Investigations	148	109	40 F
CRSA/Regularity	48	15	33 F
Corporate Governance	45	22	23 F
Follow Up	18	17	1 F
Year-End Procedures	10	10	0 -
Performance Indicators	13	10	3 F
Financial Services/Grant Claims	12	6	6 F
Pub.Int.Disc/Contingency/NFI Admin/FOI	27	14	13 F
Administration / Staffing	44	45	-1 A
Management & Planning	49	25	24 F
Training / Staff Development	41	34	7 F
Leave (including sickness absence)	161	345	-184 A
Staff Turnover	0	42	-42 A
TOTAL	926	926	0

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 10 December 2014

Subject: Audit Action Plans

1. Purpose

1.1 The purpose of this report is to advise the Committee of:

- Recently issued Internal Audit action plans; and
- Progress made against action plans previously issued contained within Internal Audit and External Audit reports.

2. Recommendations

2.1 It is recommended that Members consider and note the contents of this report.

3. Background

3.1 When audit reports are issued by External and Internal Audit departmental management agree an action plan in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored and reported to the Audit and Performance Review Committee.

4. Main Issues

4.1 Appendix A contains Internal Audit action plans recently agreed and issued. Appendix B details the outstanding actions on previously issued Internal Audit reports. Appendix C details the outstanding actions for External Audit reports.

5. People Implications

5.1 There are no personnel issues with this report.

6. Financial Implications

6.1 There are no financial implications with this report.

7. Risk Analysis

7.1 The key areas of work performed by both Internal Audit and External Audit are carried out according to a risk based approach that

determines the nature, extent and timing of the required audit assignments.

- 7.2** Recommendations have timescales for completion in line with the following categories:

Category	Expected implementation timescale
<u>High Risk:</u> Material observations requiring immediate action. These require to be added to the department's risk register	Generally, implementation of recommendations should start immediately and be fully completed within three months of action plan being agreed
<u>Medium risk:</u> Significant observations requiring reasonably urgent action.	Generally, complete implementation of recommendations within six months of action plan being agreed
<u>Low risk:</u> Minor observations which require action to improve the efficiency, effectiveness and economy of operations or which otherwise require to be brought to the attention of senior management.	Generally, complete implementation of recommendations within twelve months of action plan being agreed

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues identified.

9. Consultation

- 9.1** This report has been subject to a check by Legal, Democratic & Regulatory Services.

10. Strategic Assessment

- 10.1** This report relates to Assuring Our Success through strong financial governance and sustainable budget management.

.....
Angela Wilson
Executive Director of Corporate Services
Date: 26 November 2014

Person to Contact: Colin McDougall, Audit and Risk Manager
Telephone 01389 737436
E-mail – colin.mcdougall@west-dunbarton.gov.uk

Appendices: A - Internal Audit Reports (Recently Issued)
B - Internal Audit Reports (Previously Issued)
C - External Audit Reports

Background Papers: Internal Audit Reports
External Audit Reports






Wards Affected: All Wards

Appendix A


Internal Audit Reports (Recently Issued)

Generated on: 26 November 2014



Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Project 75. Leavers and Transfers - (Report Issued November 2014)






Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Agree the high level Payroll risk and update Covalent</u> Management should determine a suitable high level Payroll risk such that it is formally recorded and monitored through Covalent in liaison with the Risk Management Section (Low Risk).	A detailed risk register already exists for Payroll. Management will agree a suitable high level risk and liaise with Risk Management to ensure this is entered into Covalent for future monitoring.		<div><div>75%</div></div>	31-Jan-2015	31-Jan-2015	Arun Menon	This action is progressing to plan. A detailed risk register already exists for Payroll and management will agree a suitable high level risk and liaise with Risk Management to ensure this is entered into Covalent for future monitoring.

Appendix B





Internal Audit Reports (Previously Issued)

Generated on: 26 November 2014





Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Project 60. Procurement Corporate Function 13-14 (Report Issued December 2013)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
1. Procurement Risk Register The action identified to mitigate the risk of suppliers failing to perform to agreed standards should be implemented ie. Implement strategic sourcing toolkit. Low Risk	Agreed. This is an action in our 2013/14 Service Plan and development and delivery will continue into 2014/15.			31-Dec-2014	31-Dec-2014	Stephen West	The supplier relationship management policy and process was developed last year and approved in March 2013. This is now being rolled out to all departments and key strategic suppliers are being selected to work with. This action will carry into 2014/15.
2. Monitoring of Procurement Spending Procurement should monitor the volumes / quantities of goods procured in order to assess levels of demand and investigate instances of increase.	At the moment this is done as and when a tender is being developed for market. We have an action in our 2013/14 Service Plan to develop reports in this area and this will			31-Dec-2014	31-Dec-2014	Stephen West	As noted in the report comments, this is part of the tender process for each area and will be done at the point of each tender. The remaining aspect is to develop a report from the system which shows the demand. This action will

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
Low Risk	continue into 2014/15.						carry into 2014/15.






Project 61. CHCP Excursions S.014.13 (Report Issued December 2013)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Excursions Policy</u> CHCP should participate in a working group to produce a policy to comply with the framework published by the Scottish Government and record the associated risk. (Medium Risk)	CHCP will participate in a working group to produce a policy to comply with the framework published by the Scottish Government.			31-Dec-2014	31-Dec-2014	John Hamilton	The remit of the excursions group has now widened with the Council's Risk Management section driving it and Educational Services supporting. This means this action will subsume action CS/IAAP/272. Two writing workshops have been held and a third is planned to develop the draft policy for release in early December.


Appendix C External Audit Reports



Generated on: 26 November 2014





Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

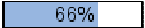


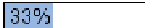

Project 13. Annual Report on the 2011/12 Audit

Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
10. Scottish Housing Quality Standards: The Council have a duty to ensure 100% of housing stock complies with SHQS by 2015. Retention of the housing stock affords greater control over delivery of SHQS but also creates	<div><div>88%</div></div>	31-Mar-2015	31-Mar-2015	CS/EAAP/098a	In agreeing to retain the Council's housing stock, members were presented with details as to the level of investment to fund the achievement of SHQS and the expected levels of rent increases required to pay for the borrowing required to fund the improvements. Progress towards achieving SHQS will be monitored by HEED and the Chief Executive.	<div><div>83%</div></div>		31-Mar-2015	Helen Turley	The Council has reported 83% compliance with the SHQS which is 8% ahead of the target (75%) and is reflective of a proactive strategic approach to housing asset management.




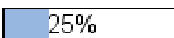
additional financial pressure on the Council. Risk: The Council may fail to meet the SHQS 2015 deadline.				CS/EAAP/098b	In addition the HRA capital plan is aligned to the achievement of SHQS on time and linked to the expected performance improvement arising from the use of flexible framework contracts it is expected that SHQS will be attained on time.	<div><div>83%</div></div>		31-Mar-2015	Helen Turley	Stock Condition Survey completed and incorporated into HRA Capital Plan to 6 February 2014 Council.
				CS/EAAP/098c	CMT monitors progress in relation to the capital plan on a regular basis and this is also regularly reported to HEED Committee and Council.	<div><div>100%</div></div>		31-Mar-2015	Richard Cairns	Reports to SAMG/SMT and then to CMT.

Project 15. Annual Report on the 2012/13 Audit

Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
4. Financial Pressure: The Council currently has an assumed cumulative funding gap of £21.68 million over the period 2013/14 - 2016/17 and continues to face an increase in demand for services due to the current economic climate and changes in demography. Risk: The Council may not be able	<div><div>82%</div></div>	31-Aug-2016	31-Aug-2016	CS/EAAP/117a	The Long Term Financial Strategy going to Council on 30 October 2013 asks CMT to identify efficiencies for forward planning to meet the anticipated gap.	<div><div>100%</div></div>		30-Oct-2013	Stephen West	Updated Long Term Financial Strategy provided to and agreed by Council on 30 October 2013.
				CS/EAAP/117b	Updates of the Long Term Financial Strategy will be presented to Council on at least an annual basis to update the projections as new information becomes available.	<div><div>25%</div></div>		31-Aug-2016	Stephen West	Long Term Financial Strategy provided to Council on 30 October 2013. Further updates will be provided on an ongoing annual basis.




