

Agenda



Audit & Performance Review Committee

Date: Wednesday, 28 September 2016

Time: 14:00

Venue: Council Chambers,
Clydebank Town Hall, Dumbarton Road, Clydebank

Contact: Craig Stewart, Committee Officer
Tel: 01389 737251 craig.stewart@west-dunbarton.gov.uk

Dear Member

Please attend a meeting of the **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 P McGlinchey
Councillor I Murray (Vice Chair)
Councillor T Rainey
Councillor G Robertson
Councillor M Rooney
Mr SJ Doogan
Ms E McKerry

All other Councillors for information

Chief Executive
Strategic Director – Transformation & Public Service Reform
Strategic Director – Regeneration, Environment & Growth
Chief Officer of West Dunbartonshire Health & Social Care Partnership

Date of issue: 16 September 2016

AUDIT & PERFORMANCE REVIEW COMMITTEE

WEDNESDAY, 28 SEPTEMBER 2016

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 8 June 2016.

4 TREASURY MANAGEMENT ANNUAL REPORT 2015/16 9 - 20

Submit report by the Strategic Lead - Resources providing an update on treasury management during 2015/16.

5 AUDITED ANNUAL ACCOUNTS To Follow

Submit report by the Strategic Lead - Resources on the above.

6 AUDIT SCOTLAND: ANNUAL REPORT To Follow

Submit report by the Strategic Lead - Resources on the above.

7 AUDIT ACTION PLANS 21 - 24 Appendices To Follow

Submit report by the Strategic Lead - Resources advising of:-

- (a) recently issued Internal Audit action plans; and

- (b) progress made against plans previously issued contained within Internal Audit and External Audit reports.

8 STRATHCLYDE PENSION FUND 25 - 32

Submit report by the Strategic Lead - Resources providing further information on the Strathclyde Pension Fund.

9 STRATEGIC RISK AND RESILIENCE – BI ANNUAL UPDATE 33 – 56

Submit report by the Strategic Lead - People & Technology providing the outcome of the latest assessment of strategic risks and an update on progress in relation to resilience planning.

10 PUBLIC INTEREST DISCLOSURES 1 JANUARY TO 30 JUNE 2016 57 - 59

Submit report by the Strategic Lead - Resources advising of public interest disclosures received during the period 1 January to 30 June 2016.

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, 8 June 2016 at 10.04 a.m.

Present: Councillors George Black, Jim Brown, Jonathan McColl, Ian Murray and Martin Rooney.

Attending: Richard Cairns, Strategic Director – Regeneration, Environment & Growth; Stephen West, Strategic Lead – Resources; Peter Hessest, Strategic Lead – Regulatory; Malcolm Bennie, Strategic Lead – Communications, Culture and Communities; Colin McDougall, Audit and Risk Manager; Alan Douglas, Manager of Legal; and Craig Stewart, Committee Officer, Regulatory Services.

Also Attending: Mr Peter Lindsay, Audit Manager and Ms Karen Cotterell, Senior Auditor, Audit Scotland.

Apologies: Apologies for absence were intimated on behalf of Councillors Patrick McGlinchey, Tommy Rainey and Gail Robertson, and Stevie J. Doogan, Lay Member. Apologies were also intimated from Joyce White, Chief Executive and Angela Wilson, Strategic Director – Transformation & Public Service Reform.

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.

MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of the Audit & Performance Review Committee held on 9 March 2016 were submitted and approved as a correct record.

INTERNAL AUDIT ANNUAL REPORT TO 31 MARCH 2016

A report was submitted by the Strategic Lead - Resources advising of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2015/16 and advising of the contents of the Assurance Statement given to the Section 95 Officer (Strategic Lead – Resources) in support of the Statement of Internal Financial Control/Governance Statement.

Having heard the Audit and Risk Manager, the Committee agreed to note the contents of the report.

AUDIT ACTION PLANS

A report was submitted by the Strategic Lead - Resources advising of:-

- (1) recently issued Internal Audit action plans; and
- (2) progress made against plans previously issued and contained within Internal Audit and External Audit reports.

After discussion and having heard the Audit and Risk Manager, Strategic Lead - Resources and relevant officers in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

CODE OF GOOD GOVERNANCE

A report was submitted by the Strategic Lead - Resources advising of the outcome of the annual self-evaluation undertaken of the Council's compliance with its Code of Good Governance.

After discussion and having heard the Audit and Risk Manager and relevant officers in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the outcome of the recent self-evaluation process in considering how the Council currently met the agreed Code of Good Governance; and
- (2) to note the issues identified and improvement actions.

AUDIT SCOTLAND REPORT: WEST DUNBARTONSHIRE COUNCIL: REVIEW OF KEY INTERNAL CONTROLS 2015/16 – MAY 2016

A report was submitted by the Strategic Lead – Resources providing for information a report which had been received by the Council's external auditors – Audit Scotland – and providing information to Members as to management actions implemented following receipt of this report.

After discussion and having heard the Strategic Lead - Resources and Mr Lindsay, Audit Manager in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report and the agreed improvement actions.

ACCOUNTS COMMISSION REPORTS: AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2016; AND WHY THE ACCOUNTS MATTER

A report was submitted by the Strategic Lead - Resources providing information regarding a report recently published by the Accounts Commission and a linked report by Audit Scotland.

After discussion and having heard the Strategic Lead - Resources and Mr Lindsay, Audit Manager in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the contents of the reports and the recommendations contained therein;
- (2) to note that it was planned to undertake development work with Members in relation to the reports; and
- (3) that a report providing further information on the Strathclyde Pension Fund be submitted to the next meeting of the Committee, for Members' consideration.

AUDIT SCOTLAND REPORT: MAJOR CAPITAL INVESTMENT IN COUNCILS - FOLLOW UP

A report was submitted by the Strategic Lead – Resources providing information regarding the Audit Scotland's follow-up report to their 2013 report entitled "Major Capital Investment in Councils".

After discussion and having heard the Strategic Lead – Resources and Mr Lindsay, Audit Manager in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the Audit Scotland report as detailed in Appendix 1 to the report; and
- (2) to note the position within West Dunbartonshire Council as detailed in Appendices 2 to 4 to the report.

DATA PROTECTION ACT ENFORCEMENT NOTICE FROM INFORMATION COMMISSIONER'S OFFICE (ICO)

A report was submitted by the Strategic Lead – Regulatory providing an update on an Enforcement Notice from the Information Commissioner's Office (ICO) which followed an investigation into the Council's compliance with the Data Protection Act 1998.

After discussion and having heard the Strategic Lead – Regulatory and the Manager of Legal in further explanation and in answer to Members' questions, the Committee agreed to note the report.

The meeting closed at 11.27 a.m.

DRAFT

West Dunbartonshire Council
Report by the Strategic Lead - Resources
Audit and Performance Review Committee – 28 September 2016

Subject: Treasury Management Annual Report 2015/2016

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update on treasury management during 2015/16.

2. Recommendations

- 2.1** Members are requested to:

- (a) note the treasury management stewardship information within the report;
- (b) note the 2015/16 actual prudential indicators as advised within the report (Tables 2, 3, 4 and 5); and
- (c) note that this report was submitted to Council on 31 August 2016.

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2015/16, officers are required to provide an Annual Report to Members regarding the Treasury function.
- 3.2** Members agreed within the Treasury Management Strategy 2012/13 - 2014/15 (as reported to Council in March 2012) to nominate the Audit and Performance Review Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

4. Main Issues

Treasury Management Stewardship Report

- 4.1** A copy of the report is attached as Appendix 1.
- 4.2** The report gives details of loans borrowed and loans repaid during the course of the year together with movements in interest rates.
- 4.3** The Council undertook new borrowing of £95.1m for the approved capital plans (£32.1m) and the replacement of naturally maturing debt (£63.0m) during 2015/16.
- 4.4** Consideration was given to available interest rates given ongoing market conditions and advice from our treasury advisors, and therefore shorter term borrowing has been utilised.

- 4.5** External borrowing has increased from £289.867m at the beginning of the year to £321.958m at the end of the year. This is due to new borrowing required to fund the capital programmes. As stated above maturing debt has been renewed and overall there was a reduction in the average interest rate from 3.96% to 3.64%.
- 4.6** Investments have decreased from £12.573m at the beginning of the year to £11.436m at the year-end in line with treasury management planned activity. The average interest rate on these investments as at 31 March 2014 increased marginally from 0.42% to 0.43%, due to market conditions and is in line with that anticipated within the 2015/16 budget.
- 4.7** All year end actual indicators advised within Appendix 1 of this report are within the limits previously agreed by Council.

5. People Implications

- 5.1** There are no personnel issues.

6. Financial and Procurement Implications

- 6.1** There are no financial or procurement implications.

7. Risk Analysis

- 7.1** Although this report provides a historic position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit and Performance Review Committee:
- (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 Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and
 - (c) Capital costs may increase which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available. The Council has project management in place for capital projects and monitors this through the budgetary control process

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 nor 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.

10.2 Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

Stephen West
Strategic Lead - Resources
Transformation & Public Service Reform
Date: 6 September 2016

Person to Contact: Jennifer Ogilvie, Section Head (Treasury & Capital),
Council Offices, Garshake Road.
Telephone (01389) 737453
Email: jennifer.ogilvie@west-dunbarton.gov.uk

Background Papers: Loans register and portfolio;
Debt rescheduling schedules;
Prudential Indicators 2015/16 to 2025/26 and Treasury
Management Strategy 2016/17 to 2025/26 (Council 24 February
2016);
Treasury Management Annual Report 2014/2015 (Council 26 August
2015)

Wards Affected: No wards directly affected.

Annual Report 2015/16

Treasury Management and Actual Prudential Indicators

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 were made in 2015/16); and
 - 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** This Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis.
- 1.3** During 2015/16 the minimum reporting requirements were that the Council receive an annual treasury strategy in advance of the new financial year, a mid-year report and an annual report following the financial year-end describing the activity compared to the strategy (this report).
- 1.4** This report sets out:
- A summary of the strategy agreed for 2015/16;
 - The Council's treasury position at 31 March 2016;
 - The main Prudential Indicators and compliance with limits;
 - A summary of the economic factors affecting the strategy over 2015/16;
 - The Treasury activity during 2015/16;
 - Performance indicators set for 2015/16; and
 - Risk and Performance.

2. A Summary of the Strategy Agreed for 2015/16

- 2.1** The expectation for interest rates within the strategy for 2015/16 was that the Bank Rate would remain unchanged at 0.50% with gradual rises in medium and longer term fixed borrowing rates over 2015/16.

Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis resulted in a cautious approach, where investments would continue to be carefully considered in terms of risk associated with those to whom we may lend money. This approach is safe and therefore results in relatively low returns compared to borrowing rates. As a result, the Council chose to take a cautious approach to its strategy and took necessary actions on borrowings and investments in conjunction with market conditions at that time.

3. The Council's Treasury Position at 31 March 2016

- 3.1 During 2015/16, the Head of Finance and Resources managed the debt position with the use of internal funds as well as external borrowing, and the treasury position at 31 March 2016 compared with the previous year was:

Table 1

| Treasury position | 31 March 2016 | | 31 March 2015 | |
|-------------------------------|------------------|--------------|------------------|--------------|
| | Principal | Average Rate | Principal | Average Rate |
| Fixed Interest Rate Debt | £321.958m | 3.64% | £289.867m | 3.96% |
| Variable Interest Rate Debt | £0.000m | 0.00% | £0.000m | 0.00% |
| Total Debt | £321.958m | 3.64% | £289.867m | 3.96% |
| Total Investments | £11.436m | 0.43% | £12.573m | 0.42% |
| Net borrowing position | £310.522m | | £277.294m | |

- 3.2 From the above table, it can be seen that the average interest rate on debt held on 31 March 2015 has reduced from 3.96% to 3.64%. At the same time the average interest rate has increased on the investments held on 31 March 2015 to 2016 from 0.42% to 0.43%.
- 3.3 The external debt figures included within Table 1 includes both short term and long term debt. This is 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.
- 3.4 There are four treasury prudential indicators which cover the activity of the treasury function. Complying with these indicators reduces the risk of an adverse movement in interest rates impacting negatively on the Council's overall position:
- Upper limits on variable rate exposure;
 - Upper limits on fixed rate exposure;
 - Maturity structures of borrowing; and
 - Total principal funds invested for greater than 364 days. During 2014/15 Members approved investment in Hub West Scotland for a period greater than 364 days, however this investment was not drawn down until 2015/16.
- 3.5 Table 2 shows the actual upper limits set per debt type and maturity as at 31 March 2016.

Table 2

| | 2015/16 Actual | 2015/16 Indicator | |
|---|-------------------|----------------------|-----|
| Upper limits on variable interest rates (<i>against maximum position</i>) | 0% | 50% | |
| Upper limits on fixed interest rates (<i>against maximum position</i>) | 100% | 100% | |
| Maturity structure fixed rate borrowing (%) | Year end Position | Max | Min |
| Under 12 months | 49.6% | 50% | 0% |
| 12 months to 2 years | 8.7% | 50% | 0% |
| 2 years to 5 years | 21.0% | 50% | 0% |
| 5 years to 10 years | 5.3% | 50% | 0% |
| 10 years to 20 years | 2.5% | 50% | 0% |
| 20 years to 30 years | 0.6% | 50% | 0% |
| 30 years to 40 years | 10.5% | 50% | 0% |
| 40 years to 50 years | 1.9% | 100% | 0% |
| 50 years to 60 years | 0.0% | 100% | 0% |
| 60 years to 70 years | 0.0% | 100% | 0% |
| Maximum principal funds invested >364 days | £0.228m | £1m | Nil |

4. The Main Prudential Indicators and Compliance with Limits

4.1 The Council is required by the Prudential Code to report the actual prudential indicators after the year end.

4.2 Capital Expenditure and its Financing

This forms one of the required prudential indicators and shows total capital expenditure for the year and how this was financed. The reduction in total capital expenditure between revised estimate and actual as noted below in Table 3 is due to expenditure which slipped from 2015/16 into the 2016/17 capital programme, together with resources. The indicators for 2016/17 will be revised in line with this.

Table 3

| | 2015/16 Actual | 2015/16 Revised Estimate |
|--|-------------------|--------------------------------|
| Total capital expenditure | £68.511m | £78.426m |
| Resourced by: | | |
| Capital receipts and grants | £18.489m | £18.158m |
| Revenue | £2.981m | £2.725m |
| Capital expenditure - additional need to borrow | £47.041m | £57.543m |

4.3 Gross Borrowing and the Capital Financing Requirement (CFR)

In order to ensure that borrowing levels are prudent, over the medium term the Council's gross borrowing must only be used for capital purposes. Gross borrowing should not therefore, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) and next two financial years. This essentially means that the

Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16.

- 4.4** The Executive Director of Corporate Services reports that the Council has complied with this indicator in 2015/16 and this can be seen by comparing the gross debt figure at 31 March 2016 with the anticipated CFR at 31 March 2019 as detailed in Table 4 below.

Table 4

| | 2015/16 Actual | 2015/16 Revised Indicator |
|--|---------------------------|--|
| Gross borrowing position per Table1 | £321.958m | £336.820m |
| PPP long term liability | £86.297m | £86.594m |
| Adjusted gross borrowing position | £408.255m | £423.414m |
| Capital Financing Requirement | £412.450m | £423.266m |

| | 2015/16 Actual |
|---|---------------------------|
| CFR at 31 March 2016 | |
| 2015/16 Actual | £412.450m |
| Estimated Movement in CFR | |
| 2016/17 | £84.336m |
| 2017/18 | £38.416m |
| 2018/19 | £23.225m |
| Anticipated CFR at 31 March 2018 | £558.427m |
| Gross Debt at 31 March 2016 | £408.255m |

4.5 The Authorised Limit

The Authorised Limit is the “Affordable Borrowing Limit” required by Section 35 of the Local Government in Scotland Act 2003. The Council does not have the power to borrow above this level. The information in Table 5 demonstrates that during 2015/16 the Council has maintained gross borrowing within its Authorised Limit.

4.6 The Operational Boundary

The Operational Boundary is the borrowing position that the Council expects to work around during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The information in Table 5 demonstrates that during 2015/16 the Council has maintained gross borrowing within its Operational Boundary.

4.7 Incremental Impact of capital investment decisions

This indicator identifies the impact of the actual capital outturn compared to the projected impact of the General Services Capital Plan Refresh and the HRA Capital Plan Update as approved by Members in February 2016, measured against Band D council tax and weekly housing rents. Table 5 shows that the final position for 2015/16.

- 4.8** The indicator shows a lower cost than forecast due to the actual capital spend in 2015/16 requiring a lower level of prudential borrowing than projected at

February 2016. This is due to expenditure which slipped from 2015/16 into the 2016/17 capital programme, together with resources. The indicators for 2016/17 will be revised in line with this.

4.8 Actual financing costs as a proportion of net revenue stream

This indicator shows the actual impact of capital expenditure in 2015/16 compared to the projected impact of the General Services Capital Plan Refresh and the HRA Capital Plan Update as approved by Members in February 2016. The cost of capital is described as loan charges within the revenue budgets. Table 5 shows the final position for 2015/16 and shows the increase or decrease for every band D equivalent and weekly rent levels arising from the actual outturn.

Table 5

| | 2015/16 | |
|---|------------------|---------------|
| Revised Indicator - Authorised Limit | £508.097m | |
| Revised Indicator - Operational Boundary | £465.756m | |
| Maximum gross borrowing position during 2015/16 | £413.049m | |
| Minimum gross borrowing position during 2015/16 | £366.616m | |
| | Estimated | Actual |
| Incremental Impact of capital investment decisions: | | |
| Council Tax (excluding year-end flexibility) | -£21.41 | -£33.66 |
| Rent | -£0.63 | -£1.03 |
| Financing costs as a proportion of net revenue stream: | | |
| Housing | 30.90% | 33.67% |
| Non housing | 8.14% | 8.44% |

5. Summary of the Economic Factors affecting Interest Rates over 2015/16

5.1 Interest Rates

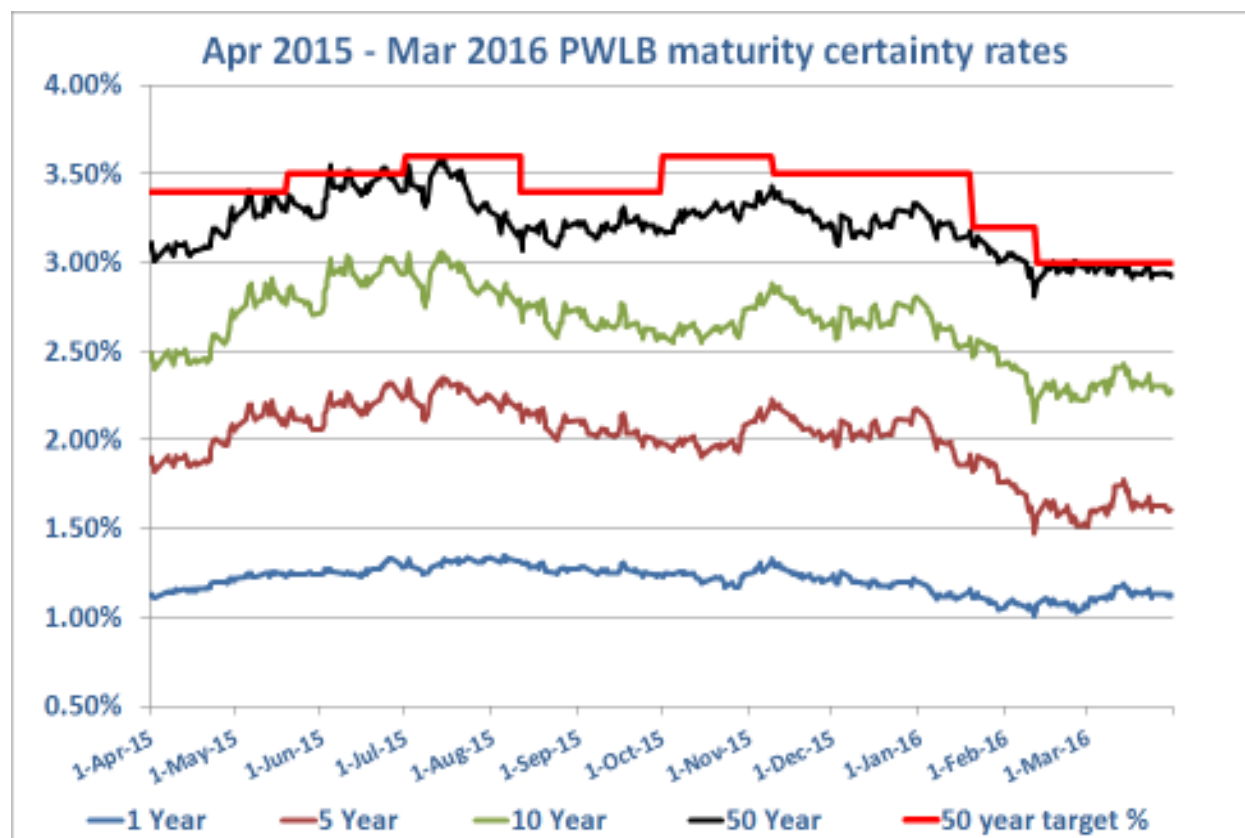
Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 of 2015 but soon moving back to quarter 1 of 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 of 2018 due to a number of concerns, including: around the impact of China's economic growth slowdown; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility with the bank rate, therefore, remaining unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