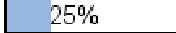
to generate efficiencies and savings to bridge the funding gap.										
<p>6. Rent Arrears: The Council have the fifth highest gross housing rent arrears as a proportion of HRA dwelling rents in Scotland. This is likely to be further impacted by welfare reform and the rent increases required to fund the capital programme designed to meet the SHQS by 2015.</p> <p>Risk: Escalation of rent arrears may lead to a significant loss of income and jeopardise delivery of the HRA capital programme.</p>		04-Feb-2015	04-Feb-2015	CS/EAAP/119a	The position of rent collection will be monitored and reported as part of the regular budgetary control process.			30-Nov-2013	Stephen West	Rent collection is reported to HEED Committee and Council as part of Budgetary Control report on HRA revenue account on a regular basis. The rent collection performance is considered in relation to the income and bad debt provision position.
				CS/EAAP/119b	The expected impact of welfare reform will be provided for within new revenue budgets for the HRA					Work on producing the HRA budget for 2014/15 and onwards has commenced and is progressing well. This process includes consideration of likely impact of welfare reform on ability to collect rents. This will continue into future years.



Project 16. WDC 2013/14 Review of Governance Arrangements and Main Financial Systems Report. Issued June 2014.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>5. Bank Imprest Accounts</u> The Council has 140 imprest accounts held with five different banks and a further 33 petty cash holdings which are not held in a bank. Sample testing has highlighted concerns about compliance with Council practice in relation to:</p> <ul style="list-style-type: none"> - the financial institutions selected to hold some of these accounts - the naming convention for accounts - discrepancies in the authorised signatory list <p>Consideration should be given to performing a detailed review of the management of imprest accounts as part of the 2014/15 Internal Audit plan.</p> <p>Risk: There are insufficient controls in place to safeguard Council funds held in imprest accounts.</p>	<p>A full review of the current policy will be carried out. The 140 imprest accounts will also be review to ensure the title on the account and the signatories are correct. Departments will be reminded of their responsibility to ensure they advise Finance of any changes to their signatory list. Thereafter, an annual housekeeping exercise will be introduced to validate the accounts.</p>		 95%	31-Oct-2014	31-Oct-2014	Karen Shannon	Further action taken to finalise the outstanding returns from establishments that have not completed the forms to amend records.
<p><u>13. Disaster Recovery Plan (R)</u> The ICT department has produced a high level disaster recovery plan however further work is required to complete the supporting documentation which underpins the overall plan.</p>	<p>Underlying technology at WDC is changing and the DR plan will be produced to reflect the changing environment.</p>		 25%	30-Jun-2015	30-Jun-2015	Brian Miller	July 14. A change to the due date has been agreed with External Auditor as the underlying technical infrastructure will change as part of the ICT Modernisation project delivery.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
Risk: The Council might not be able to protect and/or recover their ICT infrastructure in the event of a disaster.							

Project 17. Annual Report on the 2013/14 audit

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1. Usable Reserves</u> The council has the fourth lowest usable reserves position in relation to net revenue stream out of the 32 Scottish local authorities.</p> <p>Risk: The council may not have sufficient reserves to protect itself against unforeseen events or reductions in future funding.</p> <p>Recommendation: The council should consider whether its current policy on holding unallocated reserves provides a balance between meeting current obligations and preparing for future commitments.</p>	<p>The revised long term Finance Strategy was reported to Members in August 2014. In setting the budget for 2015/16 and indicative budgets for 2016/17 & 2017/18 Members will have the opportunity to budget to increase reserves.</p>			28-Feb-2015	28-Feb-2015	Stephen West	This will be covered by a report to the Council meeting on 4th February 2015 which will set the budget for 2015/16 and indicative budgets for 2016/17 & 2017/18.
<p><u>3. Treasury Management</u> The council continue to have high levels of debt in comparison with other Scottish local authorities and we note that authorisation procedures for loans in excess of one year could be improved through the</p>	<p>It should be noted that the council's debt levels include PPP debt, which not all councils have. The council will review its Treasury Management processes for authorising loans in excess of 1 year and</p>			31-Dec-2014	31-Dec-2014	Gillian McNeilly	The Council has commenced a review of its Treasury Management Processes and is currently developing appropriate paperwork to support the authorisation process of loans in excess of 1 year

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>implementation of more formalised procedures.</p> <p>Risk Servicing of debt may pre-empt the best use of the council's finances.</p> <p>Recommendation The council should review its processes for authorising loans and ensure a balance is struck between delivering strategic objectives and incurring further debt.</p>	develop more formalised processes.						
<p><u>4. Sickness Absence</u> The council are continuing to focus on improvement attendance at work and have set challenging targets to be achieved by 2017. Whilst there has been some improvement in teacher attendance in the past 12 months there has been no clear improvement in local government employee attendance.</p> <p>Risk The Council are not achieving best value from the staff resources available to them.</p> <p>Recommendation The council should consider the effectiveness of current activity and continue to seek new approaches to decrease absenteeism.</p>	<p>Work is currently ongoing within all council departments to ensure that the attendance management policy is consistently and effectively applied and that good practice in relation to improve levels of attendance is shared.</p> <p>The Attendance Working Group consider the effectiveness of current activity and continue to seek new approaches to support managers and decrease absenteeism.</p> <p>Workforce Management System functionality will be enhanced to provide more detailed recording and reporting of absences and of management actions</p>			31-Mar-2017	31-Mar-2017	Paul McGowan	<p>A renewed communications campaign is being developed to highlight attendance issues and will be launched in the coming month.</p> <p>Work is currently ongoing within all council departments to ensure that the attendance management policy is consistently applied and that absences are recorded and actions monitored.</p> <p>The Attendance Working Group continues to meet on a regular basis to consider the effectiveness of current activity and continue to seek new approaches to support managers and decrease absenteeism. Regular meetings are also held with our OH provider to ensure that appropriate OH advice is received and interventions actions.</p>

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	<p>taken.</p> <p>A renewed communications campaign will be launched to increase awareness amongst staff.</p>						

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 10 December 2014

Subject: Strategic Risk and Resilience

1. Purpose

- 1.1** The purpose of the report is to provide the Committee with the outcome of the six month assessment of Strategic Risks and an update on progress of resilience planning.

2. Recommendations

- 2.1** It is recommended that Members of the Committee note the contents of this report.

3. Background

- 3.1** At the Council meeting on 26 September 2012, the Council's Strategic Plan 2012/17 was approved. From this plan, six strategic risks were identified and as agreed, the 6 monthly review of strategic risks is reported to this Committee.
- 3.2** The Corporate Services Committee approved the revised Business Continuity (BC) Policy, Strategy and Corporate Plan in November 2013. Department / Service BC Plans were completed by 31 March 2014. The Policy, Strategy and Corporate Plan received their annual lifecycle review in July 2014 and were updated accordingly.

4. Main Issues

Strategic Risk

- 4.1** In line with the framework, a review of strategic risks has taken place as detailed within Appendix 1. Each risk is managed through internal controls, linked actions and associated milestones with the objective being to reduce or stabilise the level of risk through completion of linked actions over a period of time and / or ensure mitigation factors are adequate should the risks actually materialise. The table below shows the risk score as reported to this Committee last June as the current and target scores. As can be seen from this analysis, the score has improved for two of the six strategic risks whilst the remaining four are unchanged.

<u>Risk</u>	<u>Risk Score reported to A&PRC on 11 June 2014</u>	<u>Current Risk Score</u>	<u>Target Risk Score (31 March 2017)</u>
SR105: Failure to deliver strong financial governance and sustainable budget management	9	9	4
SR106: Council estate and facilities are not fit for purpose	6	6	4
SR107: Failure to develop or implement innovative use of Information Technology	6	6	4
SR108: Lack of strategy / plans / vision to ensure a committed and dynamic workforce	6	3	4
SR109: Failure to embrace opportunities which can be derived from constructive partnership working and joined-up service delivery	6	6	3
SR110: Failure to ensure positive dialogue with local citizens and communities	6	3	3

Department / Service Risk

- 4.2** Departmental management teams have responsibility to embed Department / Service risks within development of Department plans. This in turn provides evidence of that risk management is fully embedded across the Council, a feature that can be well demonstrated by pro-active ownership of each risk.

Resilience

- 4.3** The Council's Resilience Group, continues to meet quarterly as the governance board for contingency planning across the Council. The Corporate Contingency Plan was approved in June 2014 as the 'top level' guidance on resilience, outlining the suite of plans and organisational arrangements for internally focused 'Business Continuity' incidents and externally focused multi-agency response arrangements.

- 4.4** The Resilience Officer continues to represent the Council at Local and Regional Resilience Partnership (LRP/RRP) meetings. Multi-agency arrangements worked well during the Commonwealth Games and the sharing of information and best practice has been enhanced by the Cabinet Office's Resilience Direct secure web portal becoming operational. Given the progress made to date, the Resilience Officer has also accepted the invitation to continue chairing the LRP in Dunbartonshire.

Business Continuity Planning

- 4.5** The Business Continuity (BC) lifecycle is operational. The annual review and refresh of the Policy, Strategy and Corporate BC Plan took place in July 2014 and a period of exercising, testing and annual review is now underway. The Corporate Plan now includes relocation matrixes to cater for high impact disruptions at the primary operating sites in Dunbarton and Clydebank. The Resilience Officer is in the process of undertaking 1-2-1 annual review meetings with the managers responsible for the 24 critical service plans. A self-assessment survey will be used to validate planning arrangements for all plans that are not considered as 'critical', i.e. where the 'Recovery Time Objective' for restoration of a service following a disruption is more than 24 hours.

Awareness, Testing and Exercises

- 4.6** There is a planned annual cycle of exercising, testing and reviewing existing plans. In addition the Council continues to make use of a text messaging system to offer local businesses a free service to warn them of local disruptions. The Council have tested the following aspects of its BC arrangements in the past six months:
- 19 May 2014: Multi-Agency Table Top Exercise testing communication and resilience plans for the Queen's Baton Relay events in West Dunbartonshire which took place successfully on 18 July 2014.
 - 31 July 2014: Events Room Familiarisation Visit. The Chief Executive and Executive Director of Corporate Services attended the Events Room in its role as the Multi Agency Coordination Centre (MACC) during the Commonwealth Games. This provided a rare opportunity to see the facility 'in use' during a pre-planned event where the operational demands and pressures are less apparent than in the event of activation in response to an emergency.
 - 2 September 2014: Council's Resilience Group – exercise of response arrangements for the Resilience Group against major incident scenarios, including public health, community evacuation and severe weather.
 - 9 September 2014: Financial Systems Exercise that explored departmental response to disruption of access/functionality of financial systems and administration processes.

- 28 October 2014: A multi-agency flood seminar explored the response and recovery arrangements in West Dunbartonshire, and the West of Scotland, across all stakeholder category 1 and 2 responders.
- 12 November 2014: A test of the remote teleconferencing facility to coordinate resilience arrangements for OOH incidents.

4.7 Additionally, in line with the Exercise programme, following service areas will be tested in the coming months:

- Jan 2015. Council Incident Officer Training for Heads of Service.
- Feb 2015. Educational Services Exercise, focusing on supply chain resilience and temporary unavailability of a part of the secondary school PPP estate.
- Mar 2015. Council Cyber Exercise, a council-wide exercise to explore response arrangements and wider resilience to the cyber threat.
- Apr 2015. CHCP Exercise, multi-agency exercise to determine response arrangements in relation to a number of potential scenarios.

Community Resilience

4.8 An outcome of the Multi Agency Flood Seminar mentioned above is the desire to promote community resilience plans in the West Dunbartonshire area. Scottish Government and the Regional Resilience Partnership are also keen to encourage this development and view it as 'best practice'. Meetings have been arranged with Dumbarton Central and East, and Silverton and Overtoun Community Councils to explore local community resilience measures. These meetings are supported by the Local Resilience Partnership and will be attended by Police, Council Neighbourhood Services and the Scottish Flood Forum.

5. Personnel Implications

5.1 There are no personnel issues.

6. Financial Implications

6.1 There are no financial implications.

7. Risk Analysis

7.1 Robust risk management and resilience arrangements will demonstrate that effective measures are put in place for the management of risk. The ability to demonstrate risk ownership should benefit the Council in terms of:

- Understanding risk and its potential impact on the Council's priorities
Reducing insurance premiums by recognising that a mature approach to risk management will contribute to a reduction in the number and value of claims across a range of insurance classifications;

- Assisting with establishing priorities;
- Contributing towards incident prevention based upon post-incident investigation;
- Meeting statutory / regulatory requirements;
- Contributing to a better understanding and assessment of major project activity; and
- Ensuring better partnership working.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues identified.

9. Consultation

9.1 This report has been subject to consultation with Finance Services and Legal, Democratic & Regulatory Services with no issues identified.

10. Strategic Assessment

10.1 This report relates to all five of the Council's Strategic Priorities.

Angela Wilson
Executive Director of Corporate Services
19 November 2014

Person to Contact: Colin McDougall, Audit and Risk Manager
 Telephone 01389 737436
 Email: colin.mcdougall@west-dunbarton.gov.uk

Appendices: Appendix 1 – Strategic Risk Report


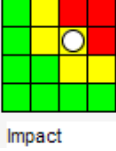
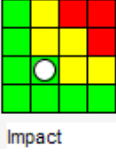
Background Papers: Risk Management Strategy and Methodology
 Business Continuity Policy, Strategy and Corporate Plan




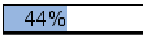







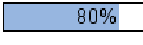
Wards Affected: All Wards


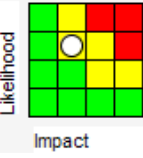
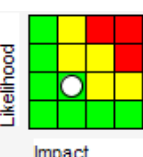
Appendix 1

Strategic Risk Report







Generated on: 19 November 2014


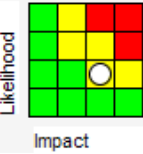
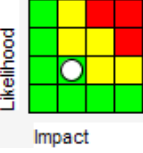
	SR105 Failure to deliver strong financial governance and sustainable budget management	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council fails to deliver strong financial governance through either its budgetary preparation and management processes or maintaining adequate reserves.		9	14-Apr-2014
Potential Effect	Shortfall in finances and therefore the Council is unable to provide all services as intended or fund improvements to services through "spend to save" schemes.		4	Target Date 31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Additional burdens (e.g. general inflation, tax increases, fuel cost increases, superannuation, high level care costs) - Actual level of Savings achieved in comparison to level of savings agreed by Council - Reduction in government grant - Demographic shifts - Significant overspends - Savings required - Debt collection statistics - Adverse level of capital receipts (planned v actual) - Underutilised assets / occupancy levels - Does the Council have a 10 year Financial Strategy? Yes / No - Procurement Capability Assessment (PCA) 	Latest Note		
Risk Factors	<ul style="list-style-type: none"> - Level of government grant - Lack of time to plan for changes in the level of grant funding - General inflationary factors - Significant additional burdens (see further under "Measures of Impact") - Poor budgetary control arrangements - Ineffective debt collection (e.g. Council Tax, Housing Rents, sundry debtors) - Capital receipts - Welfare Reform - Health and Social Care integration - Implications from the uncertainty of the Referendum on Treasury Management operations 			
Internal Controls	<ul style="list-style-type: none"> - 10 year Financial Strategy subject to regular review - Financial planning - Monitor and maintain General Services and Housing Revenue Account prudential targets - Reporting and monitoring of Treasury Management Strategy - Budgetary control process - Regular budgetary control and savings monitoring reports provided to CMT and Council / committees - Rigorous debt collection processes - Annual Internal Audit Plan - Work of External Auditors (external control) - Annual Governance Statement - Procurement Improvement Plan - Development of controls for Health and Social Care integration 	Managed By	Angela Wilson	
		Assigned To	Gillian McNeilly; Stephen West	
Risk	- Annual exercise to identify efficiencies			





Opportunity	<ul style="list-style-type: none"> - Major projects within the revenue benefits programme (e.g. sales, fees and charges; travel; overtime; training) - Enhance the reputation of the Council as an organisation which manages its finances soundly - Rationalisation of office accommodation 			
Progress of Linked Actions	AIP-110 Review and update the Council's long-term finance strategy and report to Elected Members			Corporate Services
	CS/14-15/FAR/08 Improve Housing rent collection rates to meet performance indicator			Corporate Services
	FAR/14-15/02 Continue to deliver a robust and responsive financial management process through accurate BCR and financial reports to CMT, Committee, Council and Board in line with monthly due dates.			Corporate Services
	FAR/14-15/03 Deliver a robust and responsive financial management process			Corporate Services
	FAR/14-15/04 Continue to improve and deliver the financial statements are prepared on time - WDC/ VJB/ WDLT/Trusts			Corporate Services
	FAR/14-15/10 Review ways of increasing council tax collection through process review and benchmarking			Corporate Services


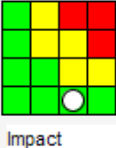
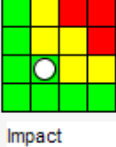