5.2 Borrowing Rates in 2015/16

The graphs and table for PWLB certainty rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



6. Treasury Activity during 2015/16

- 6.1 Borrowing** – The Council raised new long term loans of £25.6m and new short term loans of £69.5m during 2015/16 for the replacement of naturally maturing debt and to finance the Council's capital programme.
- 6.2 Rescheduling** – No debt rescheduling was carried out in 2015/16.
- 6.3 Repayment** – The Council repaid naturally maturing debt of £63.0m.
- 6.4 Summary of Debt Transactions** – The overall position of the debt activity resulted in the average interest rate at 31 March year on year falling slightly to 3.64%.
- 6.5 Investment Policy** – The Scottish Government issued The Local Government Investments (Scotland) Regulations 2010 on 1 April 2010.
- 6.6** The regulations applied from 1 April 2010 and the Council's policy was included in the annual treasury strategy approved by Council on 30 March 2013. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

- 6.7** The Council's investments decreased from £12.573m at the beginning of the year to £11.436m at the end of the year with an average balance of £18.645m and received an average return of 0.43% over the year.
- 6.8** Economic factors for 2015/16 (see 5.1 above) resulted in low interest rates during this period impacting adversely on investment returns.

7. Performance Indicators set for 2015/16

- 7.1** Security, liquidity and return benchmarks were first introduced for 2010/11. Return benchmarks are currently widely used to assess investment performance.

- **Security** - In the context of benchmarking, assessing security is a very subjective area. Security is currently evidenced by the application of minimum quality criteria to financial institutions that the Council may choose to invest in, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard & Poors). The Council has benchmarked security risk by assessing the historical likelihood of default for investments placed with any institution with a long term credit rating of A- (this is the minimum long term credit rating used in the Council's investment strategy). The Council's maximum security risk is that 0.09% of investments placed with financial institutions could theoretically default based on global historical data. The Executive Director of Corporate Services can report that all investments within the Council's portfolio were repaid on their due dates with no defaults of the principal sums recorded.
- **Liquidity** – As required by the CIPFA Treasury Management Code of Practice the Council has stated that it will “ensure that it has adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives”. In respect to liquidity as defined above the Executive Director of Corporate Services can report that liquidity arrangements during the year were maintained in line with the facilities and benchmarks previously set by the Council as follows:
 - Bank overdraft - £1.000m
 - Liquid short term deposits of at least £5.000m available on an overnight basis.
- **Return** – The Executive Director of Corporate Services can report that investment return averaged 0.43% which is a year on year increase of 0.01%. Table 6 illustrates that the average return of 0.43% was slightly below the Council's investment account but higher than the LIBID rates which are the local measures of return investment benchmarks approved in March 2012.

The Council's bankers (and therefore the bank with which the investment account is held) are currently the Clydesdale Bank Plc which falls within the Category 3 Investment Category approved in the investment strategy

approved in February 2015. Due to the credit rating of this bank this category specified a maximum limit £5million which may be held on an overnight basis only thus limiting the ability to attract interest at 0.50%

Table 6

| Benchmark | Benchmark Return | Average Return |
|---|-------------------------|-----------------------|
| Internal returns above the 7 day LIBID rate | 0.36% | 0.43% |
| Internal returns above the 1 month LIBID rate | 0.38% | 0.43% |
| Internal returns above the Council investment account | 0.50% | 0.43% |

8. Risk and Performance

- 8.1** The Council has complied with all relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.
- 8.2** The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's treasury advisers, has proactively managed its treasury position within the current economic climate taking advantage of lower interest rates where it is deemed appropriate. The Council has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, with the majority of debt comprised of long-term loans.
- 8.3** Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Audit and Performance Review Committee: 28 September 2016**

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 The Appendices to this report will be run in the days leading up to the committee meeting so as to provide as up to date a position as possible in the progress of actions. 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, including the Local Scrutiny Plan for 2016/17.

4.2 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.

4.3 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 |

5. People Implications

5.1 There are no personnel issues with this report.

6. Financial and Procurement Implications

6.1 There are neither financial nor procurement implications with this report.

7. Risk Analysis

7.1 There is a risk that failure to implement actions within the agreed timescale may result in weaknesses in internal control arrangements remaining unresolved longer than is desirable.

8. Equalities Impact Assessment (EIA)

8.1 A screening has been carried out and found no issues relevant to equalities duties.

9. Consultation

- 9.1** This report has been subject to consultation with appropriate Strategic Leads. In addition, services have been consulted in the update of action plans.

10. Strategic Assessment

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

.....
Stephen West
Strategic Lead - Resources
Date: 29 August 2016

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
EIA Screening

Wards Affected: All Wards

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead - Resources

Audit and Performance Review Committee: 29 September 2016

Subject: Strathclyde Pension Fund

1. Purpose

- 1.1** The purpose of this report is to provide Committee with further information on the Strathclyde Pension Fund.

2. Recommendations

- 2.1** Members are asked to note the report.

3. Background

- 3.1** As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments at the time the employees earn their future entitlement. The Council participates in two pension schemes:

- (a) The Local Government Pension Scheme (LGPS) - The Council participates in the Strathclyde Pension Fund (SPF) which is part of the LGPS. This is administered by Glasgow City Council, and currently, the employer contribution rate is 19.3% - employer contributions worth £16.358m were paid in 2015/16; and
- (b) The Teachers' Pension Scheme, which is administered by the Scottish Public Pension Agency on behalf of the Scottish Government. Currently, the employer pays a set rate of 17.2% - employer contributions worth £5.887m were paid in 2015/16.

- 3.2** Both Pensions are classed as a 'defined benefit pension scheme', which upon retirement generates an employee "pension pot" which is based upon the employee's salary and the relevant length of service.

- 3.3** Contributions for the teachers' scheme are paid to the Scottish Government which meet all of the costs of all benefits. It is classed as a multi-employer scheme which results in the Council being unable to identify its share of the total net assets and liabilities of the scheme (Council's share of the total scheme is 1.78%). Therefore, this report provides information based upon the Local Government Pension Scheme only.

- 3.4** The Audit Scotland Local Government Overview Report 2016 was reported to this Committee in June 2016. The report provides a high level, independent view of Scottish Local Government's management and performance – including financial performance. The report notes that the LGPS reports a shortfall between the value of assets in the Fund and the projected pension

commitments to be paid in the future. This affects Pension Funds in general and is not specific to this Council or the SPF. The report also notes that this does not create an immediate problem as Pension Funds have plans in place to reduce deficits within a 20 year period.

3.5 The report also highlights:

- (a) The LGPS had 11 separate funds throughout Scotland, which vary in size. The SPF manages approximately £16bn of investments on behalf of members (45% of the overall value);
- (b) The funds are formally valued every three years to set contribution rates (most recently 2014), with annual estimates given between these valuations;
- (c) The LGPS is funding an increasing number of pensioners. However, the number of contributing members is also increasing despite reductions in staff numbers in organisations. This is likely to be due to auto enrolment. It should also be noted that the increases in those staff contributing is likely to be less than the increasing number of pensioners; and
- (d) Increases in future employer contributions are likely to be limited as part of a cost sharing arrangement. Employee rates may however increase.

3.6 Following on from this overview report, Members asked for a report to be submitted to a future Committee, providing further information on the Strathclyde Pension Fund.

4. Main Issues

Strathclyde Pension Fund – Facts and Trends

4.1 Some key membership and member transaction trends are noted within Appendix 1. The Appendix shows that the number of members is increasing. For the last two years, the amount paid out each year in pensions has exceeded the amount of contributions in year (2015/16 resulted in a net outflow of £10.225m). However, the amount of current investments held has continued to increase due to the level of investment income/returns.

Strathclyde Pension Fund - West Dunbartonshire Council

4.2 Within the Financial Statements as at 31 March 2016, the Council noted a net pension position of:

| 2014/15 | | 2015/16 |
|------------------|------------------------------|------------------|
| £m | | £m |
| 587.759 | Fair value of plan assets | 603.802 |
| 804.438 | Total Liability | (757.542) |
| (216.679) | Overall net liability | (153.740) |

4.3 The table above highlights the underlying net commitments that the Council has in relation to future retirement benefits. Taking account of the assets currently held and the projected commitments, there is a short fall in the pension fund (a 'pension deficit') of £153.740m – as shown in the Council's

Balance Sheet as at 31 March 2016 (£216.679m as at 31 March 2015). This means that as at 31 March 2016, the Council's pension assets (£604m) were sufficient to cover 79.7% of the accrued liabilities (£757m). It should also be noted that this estimated valuation was prior to 'Brexit'.

The Council's Pension Assets

- 4.4** The assets and investments held by the fund at 31 March 2016 are as below. The spread of investment is likely to be different each year dependent on investment strategies and prevailing market conditions:

| | £m |
|-------------------------------|------------|
| Equity securities | 220 |
| Private Equity | 59 |
| Real Estate | 65 |
| Investment Funds / Unit Funds | 239 |
| Cash Equivalents | 21 |
| Total | 604 |

- 4.5** Each year there is movement to this overall value, depending on, e.g.:
- (a) Returns on assets (sale/purchase);
 - (b) Interest received on assets;
 - (c) Contributions from employees and employers; and
 - (d) In year payments to current pensioners.

The value of the year on year movement in the asset can be seen within the table at 4.2 which highlights and overall increase in assets of £16m. This is due to asset returns being better than anticipated.

The Council's Pension Liabilities (£757.542m as at 31 March 2016)

- 4.6** Liabilities are valued by the Actuary using a method which allows the assessment of future liabilities and which is then discounted back to current monetary values. The SPF uses an independent organization - Hymans Robertson - for this valuation, together with information provided by the Council on its workforce. To complete this valuation, assumptions are made on a range of factors:

- (a) Average life expectancies for male/female current/future pensioners;
- (b) Future likely pension increases (e.g. future annual inflationary increases);
- (c) Future likely salary increases prior to current employees retiring (including increments and annual inflationary increases);
- (d) Likely ages of retirement of current employees;
- (e) Other contributing factors – such as withdrawals from the SPF, ill-health retirements, death in service; and
- (f) Discount rates – return future projected costs to current prices. The discount rate used is dependent upon anticipated market returns on high quality corporate bonds. The higher the discount rate, the lower the current value is.

- 4.7** Estimated liabilities decreased year on year by £47m mainly due to the discount rate increasing from 3.2% in 2014/15 to 3.5% in 2015/16.

- 4.8** A formal valuation is due in 2017 and will take into account the projected effects of Brexit, as known at that time.

Governance Arrangements of Strathclyde Pension Fund

- 4.9** Appendix 2 details those involved in the decision making process, including the advisers and the practitioners involved in running it.
- 4.10** The SPF Committee is the main decision making body and comprises of elected members of Glasgow City Council, as well as scheme members (either from Councillor membership or as a result of previous service as an employee member).
- 4.11** SPF's Investment Strategy is set by the SPF Committee, who meet on a quarterly basis. Whilst following the Strategy set, the Investment Advisory Panel (IAP) develops recommendations for the Committee to make formal decisions on investments.
- 4.12** On a quarterly basis updates on investments are published on the Fund's website and the Fund's performance is independently measured and verified by the Fund's global custodian, the Northern Trust.

Strathclyde Pension Fund Investment Strategy

- 4.13** The Fund's 'Statement of Investment Principles' is the Fund's main investment Policy document. The main principles which guide the fund structure include:
- Long term perspective;
 - Diversification (variety of return patterns);
 - Efficiency (balance between risk and return);
 - Competitive advantage (due to the Fund's size);
 - Pragmatism (considerations include cost and manageability); and
 - Stewardship (acknowledges the importance of environmental, social and governance issues).
- 4.14** The Fund uses a number of Fund Managers for investment purposes and monitors the returns for each Fund Manager with appropriate benchmark indicators.

Responsible Investments

- 4.15** The Fund has signed up to the United Nations Principles for responsible Investment and has adopted the principles within its Strategy. Through this, each Fund Manager must report to the Fund quarterly on investment activity. Topics in the past year include: slave labour; human rights; protection of endangered species and fossil fuel to renewables. A full list is available on the SPF website.
- 4.16** The Fund also holds a proportion of investments in its 'Direct Investment Portfolio' (DIP) (currently 5% of the overall Fund). DIP investments are usually linked to a positive local, economic or ESG (environmental, social, governance) impact (recent examples are UK Green Investment Bank, Onshore Wind Farms, Clydebuilt).

Membership of the SPF

- 4.17** One of the queries from Members at the previous Audit and Performance Review Committee was about, given there is a deficit in the fund, can the Council exit the fund and access pension provision elsewhere.
- 4.18** The SPF has confirmed that councils are a “scheme schedule one employer” and, under the Local Government Pension Regulations, can’t leave the pension scheme. However Councils could choose to lobby the Scottish Government to have the regulations amended.

Performance

- 4.19** The SPF provides performance information within its Annual Report. In 2015/16 the Fund returned +2.1% against a benchmark return of +0.3%. The Fund private equity and property portfolios were the most significant contributors to the return.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** Other than the financial position noted above, there are no financial implications or procurement.
- 6.2** Audit Scotland report that the current pension deficit does not create an immediate problem as Pension Funds have plans in place to reduce deficits within a 20 year period.

7. Risk Analysis

- 7.1** The main risks are as follows:
- (a) The assumptions used in the valuation calculation by the Actuaries (and agreed by the Council) may not be accurate, resulting in and over or under stated net pension position;
 - (b) The effect of Brexit on pension funds is currently unknown and as such this may leave the valuation in the Fund in a volatile position for the foreseeable future; and
 - (c) The Council has a current pension fund deficit and there is a risk that unless liabilities reduce or assets increase (through either additional contributions or increased returns on investments) there will remain a burden (net liability) to fund in future.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

- 9.1** Colleagues within the Resources Service and the Regulatory Service have been consulted in the compilation of this report.

10. Strategic Assessment

- 10.1** Good financial governance is essential to the delivery of each of the Council's Strategic Priorities.

Stephen West
Strategic Lead - Resources
Date: 13 September 2016

Person to Contact: Gillian McNeilly, Finance Manager
Council Offices, Garshake Road, Dumbarton
Telephone: (01389) 737194
E-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendices: 1 - Key membership and member transaction trends
2 - Strathclyde Pension Fund Governance

Background Papers: Audit Scotland Local Government Overview Report 2016
Briefing Note (April 2016) – Hymans Robertson
Briefing Note (February 2016) – Hymans Robertson
IAS19 as at 31 March 2016 – Results Schedule - – Hymans Robertson
Actuarial Valuation as at 31 March 2016 for accounting purposes — Hymans Robertson
WDC - Draft Financial Statements – 31 March 2016

Wards Affected n/a

Strathclyde Pension Fund
Appendix 1
Key membership and member transaction trends

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|------------------|------------------|------------------|------------------|------------------|
| Employers | 226 | 233 | 215 | 202 | 200 |
| Employee Members | 81,522 | 81,994 | 87,197 | 90,057 | 92,717 |
| Deferred Members | 46,622 | 46,274 | 47,243 | 49,215 | 50,545 |
| Pensioners | 67,543 | 68,857 | 70,404 | 71,605 | 73,012 |
| Total Members | 195,687 | 197,125 | 204,844 | 210,877 | 216,274 |
| <u>Year on Year Increase / (Decrease)</u> | | | | | |
| Employee Members | | 1% | 6% | 3% | 3% |
| Deferred Members | | -1% | 2% | 4% | 3% |
| Pensioners | | 2% | 2% | 2% | 2% |
| Total Members | | 1% | 4% | 3% | 3% |
| <u>Contributions/ Payments</u> | £000 | £000 | £000 | £000 | £000 |
| Employer Contributions | 398,708 | 382,255 | 368,250 | 373,129 | 391,445 |
| Employee Contributions | 109,807 | 107,683 | 110,282 | 113,041 | 116,760 |
| Total Contributions | 508,515 | 489,938 | 478,532 | 486,170 | 508,205 |
| Lump Sum Paid | (135,572) | (106,820) | (95,792) | (98,845) | (104,098) |
| Pensions Paid | (320,557) | (346,939) | (371,118) | (388,953) | (396,791) |
| Other Payments | (4,888) | (8,825) | (9,904) | (17,684) | (17,541) |
| Total Payments | (461,017) | (462,584) | (476,814) | (505,482) | (518,430) |
| Net movement | 47,498 | 27,354 | 1,718 | (19,312) | (10,225) |
| <u>Investments</u> | £000 | £000 | £000 | £000 | £000 |
| Closing Value | 11,450,885 | 13,066,241 | 13,944,975 | 15,758,296 | 16,058,521 |

| Decision Maker / Adviser / Practitioner | Role |
|--|--|
| Strathclyde Pension Fund Committee | Main decision making body for the Fund |
| The Committee Sounding Board | Reviews proposals before they are considered by the Committee for decision |
| The Pension Board | Assists the Committee in securing compliance with the regulations, other legislation and the requirements of the Pension Regulator |
| Investment Advisory Panel | The Panel is responsible for: <ul style="list-style-type: none">• Developing the Investment Strategy;• Monitoring the Strategy;• Assisting in the selection / appointment of investment managers;• Setting & reviewing detailed investment mandate terms & guidelines;• Monitoring cashflows;• Implementing private equity / global real estate programmes. |
| The Executive Director of Financial Services | Principal Adviser to the Committee |
| Strathclyde Pension Fund Office | Administers the scheme, manages the Fund and implements Committee decisions |
| The Actuary | Provides advice on funding |
| Investment consultants | Provide advice on all aspects of investment objectives, strategy and structure |
| Internal & External auditors | Review risks, controls and the Financial Statements |
| The investment managers | Manage the investment portfolios |

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead – People & Technology

Audit and Performance Review Committee: 28 September 2016

Subject: Strategic Risk and Resilience – Bi Annual Update

1. Purpose

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

2. Recommendations

- 2.1** It is recommended that Committee:

- (i) notes the contents of this report; and
- (ii) notes that any proposals to share services will be submitted to Council.

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 regular review of strategic risks is reported to this Committee. In December 2015, a seventh strategic risk was added: *SR112: Failure to raise attainment and improve learning*.
- 3.2** The Corporate Services Committee approved the revised Risk Management Strategy and Methodology in November 2013. This sets out the framework for the management of the risks and describes how actions will be effective in assisting in the management of potential opportunities and threats that may prevent achievement of strategic, service or operational objectives.
- 3.3** 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.