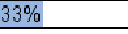



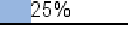


	SR106 Council estate and facilities are not fit for purpose	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council's assets and facilities are not fully fit for purpose with consequent adverse impact on our ability to deliver efficient and effective services. Included in this assessment is Council's property portfolio, housing stock, roads and lighting, fleet and open space		6	07-Nov-2014
Potential Effect	<ul style="list-style-type: none"> - Assets are not utilised in the most effective and efficient manner - Service cannot be properly delivered to the satisfaction of service users - Service users seek alternative service provision, either locally or by moving to another Council area - Roads assets in poor condition 		4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Condition surveys - Suitability surveys - Road Condition SPI - Customer perceptions of service delivery - Investment levels in upkeep and improvement of asset base and facilities - Staff satisfaction - Operating costs and savings 	Latest Note <p>We are now in year 1 of the 10 year capital plan and projects have been identified which will begin to address fit for purpose criteria. We are also in year 3 of 3 in delivering condition surveys which will also inform project priorities going forward.</p> <p>The HRA Capital Investment Programme has added significantly to the shift towards improved fit for purpose assets. This has resulted in the positive outcome that at Q2 14/15 87% of the housing stock was compliant with SHQS ahead of target.</p> <p>To optimise impact on both General services and HRA Capital spend revised planning & performance management arrangements have been introduced. Additional capacity to support delivery has been provided for with capital sums determined.</p> <p>In relation to the acquisition of Clydebank Rebuilt assets, now owned by Clydebank Property Company, a company wholly owned by the Council, a plan for how these assets will be utilised has been developed and put in place.</p>		
Risk Factors	<ul style="list-style-type: none"> - Adequacy of funding available to improve asset base - Adequacy of staff resources allocated to the area of asset management - Council buildings deemed to be unfit for existing purpose - Meeting SHQS by 2015 and maintaining standard in future years - Economic conditions may reduce level of potential capital receipts from surplus property sales - Increased public liability claims due to poor condition of roads network 			
Internal Controls	<ul style="list-style-type: none"> - Corporate Asset Management Strategy - Schools Estate Strategy - Capital Investment Team - Existence of Asset Management Group with meetings held on a regular basis - Asset management plan 	Managed By	Richard Cairns	
		Assigned To	Ronnie Dinnie; Jim McAloon; Helen Turley	


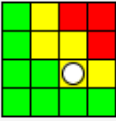
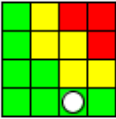
	<ul style="list-style-type: none"> - (HRA) Asset Management Group/Plan - Capital plan - Roads and Lighting Asset Implementation Plan - Fleet Asset Implementation - Open Space Asset Implementation Plan - Detailed asset database that shows relevant information on a property by property basis - Sustainability Policy - Housing Performance Improvement Board - Housing Improvement Plan - Housing Asset Management Strategy 			
Risk Opportunity	<ul style="list-style-type: none"> - Enhance reputation of Council by being able to improve Council estate and service delivery (e.g. new school buildings, Garshake replacement and meeting SHQS)) - Enhance employee "feel good" factor by providing modern office accommodation equipped with up to date IT facilities - Secure external funding for development of assets (e.g. EC, lottery) - The acquisition of assets previously owned by Clydebank Rebuilt could allow for improved service delivery for the Council overall - The implementation of the energy efficient street lighting project will both improve the asset and reduce costs significantly through reduced maintenance, energy consumption and carbon output. 			
Progress of Linked Actions	H/2014/CAM/01 Continue to deliver the condition survey programme for operational buildings in order to prioritise Building upgrades/Renewal.		<div><div>66%</div></div>	Housing, Environmental and Economic Development
	H/2014/CAM/03 Implement year 2 of the Energy Strategy for WDC		<div><div>60%</div></div>	Housing, Environmental and Economic Development
	H/2014/CAM/04 Continue to reduce the Council's Carbon footprint and produce an annual Carbon Reduction Commitment Briefing		<div><div>50%</div></div>	Housing, Environmental and Economic Development
	H/2014/CAM/09 Prioritise and implement a new schools Estate Rationalisation Strategy in partnership with Educational Services		<div><div>50%</div></div>	Housing, Environmental and Economic Development
	H/2014/CAM/10 Year 1 Implementation of the Councils operational capital projects contained within 10 year Capital Plan		<div><div>66%</div></div>	Housing, Environmental and Economic Development
	H/2014/GS/07 Heritage Lottery Fund - Levensgrove Park (DP)		<div><div>50%</div></div>	Housing, Environmental and Economic Development
	H/2014/HS/01 Meet the Scottish Housing Quality Standard by 2015		<div><div>75%</div></div>	Housing, Environmental and Economic Development
	H/2014/HS/02 Implement HRA Capital Programme 2014/15		<div><div>62%</div></div>	Housing, Environmental and Economic Development
	H/2014/HS/03 Refresh Housing Asset management plan to identify key risk stock and take appropriate action		<div><div>87%</div></div>	Housing, Environmental and Economic Development
	H/2014/HS/04 Develop and introduce 2015/2020 HRA Capital Plan		<div><div>33%</div></div>	Housing, Environmental and Economic Development






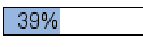

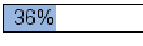

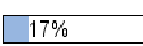
	H/2014/HS/05 Deliver the Scottish Social Housing Charter outcomes		 100%	Housing, Environmental and Economic Development
	H/2014/RT/01 Implement and Continually review Roads Asset Management Plan		 100%	Housing, Environmental and Economic Development
	H/2014/RT/09 Prepare business case for Street Lighting (DP)		 100%	Housing, Environmental and Economic Development


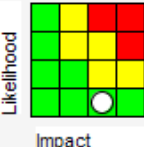
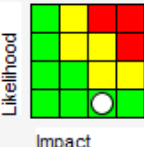



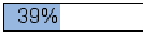


	SR107 Failure to develop or implement innovative use of Information Technology	Current Risk Matrix	Current Rating	Last Review Date
Description	The risk is that the Council's Information Technology is not sufficiently modernised / brought up to date to enable the delivery of sustainable ICT services to support and enhance the delivery of front line services to the community.		6	28-Jul-2015
Potential Effect	A lack of consistent, sufficiently robust planning in respect of ICT arrangements is likely to result in the Council being ill prepared to meet future demands in key service areas and lacking the capacity to respond effectively to changing need.		4	31-Mar-2017
Measures of Impact	<p>Extent of wireless connections in the Council network - Aug 14 - implementation of wireless in all schools nearing completion. Garshake and Townhall now wireless enabled</p> <ul style="list-style-type: none"> - Number of ICT Help Desk calls resolved at the first point of contact - Aug 14 - increasing trend however subject to review as SOCITM Benchmark survey indicates target is set too high. - Extent of functionality development in key Council systems (i.e. lack of development beyond base system leading to ineffective management information) - Aug 14 - P2P, Workforce mgmt and Channel shift projects are all in progress. - Fit for purpose Council website, delivering information and services to a significant percentage of the Council's customers - Aug 14 - Website was redesigned and relaunched in 2013. Intranet redesign in progress. - Provide efficient desktop services to meet changing workforce flexibility and property rationalisation requirements - Aug 14 - ICT Modernisation project implementation in progress and incorporates new desktop delivery. - Implementation of mobile and flexible working, enabling a downsizing of required office accommodation through enabling people to work more efficiently and to adopt a more flexible policy towards office accommodation and desk provision - Aug 14 - WoTF delivered in Sept 13 and worker-type assessment underway as part of Office Rationalisation Project. Pilot of tablet devices complete April 14 and purchase and set up of initial devices in progress. - Broadband speed in the Council area - Aug 14 WDC has 2nd highest broadband speeds in Scotland. 	Latest Note	August 14. WDC has made substantial investment in underlying IT infrastructure to support council-wide changes and projects. This is at implementation stage and has reduced the likelihood of this risk occurring.	
Risk Factors	<p>Insufficient resourcing of ICT developments so that benefits and opportunities identified are not realised</p> <ul style="list-style-type: none"> - Poor project and programme change management arrangements - Aug 14 - WDC has introduced new Project Management standards and a Strategic Change Board to address this - Poor quality of mobile communication provision - ICT Modernisation investment of £4M agreed and project at implementation stage 			
Internal Controls	<ul style="list-style-type: none"> - Information & Communication Technology (ICT) Policy - Governance structures to support integrated planning and decision making in relation to ICT - Use of both internal IT resources from across the Council and skilled specialist advisers in key areas - Fit for purpose data centre (with remote back up site) 	Managed By	Angela Wilson	
Risk Opportunity	<ul style="list-style-type: none"> - Provide 21st century state of the art technology for employees and service users - Rationalise IT systems - Aug 14 - P2P, replacement IHMS and Work force management projects underway. New Scheduling system for HomeCare at implementation stage. - Use of innovative IT linked service delivery models to effect change - Aug 14 - Active project to share data centre with EDC 	Assigned To	Patricia Kerr	