4.2 Each risk is scored on a matrix display using two dimensions:

(i) Impact of Risk, should it occur (X-axis)

| <u>Description</u> | <u>Score</u> |
|--------------------|--------------|
| Minor | 1 |
| Moderate | 2 |
| Significant | 3 |
| Critical | 4 |

(ii) Likelihood of Risk occurring (Y-axis)

| <u>Description</u> | <u>Score</u> |
|--------------------|--------------|
| Unlikely | 1 |
| Likely | 2 |
| Very Likely | 3 |
| Certain | 4 |

The “score” of between 1 and 4 for each axis should be reviewed on a six monthly basis by management. The total risk rating (for both current and target) is calculated by multiplying the Impact score by the Likelihood score.

The current risk rating is obtained taking into account the current mitigations to minimise the risk. The target risk rating is where we would like to be.

Directorate/Strategic Area Risk

4.3 Management teams have responsibility to embed Directorate/Strategic Area risks within Delivery 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

- 4.4** The Council's Resilience Group, chaired by the Strategic Director of Transformation and Public Service Reform, continues to meet quarterly as the governance board for contingency planning across the Council. The Corporate Contingency Plan, and top-level Business Continuity documentation (Policy, Strategy and Corporate Plan) were reviewed in July 2015.
- 4.5** A Security Working Group, reporting to the Resilience Group, met for the first time in March 2016. The group was recommended following the recent Cyber Security Exercise and after Incident debriefs. As such it represents organisational learning on the part of the Council and is reflective of the council's desire for continuous improvement in this field.
- 4.6** The Council continues to be represented at Local and Regional Resilience Partnership Group (LRP/RRP BCG) meetings. The Chief Executive attended the RRP meeting on 23 March 2016 with the next meeting takes place on 21 September 2016. Multi-agency arrangements proved to be adequate for winter weather in 2015/16 with highlights including multi-agency use of the text alert and teleconferencing facility in relation to the A82 closure because of a dangerous tree, and effective multi agency response to flooding on 30 December during 'Storm Frank'.
- 4.7** An on-going project is the integration of CONTEST (Counter Terrorism) "Prepare activity" into the LRP work plan. The WDC-led proposal to realign LRP boundaries, to improve integration of CONTEST Prepare activities, was endorsed by the RRP.
- 4.8** In April 2016, the Council's Resilience Officer left the authority and, while interim cover continues to be provided by existing staff, the vacancy prompted a review of arrangements to build organisational capacity and improve resilience. In the spirit of shared service, discussions with the Civil Contingencies Service (CCS) have taken place over the intervening period. The CCS, hosted by Renfrewshire Council, delivers a resilience service to three local authorities and this could be extended to include West Dunbartonshire. Following a meeting of the Joint Committee at the end of August, a report will be remitted to a future meeting of Council.

Business Continuity Planning

- 4.9** The Business Continuity (BC) lifecycle remains operational. The Business Continuity Group agreed on 30 October 2015 that plans would be integrated at Strategic Area level to ensure relevant interdependencies between services were captured. This would also provide an improved forum to engage Strategic Leads and Service Managers in annual update forums. An overview of all plans is attached at Appendix 2.

Awareness, Testing and Exercises

- 4.10** There is a planned annual cycle of exercising, testing and reviewing existing plans. The Council have tested the following aspects of its BC arrangements in the past nine months:
- January 2016: A table top exercise for the WDLT looking at internal incident management procedures and reactive consequence management in relation to a drowning incident at a WDLT pool.
 - February 2016: A statutory top-tier Control of Major Accident Hazards (COMAH) Exercise for the Chivas Whisky sites in Dalmuir and Dumbuck. Exercise completed to the satisfaction of the Competent Authority (SEPA and HSE).
- 4.11** Additionally, in line with the Exercise programme, the following area is due to be tested in the coming months:
- Winter 2016/7: A statutory multi-agency exercise for the top tier COMAH site operated by NuStar at Rothsay Dock, Clydebank.

Community Resilience

- 4.12** A Community Resilience project has been taken forward with Dumbarton East and Central Community Council. A local community resilience plan has been developed in tandem with Silvertoun and Overtoun Community Council to ensure a joined up approach between responding agencies and the community to flood response in the area. Funding was secured from SEPA and the Scottish Government Resilience Division to provide a community flood defence at Dumbarton Fire Station. This will provide a secure repository for flood defence material that is close to historical flood prone areas and accessible by the local community. In addition, established means of communication are in place between responding agencies and the local community, ensuring a joined up approach to flood response in the area. The plan was tested during response to flooding on 30 December 2015 and proved to be fit for purpose for all agencies.

5. Personnel Implications

- 5.1** There are no direct personnel issues in connection with this report.

6. Financial and Procurement Implications

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

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** A screening has been carried out and found no issues relevant to equalities duties.

9. Consultation

- 9.1** This report has been subject to consultation with departments in the update of strategic risks. Resilience activity as documented in this report involves regular consultation with Council departments and partner agencies. .

10. Strategic Assessment

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

.....
Vicki Rogers
Strategic Lead – People & Technology
Date: 13 September 2016

Person to Contact: Colin McDougall, Audit and Risk Manager,
Council Offices, Garshake Road, Dumbarton
Telephone (01389-737436).
Email: colin.mcdougall@west-dunbarton.gov.uk

Appendices: Appendix 1 – Strategic Risk Report

Appendix 2 – West Dunbartonshire Council Resilience Plans
Review and Exercise Schedule


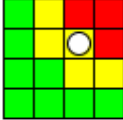
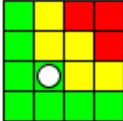
Background Papers: Risk Management Strategy and Methodology
Business Continuity Policy, Strategy and Corporate Plan








Wards Affected: All Wards


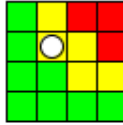
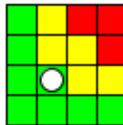
Appendix 1


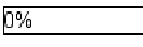

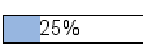

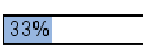

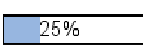

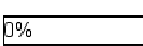

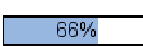
Strategic Risk Report 2016-17


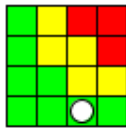
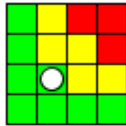
Generated on: 13 September 2016





|  | 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. |  Likelihood Impact | 9 | 05-Sep-2016 |
| 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. |  Likelihood Impact | 4 | 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 | The range of risks are monitored & considered and on balance the external risks to funding remain high. Significant mitigation controls are in place and planning processes seek to ensure appropriate action is taken at the right time to reduce levels of financial risk to WDC | |
| 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 | |


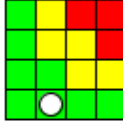
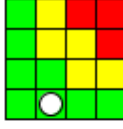



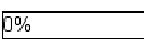
| | | | | |
|-----------------------------------|---|---|---------------------------|-----------------|
| Risk Opportunity | <ul style="list-style-type: none"> - Annual exercise to identify efficiencies - Major projects within the revenue benefits programme (e.g. sales, fees and charges; travel; overtime; training) - Enhance the reputation of the Council as an organisation which manages its finances soundly - Rationalisation of office accommodation | | | |
| Progress of Linked Actions | CS/EAAP/152 2. Financial Planning - update to the long term financial strategy and provide update to members regularly (2016/17 and 2017/18) |  | <div><div>60%</div></div> | Resources (SLA) |
| | FAR/16-17/02 Monitor monthly agreed savings options & management adjustments through the budgetary control process |  | <div><div>20%</div></div> | Resources (SLA) |
| | FAR/16-17/03 Monitoring of progress through the CMT of strategic projects planned for review during 2016/17, for report to future Council/committees with a view to increasing income / reducing costs for the Council |  | <div><div>25%</div></div> | Resources (SLA) |
| | FAR/16-17/04 Prepare and deliver short, medium and long term budgets through robust financial planning which reflect the Council's (& other bodies) corporate aims and objectives |  | <div><div>60%</div></div> | Resources (SLA) |
| | RES/16-17/FI/001 Provide timely and accurate accounting, budgeting and budgetary control processes; and timely delivery of financial accounts statements |  | <div><div>31%</div></div> | Resources (SLA) |
| | RES/16-17/FI/003 Review and update the Council's long-term finance strategy and report to Elected Members |  | <div><div>60%</div></div> | Resources (SLA) |
| | RES/16-17/RE/001 Support transformation projects across the organisation |  | <div><div>50%</div></div> | Resources (SLA) |


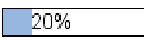

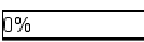

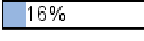

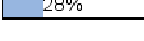

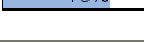




|  | SR106 Council estate and facilities are not fit for purpose | Current Risk Matrix | Current Rating | Last Review Date |
|---|---|--|---|------------------|
| Description | The Council's assets and facilities though improving are not fully fit for purpose with consequent adverse impact on our ability to deliver efficient and effective services. Included in this assessment is Council's property portfolio, housing stock, roads and lighting, fleet and open space | <div><div>Likelihood</div><div>Impact</div></div> | 6 | 24-Aug-2016 |
| 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-Increase in reactive maintenance costs-Roads assets in poor conditions-Assets fail to meet relevant standards | <div><div>Likelihood</div><div>Impact</div></div> | 4 | 31-Mar-2018 |
| 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 | Operational Property We are now commencing year 4 of the 10 year capital plan and projects are identified which will continue to address the "fit for purpose" criteria. | |
| 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- Economic conditions may reduce level of potential capital receipts from surplus property sales-Over one third of the road network is in need of repair and the current long term capital funding only sustains a steady state condition of the road network- Increased public liability claims due to poor condition of roads network | | <p>The scoring matrix which was developed last year is now informing project priorities going forward, and a prioritised Building Upgrades Plan is now in place and being implemented with a view to achieving all school buildings in Category B by 2017 and all other properties in Category B by 2021.</p> <p>Housing The rolling 5 year HRA Capital Investment Programme covering the period 2016-2021 continues for the purpose of improving housing to;</p> <ul style="list-style-type: none">. Maintain SHQS. Meet EESSH. Meet landlord obligations and H&S. Regenerate through new build projects <p>Roads Through the ongoing development of the specific roads asset management plan in conjunction with Scottish and Welsh roads authorities, new technologies, shared working opportunities and benchmarking are being utilised to achieve improvement efficiencies and enhancements to the overall condition of the road network.</p> | |


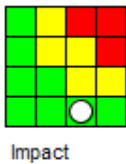
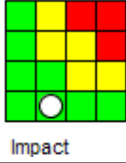

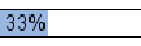

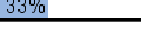
| | | | | | |
|-----------------------------------|--|---|---|-----|---|
| Internal Controls | <ul style="list-style-type: none"> - Corporate Asset Management Strategy - Schools Estate Strategy - Capital Investment Team - Existence of Asset Management Group with meetings held on a regular basis - Property Asset Management Plan - HRA Capital Investment Programme - 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 Improvement Board - Housing Improvement Plan - Housing Asset Management Strategy | Managed By | Richard Cairns | | |
| | | Assigned To | Ronnie Dinnie; Jim McAloon | | |
| 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, Building Upgrades, 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, Historic and Environment Scotland) - Prioritised Building Upgrade Plan - The continued 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. - The effect of these energy efficiencies has demonstrated that significant savings and environmental benefit can be achieved through the utilisation of developing technology. | | | | |
| Progress of Linked Actions | E&N/2016/GS/07 Deliver on HLF - Levensgrove Park |  |  | 0% | Environment & Neighbourhood (SLA) |
| | R/2016/CAM/01 Priorities, plan and implement building upgrades (major works) |  |  | 25% | Regeneration (SLA); Regeneration, Environment & Growth (SD) |
| | R/2016/CAM/02 Develop and implement Community Asset Transfer Policy and Procedures |  |  | 33% | Regeneration (SLA); Regeneration, Environment & Growth (SD) |
| | R/2016/CAM/03 Deliver HRA Capital Projects |  |  | 25% | Regeneration (SLA); Regeneration, Environment & Growth (SD) |
| | R/2016/CAM/07 Deliver £200,000 savings through effective Asset Management |  |  | 0% | Regeneration (SLA); Regeneration, Environment & Growth (SD) |
| | R/2016/CAM/08 Continue to monitor and reduce energy consumption and carbon emissions |  |  | 66% | Regeneration (SLA); Regeneration, Environment & Growth (SD) |


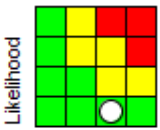
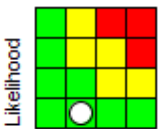

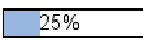
|  | SR107 Failure to develop or implement innovative use of Information Technology | Current Risk Matrix | Current Rating | Last Review Date |
|---|---|---|--|------------------|
| Description | The risk is that the Council's Information Technology is not sufficiently modernised / brought up to date to enable the delivery of sustainable ICT services to support and enhance the delivery of front line services to the community. | <div>Likelihood</div>  <div>Impact</div> | 3 | 23-Aug-2016 |
| | | Target Risk Matrix | Target Rating | Target Date |
| 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. | <div>Likelihood</div>  <div>Impact</div> | 4 | 31-Mar-2017 |
| Measures of Impact | <ul style="list-style-type: none">- Degree of compliance with security controls to prevent data loss through poor o/s patching, cyber attack, firewall configurations etc.- Extent of wireless connections in the Council network – April 15 - implementation of wireless in all schools complete. Garshake and Townhall now wireless. Introduction of segregated network traffic 50% complete for schools.- Number of ICT Help Desk calls resolved at the first point of contact. April 15 SOCITM Benchmark survey indicates target is set too high and WDC IT service not meeting the current target. Review is currently in progress and new target in line with SOCITM benchmark will be implemented for 2015-16.- Extent of functionality development in key Council systems (i.e. lack of development beyond base system leading to ineffective management information) April 15 – several channel shift projects are in progress Workforce mgnt self service, website and intranet redesign, online school payments, P2P, document management and rota scheduling for home care are all contributing to Channel shift.- Fit for purpose Council website, delivering information and services to a significant percentage of the Council's customers. April 15 - Website was redesigned and relaunched in 2013. Intranet redesigned and relaunched in March 2015.- Provide efficient desktop services to meet changing workforce flexibility and property rationalisation requirements. April 15 - ICT Modernisation project implementation in progress and incorporates new desktop delivery which is at user testing stage.- 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. April 2015 - WoTF delivered in Sept 13, Aurora move delivered Feb 2015; issue of tablet devices to SMT and Members complete April 15.- Broadband speed in the Council area - Aug 14 WDC has 2nd highest broadband speeds in Scotland. | Latest Note | August 16. WDC has made significant investment in IT infrastructure to mitigate this risk. All 100 networked locations have new LAN infrastructure. All schools and nurseries have wireless infrastructure as well as some corporate buildings and further investment committed to expanding wifi capability. 90% of locations have new WAN infrastructure and increased network bandwidth with remaining locations planned. | |
| 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 network security controls implemented. lack of intrusion detections alerts, failure to respond to audit / PEN test findings and recommendations, insufficient resources allocated to security tasks.- Poor project and programme change management arrangements - April 15 - 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. Three of the five workstreams are complete and the other two are well established. | | | |


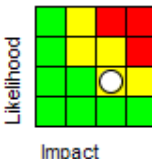
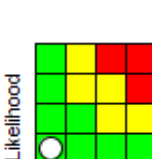
| | | | | |
|----------------------------|---|---|---------------------------|---------------------------|
| Internal Controls | <ul style="list-style-type: none">- Information & Communication Technology (ICT) Policy- Governance structures to support integrated planning and decision making in relation 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). New shared data centre went live in Dec 2014 and further IT services at testing stage. WDC and EDC are taking a lead role on data centre sharing across Scotland | Managed By | Angela Wilson | |
| | | Assigned To | Patricia Kerr | |
| Risk Opportunity | <ul style="list-style-type: none">- annual network penetration tests- Annual PSN compliance audit- Annual External Audit on ICT Controls- ICT Modernisation project and its focus on network security- Provide 21st century state of the art technology for employees and service users- Rationalise IT systems - P2P, replacement IHMS and Work force management projects underway. New Scheduling system for Home Care at implementation stage.- Use of innovative IT linked service delivery models to effect change - share data centre with EDC live and operational and further sharing projects at test stage - share IT Helpdesk system and thin client. New backup solution implemented in March 14 to support changes to departmental service delivery.- Provide Council employees with secure access to email and supporting systems at times and locations of choice – April 15 – new ICT Mod design has provided opportunity to deliver a secure platform – solution via Netscaler and Citrix thin client technologies are currently at test stage. <p>New tablet devices and new Windows mobile phones deployed.</p> <ul style="list-style-type: none">- Provide self service style systems to employees and the local community - Aug 14 - WDC website updated in 2013 and employee self service project implemented- staff now having access to online payslip, expenses, leave applications, PDP recording. - 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 and Aurora projects utilised EDRMS technology to support the move to more flexible working and CHCP homecare implementation in progress. | | | |
| Progress of Linked Actions | PT/16-17/ICT/001 Deliver ICT support to the Property and Resource optimisation projects |  | <div><div></div>30%</div> | People & Technology (SLA) |
| | PT/16-17/ICT/002 Review the ICT structure and roles in line with changing departmental technology and service requirements |  | <div><div></div>20%</div> | People & Technology (SLA) |
| | PT/16-17/ICT/003 Extend the services enabled by shared environments and services |  | <div><div></div>0%</div> | |
| | PT/16-17/ICT/004 Deliver robust ICT input to 2016-17 transformational change projects |  | <div><div></div>28%</div> | People & Technology (SLA) |






| | | | | |
|---|--|---|--|---------------------------|
|  | 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 |  Likelihood Impact | 2 | 16-Aug-2016 |
| 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 - Employee conflict |  Likelihood Impact | 2 | 31-Mar-2017 |
| Measures of Impact | <ul style="list-style-type: none"> - Access to and participation of employees in learning and development activities - Absence rate and trends - Employee turnover - Grievance, discipline and other monitoring information - Employee survey results and associated actions - Reports from external scrutiny bodies and award bodies - Benchmarking with appropriate comparators | Latest Note | Significant and sustained improvement in attendance over 12 month period. Further developments in respect of management and leadership development, succession planning and new programmes launched to ensure competency across management roles. Further development of workforce planning arrangements with a review identified to focus on longer term planning and further enhance the existing framework. | |
| Risk Factors | <ul style="list-style-type: none"> - Lack of appropriate development / shortage of skills may pose a risk to new models 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 and aligned to Future Operation Model (FOM) - 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) - Incorporation of succession planning into workforce planning framework - Identify training programmes to reskill staff as identified by training needs analysis - Effective use of SWITCH to support alternative careers - Flexible HR policies, in particular recruitment & selection, learning & development (including elearning), continuous improvement / development flexible working, attendance management, employee wellbeing related policies - 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 | ODC/SP/1516/001 Enhance leadership effectiveness at all levels through development opportunities |  |  | |
| | PT/16-17/HR/002 Develop and maintain a robust employment framework (policies, systems and processes) in accordance with emerging case, legislation and good practice |  |  | People & Technology (SLA) |






| | | | | |
|--|--|---|---|---------------------------|
| | PT/16-17/HR/004 Develop a Council Workforce plan, reflective of revised organisational structure that sustains a committed workforce that supports the organisation's current and future needs |  |  | People & Technology (SLA) |
| | PT/16-17/HS/005 Ensure a robust approach to Council's resilience arrangements |  |  | People & Technology (SLA) |
| | PT/16-17/ICT/003 Extend the services enabled by shared environments and services |  |  | People & Technology (SLA) |
| | PT/16-17/ICT/004 Deliver robust ICT input to 2016-17 transformational change projects |  |  | People & Technology (SLA) |
| | PT/16-17/OD/001 Promote a model of change and continuous improvement across the organisation |  |  | People & Technology (SLA) |
| | PT/16-17/OD/002 Enhance leadership and management development |  |  | People & Technology (SLA) |
| | PT/16-17/OD/003 Support and progress the Workplace of the Future programme |  |  | People & Technology (SLA) |