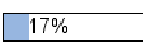

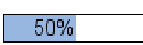
	<p>and share IT Helpdesk system. New backup solution implemented in March 14 to support changes to departmental service delivery.</p> <ul style="list-style-type: none"> - Provide Council employees with secure access to email and supporting systems at times and locations of choice - Aug 14 - new PSN constraints has impacted approach to delivery. Revised approach will be delivered as part of ICT Modernisation project and introduction of tablet devices and new mobile phones. - Provide self service style systems to employees and the local community - Aug 14 - WDC website updated in 2013 and employee self service project at implementation stage with approx 1200 staff now having access to online payslip. - Increase the use of electronic document storage and workflow across the Council - Aug 14 - EDRMS framework contract in place since 2010 for departments to call off when reviewing their service and implementing service improvements. WoTH project utilised EDRMS technology to support the move to more flexible working 			
Progress of Linked Actions	CS/14-15/PAT/01 Implement ICT modernisation project		<div><div>45%</div></div>	Corporate Services
	CS/14-15/PAT/04 Deliver IT technical input to support departmental change projects		<div><div>77%</div></div>	Corporate Services
	CS/14-15/PAT/20 Establish a shared ICT Data Centre with East Dunbartonshire Council		<div><div>42%</div></div>	Corporate Services
	CS/EAAP/113 13. Information Communication Technology - Use of unsupported and older software		<div><div>100%</div></div>	Corporate Services






	SR108 Lack of strategy / plans / vision to ensure a committed and dynamic workforce	Current Risk Matrix	Current Rating	Last Review Date
Description	There is a risk that the Council fails to develop and implement a flexible, strategic structured approach to workforce and capacity planning		3	10-Sep-2014
Potential Effect	<ul style="list-style-type: none"> - Low staff morale - Inability to deliver services effectively - Reduced level of service - Lack of improvement or increase in staff absences - Council underachieves as an organisation (tick box Council) - Employee conflict 		4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Statistics on staff development - Absence rate - Staff turnover - Grievance and discipline statistics - Staff survey statistics - Reports from external scrutiny bodies and award bodies 	Latest Note A significant amount of work has been undertaken in this area with a number of the linked actions now complete or underway. Focus has been on the Council campaign to reduce absence; embedding PDP, including our Elected Members; further development of our workforce strategy and implementation of a cyclical framework to support the process.		
Risk Factors	<ul style="list-style-type: none"> - Lack of appropriate staff development / skills may be lacking to support new model of service delivery - Lack of capability to deliver - Workforce unable to adapt to change 			
Internal Controls	<ul style="list-style-type: none"> - HR processes designed to meet service delivery needs - Develop new structures to reflect strategic priorities - Align workforce plan to the Council's strategic planning processes (i.e. have the right people available at the right time with the right skills to fulfil properly all of the Council's strategic priorities) - Succession planning - Identify training programmes to reskill staff as identified by training needs analysis - Flexible HR policies, in particular recruitment & selection, learning & development (including elearning), continuous improvement / development flexible working, attendance management, employee wellbeing related policies - Effective use of Occupational Health Service - Robust PDP process - Effective leadership and management behaviours and practice - Maintain the Council's Healthy Working Lives Gold Award 	Managed By	Angela Wilson	
		Assigned To	Vicki Rogers	
Risk Opportunity	<ul style="list-style-type: none"> - Identify previously unknown skills and talents in the workforce - Realise the potential of staff 			
Progress of Linked Actions	CS/14-15/COMS/04 Lead a communications campaign to support the Attendance Management strategy and reduce absence levels			Corporate Services
	CS/14-15/COMS/05 Produce 3 issues of Talk magazine and increase satisfaction levels with the publication amongst staff			Corporate Services
	CS/14-15/COMS/06 Lead the Be The Best internal change model to assist employees to feel engaged and valued			Corporate Services
	CS/14-15/PAT/10 Analyse and evaluate current learning and development provision through training review project			Corporate Services
	CS/14-15/PAT/11 Lead delivery of the Employee Survey improvement plan and measure impact			Corporate Services

	SR109 Failure to embrace opportunities which can be derived from constructive partnership working and joined-up service delivery	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council fails to engage adequately with partnership bodies	 Likelihood	6	14-Apr-2014
Potential Effect	<ul style="list-style-type: none"> - Use of public sector resources not optimised in local area - Council has financial exposure if a partnership relationship fails 	 Impact	3	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - No of shared service arrangements made by the Council - Partnership arrangements go off on tangents not related to the original purpose 	Latest Note		
Risk Factors	<ul style="list-style-type: none"> - Reduction in control through partnership arrangements - Council's reputation is adversely affected through a failed partnership arrangement 			
Internal Controls	<ul style="list-style-type: none"> - Ensure that partnership opportunities are considered as an option across all Council services - Robust partnership arrangements (e.g. legal documents, service level agreements) - Align the Council's strategic plan with the Single Outcome Agreement (SOA) - Ensure that partners have signed up to deliver on the outcomes and targets set in the SOA - Develop data sharing protocols with partner agencies - Participate in shared service agenda where it is evidently of benefit to the Council - Participate in Police and reform agenda as it impacts on Council area - Develop code of practice for partnerships which would assist in ensuring consistency across the Council - Develop specific partnership risk register 	Managed By	Angela Wilson	
		Assigned To	Amanda Coulthard	
Risk	- Position West Dunbartonshire as a modernising Council			

Opportunity	- Police and Fire Reform - Shared Services options			
Progress of Linked Actions	CS/12-17/CP/004 lead the development of new framework for Community Engagement across Council and CPP			Corporate Services
	CS/12-17/CP/011c Promote joint working with partner organisations and shared approaches to meeting legal duties			Corporate Services
	CS/14-15/CCS/07 Improve partnership working with and capacity of community groups			Corporate Services
	CS/14-15/CCS/17 Develop and strengthen the new model for community planning to meet national requirements			Corporate Services
	CS/14-15/CCS/18 Review and implement a new framework for community engagement and empowerment which strengthens the voice of our communities			Corporate Services

	SR110 Failure to ensure positive dialogue with local citizens and communities	Current Risk Matrix	Current Rating	Last Review Date
Description	The risk is that the Council does not establish or maintain positive communications with local residents and the communities it represents		3	19-Nov-2014
Potential Effect	- Tensions develop with individuals and local community groups		3	31-Mar-2017
Measures of Impact	- Responsiveness to communities PI measures	Latest Note The new framework for community engagement has a focus on involving and engaging with community residents and local citizens in a variety of ways. The strong citizens panel approach will continue to be developed along with a move to more online and telephone based approaches. The success of the budget consultation will be built on for future consultation and engagement exercises and we will continue to share best practice and learn from local partners - joining up our approaches wherever possible. The role out of the neighbourhood management approach will also see us engage with local residents in their own communities in a style not previously used for engagement in this area. This specifically builds on effective community engagement through the Public Reassurance Initiative.		
Risk Factors	Lack of appropriate staff development / skills may be lacking to support new model of service delivery inequity of engagement across the partnership on key local issues council seen as unresponsive to community if feedback from engagement not acted upon apathy within communities leads to little or no engagement some community groups feel their voices are not being heard - Council's reputation is adversely affected through a failed partnership arrangement			
Internal Controls	- Develop mechanisms for public feedback - Develop robust methods for identifying community priorities - Annual budget consultation events - Citizens Panel - Community Council arrangements - Open Forum questions at Council meetings	Managed By	Angela Wilson	
Risk Opportunity	- Community Empowerment and Renewal Bill - Council seen as being open, honest and transparent with the local community	Assigned To	Amanda Coulthard	
Progress of Linked Actions	CS/12-17/CP/004 lead the development of new framework for Community Engagement across Council and CPP			Corporate Services
	CS/14-15/CCS/07 Improve partnership working with and capacity of community groups			Corporate Services
	CS/14-15/CCS/17 Develop and strengthen the new model for community planning to meet national requirements			Corporate Services

	CS/14-15/CCS/18 Review and implement a new framework for community engagement and empowerment which strengthens the voice of our communities			Corporate Services
	CS/14-15/CCS/19 Lead the telephone satisfaction survey project and use the data it generates to assist continuous improvement within the Council.			Corporate Services

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit & Performance Review Committee: 10 December 2014

**Subject: Food Standards Agency Audit of West Dunbartonshire Council
12-14 August 2014**

1. Purpose

- 1.1** To report the results of the Food Standards Agency (FSA) audit of the Environmental Health Section's Food Law Enforcement Service.