| | | | | |
|---|---|---|--|---|
|  | 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 |  | 3 | 12-Aug-2016 |
| 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 |  | 2 | 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 | CPWD is working well and taking an increasingly collaborative approach to all service areas and outcomes. This approach is entirely based on the strong partnerships already in place and is likely to further reduce this risk. | |
| 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 reform agenda as it impacts on Council area - Develop code of practice for partnerships which would assist in ensuring consistency across the Council | Managed By | Angela Wilson | |
| Risk Opportunity | <ul style="list-style-type: none"> - Position West Dunbartonshire as a modernising Council - Police and Fire Reform - Shared Services options | Assigned To | Amanda Coulthard | |
| Progress of Linked Actions | CCC/2016/PPP/04 Ensure Community Planning West Dunbartonshire delivers on requirements of new legislation |  |  | Communications, Culture & Communities (SLA); Transformation & Public Sector Reform (SD) |
| | H&E/2016/CCP/01 Support local implementation of Community Empowerment (Scotland) Act |  |  | Housing & Employability (SLA); Regeneration, Environment & Growth (SD) |

|  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 |  Likelihood Impact | 3 | 12-Aug-2016 |
| | | Target Risk Matrix | Target Rating | Target Date |
| Potential Effect | - Tensions develop with individuals and local community groups |  Likelihood Impact | 2 | 31-Mar-2017 |
| Measures of Impact | - Responsiveness to communities PI measures | Latest Note the new approach to engagement and locality based planning / service delivery - Your Community - places dialogue with local residents at the centre of locality planning. Development of community led action plans further enhances our approach. Alongside this the embedding of the public reassurance model within the communities team increases our capacity for local 'street by street' engagement across key areas. | | |
| 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 | - Ensure robust mechanisms for public feedback - roll out 'your community' model to ensure local priorities are addressed - Annual budget consultation events - Citizens Panel - Community Council arrangements - Open Forum questions at Council meetings | Managed By Angela Wilson Assigned To Amanda Coulthard | | |
| Risk Opportunity | - Community Empowerment and Renewal Bill - Council seen as being open, honest and transparent with the local community | | | |
| Progress of Linked Actions | H&E/2016/CCP/02 Deliver Your Community across West Dunbartonshire |  |  25% | Housing & Employability (SLA); Regeneration, Environment & Growth (SD) |

| | | | | |
|---|--|---|--|-------------------------|
|  | SR112 Failure to implement broad-ranging school improvement to raise attainment and achievement | Current Risk Matrix | Current Rating | Last Review Date |
| Description | This risk concerns the support and encouragement of our young people to attain and achieve at the highest level. In particular, it is aimed at bridging the attainment gap and breaking the cycle of disadvantage. This also includes the focus on intervention at early years to improve life chances at all points on the learning journey. A key driver is the Council's participation in the Scottish Attainment Challenge which will be delivered over 4-years from 2015. Year 1 will focus on 4 themes - Transitions (2) (1. Nursery/Primary 2. Primary/Secondary) School Improvement Partnership Project (SIPP) & Science Technology Engineering and Maths. |  | 6 | 18-Aug-2016 |
| Potential Effect | The national expectation for education would not be delivered. Improved outcomes for young people would not be attained and achieved. The Council would fail to meet the needs of individual learners. The Service would fail to bridge the attainment gap and break the cycle of disadvantage. The Council would fail in its legal duty for the education of young people within West Dunbartonshire. There would be reputational damage to the service and the wider Council. There would be a lack of income generation from external funding sources. |  | 1 | 31-Mar-2017 |
| Measures of Impact | Examination results - HMIE inspection reports - validation reports - stakeholder feedback - local learning community attainment data - control group model - small test of change model - risk matrix model - bespoke model of intervention for young people and families at early stages to improve on attendance/lateness; social and emotional health; supports for mental health issues; parenting/behaviour management skills and early linguistic & cognitive development - pre/post intervention assessment - increased expectation of raising attainment being the responsibility of all - school to school collaboration with locally initiated bottom-up enquiry - higher level of STEM subject uptake in secondary schools - increased numbers of learners entering STEM related career pathways - standardised literacy and numeracy tests | Latest Note | <p>All the work streams have been aligned with the national improvement framework. Expectations on accountability have been increased through scrutiny of data, WDC's improvement framework.</p> <p>The 4 attainment projects received a positive report from Scot Gov. Year 2 funding has been secured.</p> | |
| Risk Factors | Staff resources - adequate funding for projects - workforce development - effective leadership - accurate and timely data collection - accurate and timely reporting - effective communication with partners and external agencies | | | |
| Internal Controls | Raising Attainment Strategy Project management by Service Manager Raising Attainment/ Impact review Group (led by Chief Education Officer) Termly progress reports submitted as part of Educational Service committee reports Scottish Attainment Challenge Project Board Raising Attainment specialists in each secondary school Relevant CPD programme to support education staff Lead Officer responsible for managing Multi-Agency Family Support Team Meetings between WDC and Education Scotland/HMIE Standardised data collection templates Numeracy steering group Local Authority Coordinator Partnership working with University of Glasgow Learning Community Partnership Innovation Teams | Managed By Laura Mason Assigned To Julie McGrogan | | |
| Risk Opportunity | Improved attainment - improved attendance - reduced exclusions - reduced violent incidents - reduction requirement for targeted support over time - reduction requirement for specialist placements over time - improved learning & community engagement - children/pupils at risk identified earlier and more effectively - more empowered community providing self-sustaining peer support - increase in the percentage and range of positive destinations over time | | | |

| | | | | |
|-----------------------------------|--|---|---------------------------|--|
| Progress of Linked Actions | E/12-17/RAA/318 Implement the Transitions 2 Project |  | <div><div>50%</div></div> | |
| | E/12-17/RAA/319 Effective delivery of the Broad General Education and articulation with the Senior Phase |  | <div><div>33%</div></div> | Education, Learning & Attainment (SLA) |
| | E/12-17/RAA/320 Implement the Transitions 1 Project |  | <div><div>33%</div></div> | |
| | E/12-17/RAA/322 Review Improvement framework in line with HGIOS 4 and HGIOELC |  | <div><div>50%</div></div> | |
| | E/12-17/RAA/343 Further develop the Schools Estate |  | <div><div>66%</div></div> | |

| Risk Status | |
|---|-----------|
|  | Alert |
|  | High Risk |
|  | Warning |
|  | OK |
|  | Unknown |

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

Audit and Risk – West Dunbartonshire Council Resilience Plans Review and Exercise Schedule

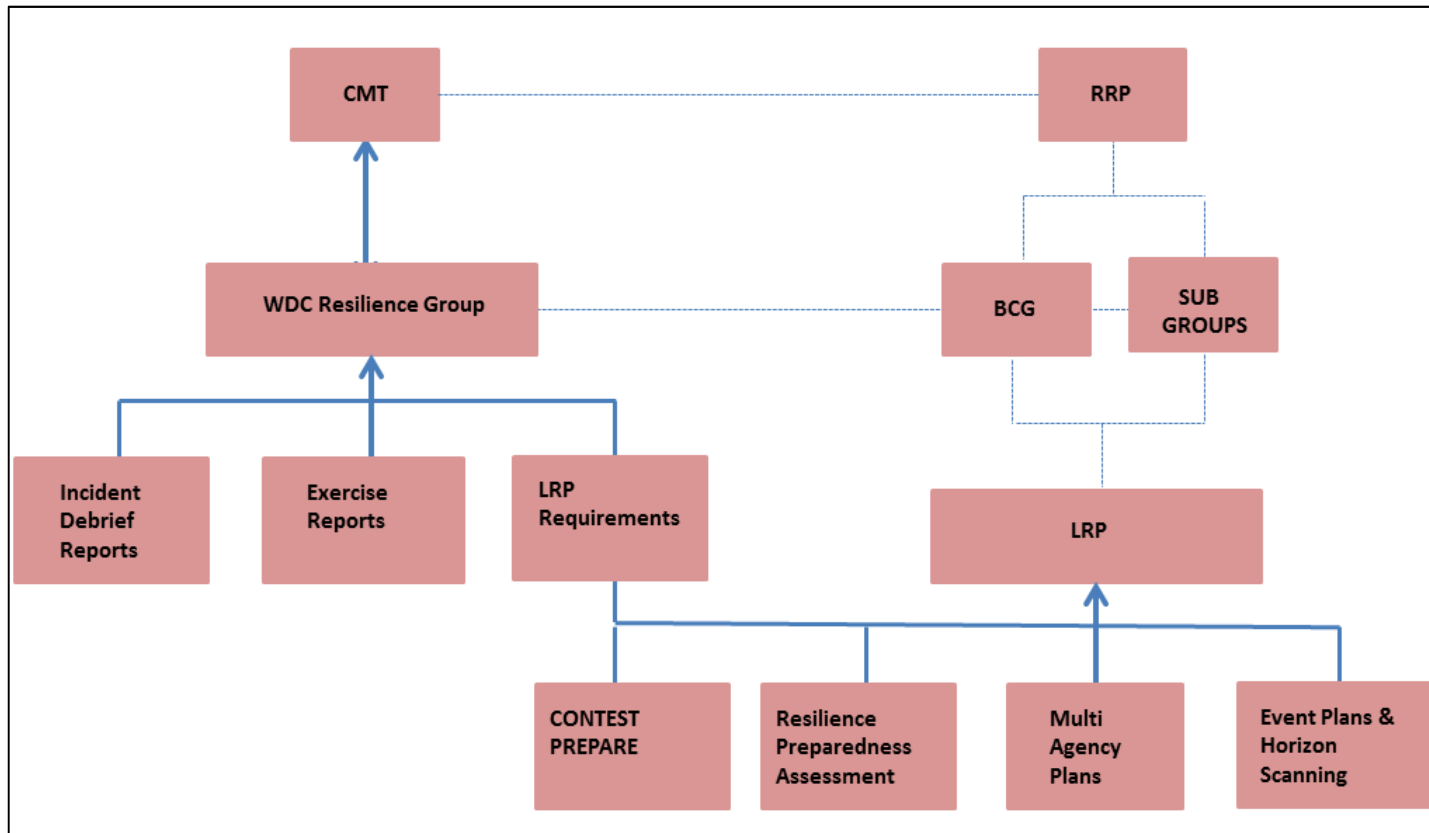
| Glossary | | | |
|----------|---|-------|--------------------------------------|
| COMAH | Control of Major Accident Hazards (2015) Regulations | LRP | Local Resilience Partnership |
| CONTEST | Counter Terrorism | RRP | Regional Resilience Partnership |
| PSR | Pipeline Safety Regulations (1996) | MAIRG | Multi Agency Incident Response Guide |
| TT | Table Top Exercise | LP | Live Play Exercise |
| REPPIR | Radiological Emergency Preparedness and Public Information Requirements | | |