2. Recommendations

- 2.1.** The Committee is asked to note the positive outcome of the FSA audit report.

3. Background

- 3.1** The FSA has a statutory power to set standards, monitor and audit local authority food law enforcement services. The main aim of the audit scheme is to maintain and improve consumer protection and confidence by ensuring that authorities are providing an effective food law enforcement service.
- 3.2** The last audit of West Dunbartonshire Councils Food Service by the FSA took place in November 2010. The previous audit to that was in February 2007.

4. Main Issues

- 4.1** The audit focused on the Authorities arrangement for the management of food premises inspections, enforcement activities, internal monitoring, documented policies and procedures, Officer competencies and the application of the Food Hygiene Information Scheme.
- 4.2** The Executive Summary from the audit report highlighted the following:
- i The Authority had developed and implemented a detailed series of Food Enforcement Service Plans for 2012-15 which were reviewed and re-issued annually. The format and content of these are in accordance with the Service Planning Guidance in the Framework Agreement. The Environmental Health Service Plan had been approved by the Head of Legal, Democratic and Regulatory Services in July 2014.

- ii The Authority had developed a series of documented policies and operational procedures relating to their food law enforcement responsibilities. These documents were available to all Officers in electronic format on a central directory and some of those evaluated at audit required moderate updates to include references to legislation and official guidance.
- iii The authorisation format and supporting authorisation documents were generally satisfactory, only missing any reference to the Official Feed and Food Regulations. Amendments were made promptly once identified. Authorisation documents were available and were being used by Officers.
- iv Individual Officer training needs were identified as part of their annual performance development plan. Officers were subject to regular reviews of performance including detailed shadowed inspections. Training records contained evidence that each Officer had completed a minimum 10 hours relevant training in the last year.
- v The procedures and documentation provided for inspections were being appropriately and consistently reviewed and completed. From the files examined it was evident that Officers were clear on the Authority's procedure for conducting inspections and adhered to the Authority's Enforcement Policy and inspection procedures.
- vi File checks of five general food hygiene premises confirmed that in all cases the Authority were completing detailed inspections, including the assessment of cross contamination risks and Hazard Analysis and Critical Control Points (HACCP) based food safety management systems. FBOs were provided with clearly worded reports and letters confirming the main findings from inspections. The information retained within the premises files provided sufficient evidence to support the basis for Officers' enforcement decisions and the Food Hygiene Information Scheme (FHIS) rating given.
- vii It was evident from audit checks that Officers were taking a graduated approach to enforcement and actively worked with businesses to achieve compliance. The information reviewed relating to a series of Notices identified that the enforcement decisions reached were appropriate to the contraventions identified.
- viii Discussion and review of internal monitoring procedures and practices indicated that the Authority was routinely and consistently monitoring many aspects of food law enforcement work. Records of internal monitoring activities were available.

4.3 Three areas of good practice were highlighted in the report i.e. the clarity and precision of the Enforcement Policy and Food Enforcement Service Plan, comprehensive and clear enforcement procedures and the clarity and effectiveness of the Certification of Authorisation of Enforcement Officers.

- 4.4 The FSA also acknowledged the current high level of performance by the Environmental Health Section.
- 4.5 There were no areas of non conformance noted by the FSA during the 3 day audit and consequently there are no actions required.
- 4.6. It is very rare for FSA audits to find no areas of non conformance with standards and this is reflected on the FSA website which shows audit outcomes for other local authorities. West Dunbartonshire Council is one of only a few local authorities in Scotland to receive such a positive outcome. This is a fantastic achievement for the Environmental Health Section.
- 4.7. The final audit report has been placed on the FSA website at <http://www.food.gov.uk/enforcement/auditandmonitoring>

5. People Implications

- 5.1 There are no people implications

6. Financial Implications

- 6.1 There are no financial implications.

7. Risk Analysis

- 7.1 The Council has a statutory duty to comply with the requirements of the audit in terms of the Food Standards Act 1999.

8. Equalities Impact Assessment (EIA)

- 8.1 An EIA was undertaken which noted no relevance to any protected group or characteristic defined by the Equality Act and public sector equality duty. An EIA is therefore not required or justified.

9. Consultation

- 9.1 There was no consultation associated with this report.

10. Strategic Assessment

- 10.1 The outcome of the FSA audit confirms that the Environmental Health Section are supporting the Councils strategic priority of improving the well-being of communities and protecting the welfare of vulnerable people through fit- for- purpose estate and facilities.

Electronic Signature

Angela Wilson
Executive Director of Corporate Services

Date: 24 October 2014

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Appendices: None

Background Papers: Equalities Impact Assessment.

Food Standards Agency in Scotland Audit Report
12-14 August 2014.

Wards Affected: All

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director Corporate Services

Audit and PR Committee: December 2014

Subject: Scottish Public Services Ombudsman Complaints Report 2013/14

1. Purpose

- 1.1** The purpose of this report is to present the Scottish Public Services Ombudsman (SPSO) report 2013/14 on complaints handling by West Dunbartonshire Council.

2. Recommendations

- 2.1** It is recommended that Committee notes the content of the report.

3. Background

- 3.1** On 1 April 2013, West Dunbartonshire Council adopted the SPSO complaint handling policy operating in line with all other Local Authorities. The new operation centralised complaint handling and data capture for all Council services with the exception of Community Health & Care Partnership (CHCP), where the SPSO has been actively reviewing Social Work complaint management on a national basis. In addition statutory appeals and reviews, such as education appeals on exam results, continue to be directed to the relevant decision making body and not processed through the SPSO office.
- 3.2** The two stage process for handling complaints is now widely understood by both customers and staff. Our customer feedback indicates they recognise the process as an open approach to complaining thus ensuring a more transparent and fair delivery of service. Clarity, achieving time standards and regular contact with customers supports a culture that welcomes and values complaints, providing valuable information that can be used to improve processes, service planning and customer satisfaction. Customers who remain dissatisfied with the final outcome of their complaint are openly directed to the SPSO to have their case considered for review. SPSO is committed to providing annual reports for each Scottish local authority.
- 3.3** In addition to the SPSO reviewing cases, customers who own their properties and remain dissatisfied with the outcome of their complaint are given information on contacting the Homeowners Housing Panel (HOHP). In such cases, a review of information is carried out to ensure the complaint specifically refers to property matters and the Council is recorded as Factor of the property concerned. It is essential both categories are met before advising customers of the HOHP. The HOHP is a devolved Scottish Tribunal set up under the Property Factors (Scotland) Act 2011. It is an independent and impartial judicial body.

The function of HOHP is to determine applications from homeowners who consider that their property factor has failed to carry out their factoring duties or failed to comply with the Property Factors' Code of Conduct.

- 3.4** A Local Authority Complaint Handlers Network (CHN) chaired by North Lanarkshire Council has been fully established. It has 28 Local Authorities actively participating in the group represented by 71 members. Meetings are held quarterly to continuously review and improve complaints handling processes/standards, statistical data recording and share good practice in complaints handling. SPSO is a key member of the group and are represented at each of the meetings. Members find this an excellent opportunity to discuss complex operations, gain clarity and guidance from SPSO on complaints matters. The development of an online knowledge hub encourages member contact outwith meetings and is an excellent channel for practitioners to learn/improve from experiences.

4. Main Issues

- 4.1** The SPSO provides an annual overview for each local authority of complaints reported to its office. Appendix 1 shows a breakdown of complaints received by the SPSO regarding West Dunbartonshire Council. Appendices 2 and 3 provide a summary breakdown of complaints received by West Dunbartonshire Council Customer Relations Team and CHCP respectively, in 2013/14.
- 4.2** The SPSO received 26 complaints regarding West Dunbartonshire Council in 2013/14 compared to 33 in the previous year. Of the 26 complaints as shown in Table 1 of Appendix 1, 5 complaints were deemed as premature, terminology used by the SPSO when the complaint has not exhausted the Council's process. Of the remaining SPSO complaints, 1 complaint reached the investigation stage to be fully upheld and 1 complaint was not upheld. All other complaints were considered to be matters out with the jurisdiction of the SPSO or closed as no outcome was achievable for the customer or the Council. The largest reason for West Dunbartonshire customers contacting the SPSO was in relation to Housing matters.

Table 2 of Appendix 1, shows the outcome data for complaints received by SPSO. The total outcome figure for the year reports 24 cases and as documented in the SPSO explanatory note, this is because at the end of each business year SPSO are still working on some of the complaints received during the year.

- 4.3** As outlined in Appendix 2, the Council handled 488 complaints in 2013/14. Over half of the total number of complaints received were resolved within 5 days. The preferred methods for customers to contact us with a complaint is by use of the online form on our website, email and telephone.

- 4.4** Community Health & Care Partnership (CHCP) currently record and manage their complaints directly. In order to deliver consistency of information for all services, CHCP share their data for the purpose of this report. Appendix 3 provides information on complaints for the service during the year 2013/14.
- 4.5** A key factor and crucial element of the Complaints Handling Process is to publish both the annual complaints statistics and learning outcomes from our complaints. The learning from our complaints needs to be evidenced by policy/process/practice change and Directorates will be asked to produce this information for the purpose of reporting and publishing.

The CHN will be an additional forum for sharing the evidence of improvements to assist the Local Authority members in areas where challenges are presented. The data collated from the Forum will be presented to Directorates for information. The CHN has also progressed to being the forum for benchmarking and activity in this field started in the second quarter of this year. Information will be shared initially within family groups, most comparable authorities by demographics, and then further discussed at the CHN quarterly meetings. Annual benchmarking data will be recorded on Covalent and will support ongoing improvements in complaints handling.

5. People Implications

- 5.1** There are no people implications arising from this report.

6. Financial Implications

- 6.1** There are no financial implications arising from this report.

7. Risk Analysis

- 7.1** There is a reputational risk of not responding to complaints within defined time periods within the two stage process. Escalation to SPSO and thereafter Audit Scotland would be the customer's next stage of complaint if we fail to deliver on the timescales for responding to complaints. Equally, escalation to HOHP would be appropriate for dissatisfied homeowners who meet the criteria.

8. Equalities Impact Assessment (EIA)

- 8.1** The purpose of this report is to provide statistical information and no action required to carry out an equalities impact assessment.

9. Consultation

- 9.1** Consultation has been carried out with Legal Services and Finance.

10. Strategic Assessment

10.1 Effective complaints handling contributes to all five Council strategic priorities.

Electronic Signature (see notes)

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Executive Director
Corporate Services

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Appendices: Appendix 1 - SPSO Data

Appendix 2 - Summary of Council Complaints 2013/14

Appendix 3 – Summary of CHCP Complaints 2013/14

Background Papers: None

Wards Affected: All Wards

Mrs Joyce White
Chief Executive
West Dunbartonshire Council
Garshake Road
DUMBARTON
G82 3PU

8 October 2014

Dear Mrs White

Complaints report and statistics for 2013-14

I am pleased to send you our annual local government complaints report, along with statistics about complaints to SPSO about your authority in 2013-14.

This was the first full year of operation of the standardised model complaints handling procedure that was introduced for the local government sector in 2012-13. As you will know, each authority is now required to report and publicise complaints information on a quarterly and annual basis, including annual reporting on how they perform against the agreed performance indicators. The enclosed complaints statistics are part of the detailed complaints picture that your authority is responsible for gathering and publishing and using to benchmark through the local authority complaints handlers network.

As my report shows, 2013-14 saw a 16% rise in complaints about local government compared with the previous year. The issues people brought us were similar to those for previous years, with housing, social work and planning topping the list. One of these areas – social work – is of particular concern to me, because of the length of time it is taking to bring about change. Related to this is the lack of clarity about complaints processes under the integrated health and social care programme. One further policy matter that I would draw to your attention is the Scottish Government's proposal that SPSO may take on a future role as the review body for Scottish Welfare Fund decisions.

I have been pleased to strengthen our engagement with local authorities over the past year through our complaints standards work and also through a new sounding board. The local authority sounding board was set up by joint invitation from the chair of SOLACE and myself. Current members include representatives of SOLAR, ADES, ADSW, Heads of Planning, CIPFA, the Improvement Service and the chair of the local authority complaints handlers' network. It has allowed for frank, two-way discussions about the challenges in local government, and about our role and effectiveness.

This report outlines this and other initiatives we are undertaking as we continue to support the local government sector to improve the quality of their complaints handling, and ensure that the learning from complaints leads to improvements in the delivery of services.

Yours sincerely

Jim Martin
Ombudsman

The explanations below are designed to answer the main questions around these statistics. If you have any further queries, please contact our Casework Knowledge Manager, Annie Shanahan, at ashanahan@spsso.org.uk, or by calling 0131 240 8843.

Statistics

The following tables show the complaints we handled about your organisation in 2013/14. **Table 1** shows complaints **received** by main subject area, both about your organisation and overall in your sector, for the past two years. **Table 2** shows the **outcomes** of the complaints we handled about your organisation for the same period. It also highlights the rate of premature and fully/partly upheld complaints and overall rates for your sector over the past two years. Complaints received are shown ranked from the most received to the least.

Subjects of complaint and outcomes

Tables 1 and 2 provide statistics for two quite different stages of our work. **Table 1** describes the subjects about which we **received** complaints between 1 April 2013 and 30 March 2014. **Table 2** shows information about the **outcomes** of the complaints that we handled over the same period. The two figures are unlikely to tally, especially where complaints numbers are relatively large. This is because at the end of each business year we are still working on some of the complaints received during that year.

Frequently asked questions**What are complaints that are 'fit for SPSO'?**

These are complaints that were valid for us to investigate. This normally means that they have gone through the complaints process of your organisation, and are about something that the law allows us to look at.

What does 'determined' mean?

Determined complaints are those that we have looked at and for which we have closed our file. We will have given the person a decision by letter or public report, or will have explained why we couldn't investigate their complaint.

What are 'upheld' complaints?

Upheld and partly upheld complaints are where we investigated, and found that something went wrong. To recognise the validity of the complainant's experience, we uphold complaints wherever we find fault, even if this has already been recognised by the organisation. People come to us for an external, independent judgement and if we find something went wrong it is important for the complainant that we acknowledge this. We also include how the organisation responded to the complaint and any action that they took to put things right. Where an organisation responded well, we may also commend them for acknowledging the mistakes and the action they took to resolve this for the complainant.

All of the complaints in this category were 'fit for SPSO', and we gave a decision on them at the early resolution (ER2) or investigation (INV1 or 2) stages of our process. ER2 and INV1 cases are investigations that ended with us sending you and the complainant a decision letter. We also published a short summary of most of these complaints and their outcomes on our website. INV 2 are cases that meet our public interest criteria and are published in full.

How do you define a premature complaint?

It's a complaint that's been sent to us too early - i.e. before it has completed your complaints process.

Would you ever take a complaint before it completes our process?

Yes, but only where we think the circumstances are appropriate. This only happens in a very small number of cases. The most likely examples would be where we think that you have delayed unreasonably in responding, or where the person who's complained appears to be particularly vulnerable. We normally expect people to complete your complaints process to allow you to respond to the matters raised, and we will normally tell them to contact you if they haven't.

I don't seem to know about all of the complaints that you've counted as premature. Why?

There are several possible reasons. We don't write to you about all the premature cases we receive (see the next question for more information about this). When we refer someone back to the complaints process, you may resolve the problem to the person's satisfaction without knowing that it came to us first.

Or the person may, after we've told them they need to go through your process, decide not to take it further. People often bring us issues that are premature, but that are also outwith our jurisdiction, or where they're asking for an outcome we can't achieve. When we reply, we'll tell them that we're not looking at it because it's premature, but we also explain that even if they go back through your process, it's unlikely we'd take the complaint up for another reason. For example, if they're asking us to change a planning decision or if it's a personnel-related matter we'd explain that we couldn't do that at all, whether or not they went through your process. It's then for the complainant to decide what to do next.

When do you tell us about premature complaints?

We determine many of these very quickly (within one or two days of receiving them). This normally happens where the complaint has clearly come to us too early and there's little or no information with it. We record these on our computer system, but don't open a file. In most cases we simply return the letter explaining that they've sent us the complaint too soon and that they need to complain to you. We don't normally tell you about these, and we usually have only minimal information about the complaint ourselves.

In cases where the person has sent us information, but the complainant doesn't appear to have completed your complaints process, we'll open a paper file. We'd normally then write to you explaining that the matter has come to us too soon, and we've told the person to take the complaint back to you. We then close our file, which we can reopen if the person completes your process and brings the complaint back to us.

Can you provide a more detailed breakdown of the premature complaints for my organisation?

We can provide numbers and general categories of complaints received prematurely. These are broken down into two areas – complaints that do not appear to have been made to you at all, and those that have started but not completed your process. (We don't record which point in your process they've reached, as usually we don't know this.) We can usually identify the department and the subject matter involved, but at this early stage categorisation may not be accurate because of the lack of detailed information.

The categories of complaints on your letter don't match those in our records - does this mean that our statistics are wrong?

We have our own method of categorising the complaints we receive, which is not based on those of any particular organisation. If you would like an explanation of a particular category, please contact us.

Table 1
Complaints Received by Subject 2013-14

Subject Group	West Dunbartonshire Council	Rank	Complaints as % of total	Sector Total	Rank	Complaints as % of total
Housing	13	1	50.0%	446	1	25.5%
Finance	4	2	15.4%	173	4	9.9%
Legal & Admin	3	3=	11.5%	75	8	4.3%
Land & Property	3	3=	11.5%	28	11	1.6%
Building Control	2	5	7.7%	62	9	3.5%
Environmental Health & Cleansing	1	6	3.8%	98	7	5.6%
Social Work	0	-	0.0%	229	2	13.1%
Planning	0	-	0.0%	223	3	12.7%
Education	0	-	0.0%	171	5	9.8%
Roads & Transport	0	-	0.0%	119	6	6.8%
Recreation & Leisure	0	-	0.0%	30	10	1.7%
Welfare Fund - Community Care Grants	0	-	0.0%	10	12=	0.6%
Valuation Joint Boards	0	-	0.0%	10	12=	0.6%
Other	0	-	0.0%	9	14	0.5%
Consumer Protection	0	-	0.0%	8	15	0.5%
Personnel	0	-	0.0%	7	16	0.4%
Welfare Fund - Crisis Grants	0	-	0.0%	6	17	0.3%
Economic Development	0	-	0.0%	3	18=	0.2%
Fire & Police Boards	0	-	0.0%	3	18=	0.2%
National Park Authorities	0	-	0.0%	2	20	0.1%
Subject Unknown or Out Of Jurisdiction	0	-	0.0%	38	-	2.2%
Total	26	-	100.0%	1,750	-	100.0%
Complaints as % of Sector		1.5%		100.0%		

Complaints Received by Subject 2012-13

Subject Group	West Dunbartonshire Council	Rank	Complaints as % of total	Sector Total	Rank	Complaints as % of total
Housing	13	1	39%	361	1	24%
Social Work	5	2	15%	183	3	12%
Finance	2	3=	6%	85	4	6%
Building Control	2	3=	6%	26	10	2%
Planning	1	5=	3%	197	2	13%
Education	1	5=	3%	76	5	5%
Legal & Admin	1	5=	3%	48	8	3%
Land & Property	1	5=	3%	28	9	2%
Recreation & Leisure	1	5=	3%	20	11	1%
Roads & Transport	0	-	0%	73	6	5%
Environmental Health & Cleansing	0	-	0%	60	7	4%
Other	0	-	0%	10	12	1%
Consumer Protection	0	-	0%	9	13	1%
Personnel	0	-	0%	7	14	0%
Valuation Joint Boards	0	-	0%	6	15	0%
Fire & Police Boards	0	-	0%	2	16	0%
Economic Development	0	-	0%	1	17	0%
Out Of Jurisdiction	0	-	0%	20	-	1%
Subject Unknown	6	-	18%	293	-	19%
Total	33		100%	1,505		100%
Complaints as % of Sector		2.2%		100%		

TABLE 2
Complaints Determined by Outcome 2013-14

Stage	Outcome Group	West Dunbartonshire Council	Sector Total
Advice	Not duly made or withdrawn	7	328
	Out of jurisdiction (discretionary)	0	56
	Out of jurisdiction (non-discretionary)	2	42
	Outcome not achievable	2	129
	Premature	5	659
	Resolved	0	6
	Total	16	1,220
Early Resolution 1	Not duly made or withdrawn	1	36
	Out of jurisdiction (discretionary)	0	57
	Out of jurisdiction (non-discretionary)	5	110
	Outcome not achievable	0	40
	Premature	0	33
	Resolved	0	18
	Total	6	294
Early Resolution 2	Fully upheld	0	31
	Some upheld	0	25
	Not upheld	1	50
	Not duly made or withdrawn	0	1
	Resolved	0	4
	Total	1	111
Investigation 1	Fully upheld	1	20
	Some upheld	0	39
	Not upheld	0	60
	Not duly made or withdrawn	0	2
	Resolved	0	1
	Total	1	122
Investigation 2	Fully upheld	0	0
	Some upheld	0	0
	Not upheld	0	0
	Total	0	0
Total Complaints		24	1,747
Total Premature Complaints		5	692
Premature Rate		20.8%	39.6%
Fit for SPSO Total (ER2, Inv1 & Inv2)		2	233
Total Cases Upheld / Some Upheld		1	115
Uphold Rate (total upheld / total fit for SPSO)		50.0%	49.4%

Complaints Determined by Outcome 2012-13

Stage	Outcome Group	West Dunbartonshire Council	Sector Total
Advice	Matter out of jurisdiction (discretionary)	1	19
	Matter out of jurisdiction (non-discretionary)	1	40
	No decision reached	5	239
	Outcome not achievable	0	13
	Premature	17	704
	Total	24	1,015
Early Resolution 1	Matter out of jurisdiction (discretionary)	0	40
	Matter out of jurisdiction (non-discretionary)	4	99
	No decision reached	0	38
	Outcome not achievable	3	26
	Premature	1	46
	Total	8	249
Early Resolution 2	Fully upheld	0	10
	Partly upheld	0	19
	Not upheld	1	48
	No decision reached	0	4
	Total	1	81
Investigation 1	Fully upheld	0	16
	Partly upheld	1	63
	Not upheld	0	75
	No decision reached	0	2
	Total	1	156
Investigation 2	Fully upheld	0	3
	Partly upheld	0	3
	Total	0	6
Total Complaints		34	1,507

Total Premature Complaints	18	750
Premature Rate	52.9%	49.8%

Fit for SPSO Total (ER2, Inv1 & Inv2)	2	243
Total Cases Upheld / Partly Upheld	1	114
Uphold Rate (total upheld / total fit for SPSO)	50.0%	46.9%

NOTE : 'No decision reached' includes complaints not duly made, withdrawn and resolved

2013 - 2014											
	Complaints Received	Complaints Received Stage 1	Complaints Received Stage 2	Complaints Closed	Closed within 5 Working Days	Closed between 6 and 20 working days	Extension Stage 1	Extension Stage 2	Upheld	Not Upheld	SPSO Enquires
Corporate Services	135	105	30	135	66	41	6	22	79	56	0
Education	21	15	6	21	17	4	0	0	12	9	0
HEEDS	330	243	87	330	125	134	19	52	176	154	1
Leisure Trust	2	2	0	2	1	0	1	0	1	1	0
TOTALS	488	365	123	488	209	179	26	74	268	220	1
Channel Received											
E-mail		118									
Online Complaints form		150									
Internal Complaints form		51									
In writing		18									
By telephone		115									
Face to Face		36									
		488									
Complaint Category											
Policy		41									
Employee		126									
Service Level		266									
Contractor		22									
Other		33									
		488									

*Various Complaints forwarded to CHCP to investigate through their own process.

Main Issues:

For 2013/14 there were 36 formal complaints received with the Partnership and dealt with under Social Work Legislation. This is compared to 40 formal complaints received in 2012/13. The information below provides more detail on the 36 complaints received in 2013/14.

WDC Complaints Policy	
Fully Upheld	14
Partially Upheld	4
Not Upheld	11
Unsubstantiated	4
Withdrawn	1
Ongoing	2
Consent not received	0
	36

36 total

These 36 complaints received relate to the following service areas and are categorised under the particular organisational complaint policy that was subsequently followed.

	WDC Complaints Policy
Older People Residential	2
Children's Services	13
Blue Badge	1
Mental Health	3
Community Care Finance	1
Community Care	3
Care at Home	13
	36