| Serial | Level | Plan | Owner | Review Frequency | Last Updated | Last Exercise and type | Comments |
|---|-------|-----------------------|-------|------------------|--------------|------------------------|--|
| STATUTORY HIGHER TIER COMAH OFF SITE MULTI AGENCY PLANS AND MAIRGS | | | | | | | |
| 1 | RRP | Dalmuir Warehouses | WDC | 3 Yearly | Apr 16 | Feb 16 (TT) | Both sites exercised together with competent authority approval. |
| 2 | RRP | Dumbuck Warehouses | WDC | 3 Yearly | Apr 16 | Feb 16 (TT) | |
| 3 | RRP | NUSTAR Energy Depot | WDC | 3 Yearly | Jun 14 | Jan 14 (TT) | |
| NON STATUTORY LOWER TIER COMAH OFF SITE MULTI AGENCY MAIRGS | | | | | | | |
| 4 | LRP | LL Distillery | WDC | 3 Yearly | Dec 14 | N/A | |
| 5 | LRP | Auchentoshan | WDC | 3 Yearly | Draft | N/A | |
| 6 | LRP | Dillichip Warehouses | WDC | 3 Yearly | Mar 15 | N/A | |
| NON STATUTORY CONTEST MULTI AGENCY MAIRGS | | | | | | | |
| 7 | LRP | Cameron House | WDC | Annual | N/A | N/A | Local Multi-Agency Counter Terrorism Plan developed to satisfy national CONTEST objectives. Command and Control arrangements are subordinate to Police Scotland OPERATION PLATO. |
| | LRP | Lomond Shores | WDC | Annual | N/A | N/A | |
| | LRP | Balloch Nightclubs | WDC | Annual | N/A | N/A | |
| | LRP | Cheers Nightclub | WDC | Annual | N/A | N/A | |
| | LRP | Clyde Shopping Centre | WDC | Annual | N/A | N/A | |
| | LRP | Empire Cinema | WDC | Annual | N/A | N/A | |
| | LRP | Golden Jubilee Hosp | WDC | Annual | N/A | N/A | |

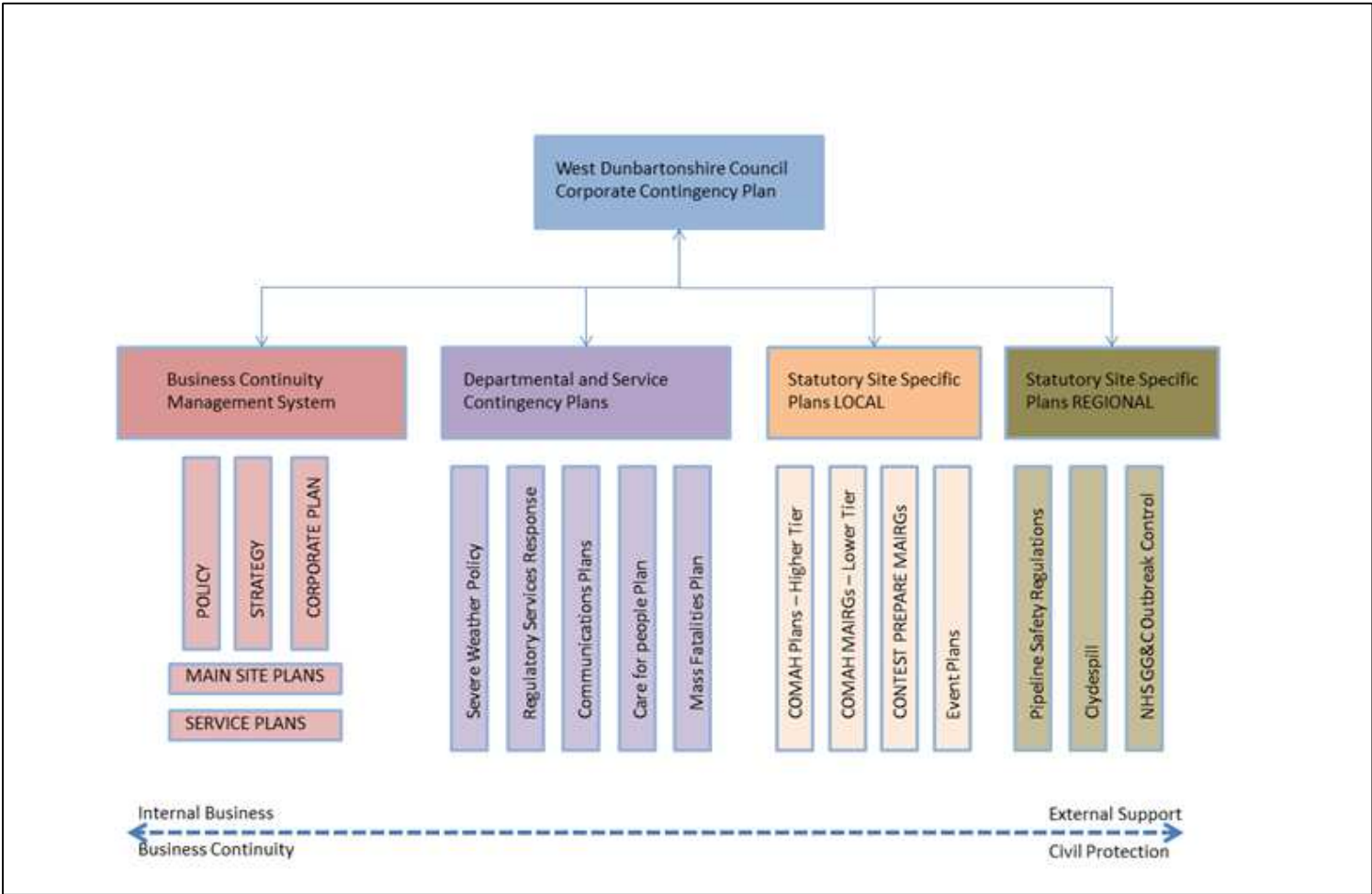
| STATUTORY REGIONAL PLANS (PSR -Pipeline Safety Regulations / REPPIR - Radiological Emergencies Preparedness & Public Information Requirements) | | | | | | | |
|--|-----|--|--|----------|---------|-------------|--|
| 8 | RRP | Response Arrangements (part 1 & 2) | RRP | Annual | May 14 | N/A | Regularly activated for severe weather. |
| 9 | RRP | PSR (part 1 & 2) | RRP | 3 Yearly | Apr 15 | 2011 (TT) | |
| 10 | RRP | Clydespill | RRP | 3 Yearly | Ongoing | N/A | Review Ongoing, led by Maritime and Coastguard Agency. |
| 11 | RRP | Mass Fatalities (Intensive) | RRP | 3 Yearly | Nov 15 | Aug 15 (TT) | Exercise Silver Swan series exercised national business continuity, additional death and health and social care aspects. |
| NON STATUTORY LOCAL AND REGIONAL PLANS | | | | | | | |
| 12 | LRP | Flood Response Plan | LRP (WDC) | 3 Yearly | Jan 16 | | Exercised in effect during flood response in Dec 15. |
| 13 | LRP | Dumbarton CRP | LRP (WDC) | 3 Yearly | Jan 16 | | Community Resilience Plan |
| DEPARTMENTAL CONTINGENCY PLANS | | | | | | | |
| 13 | WDC | Corporate Contingency Plan | Resilience Officer | Annual | Jul 15 | Sep 14 (TT) | |
| 14 | WDC | Regulatory Services Animal & Public Health | Reg Serv Manager | Annual | Jan 15 | N/A | |
| 15 | WDC | Care for People | Resilience Officer | Annual | May 15 | N/A | Plan complete, rest centre boxes now in place across the Authority. |
| 16 | WDC | Winter Maintenance Strategy | Roads Manager/ Strategic Lead | Annual | Oct 15 | Oct 14 (TT) | Activated regularly for snow/ice and flood seminar held in Oct 14. |
| 17 | WDC | Mass Fatalities (Extensive) | Resilience Officer/ H&SCP | Annual | Jan 15 | N/A | Exercised by Silver Swan 2015. |
| 18 | WDC | Emergency Communications | Corporate Comms Manger/ Strategic Lead | Annual | Jul 15 | N/A | Version 1 produced Jul 15 in tandem with RRP Public Communications Group Plan. |

| BUSINESS CONTINUITY PLANS | | | | | | | |
|---------------------------|-----|------------------------------|------------------------------------|--------|--------|--|---|
| 19 | WDC | Neighbourhood & Environment | Strategic Lead Ronnie Dinnie | Annual | Jan 16 | | Critical Activities: Roads Operations; Winter Response; Fleet and Waste; Facilities Management. |
| 20 | WDC | Legal & Regulatory | Strategic Lead Peter Hessem | Annual | Jan 16 | | Critical Activities; EHO & TS Response, Building Control; Litigation; Registrars. |
| 21 | WDC | People & Transformation | Strategic Lead Vicki Rogers | Annual | Jan 16 | | Critical Activities; ICT operations; Workforce Management System; Resilience and Safety Response. |
| 22 | WDC | Education | Strategic Lead Laura Mason | Annual | Dec 15 | | Critical Activities; |
| 23 | WDC | Communications & Communities | Strategic Lead Malcolm Bennie | Annual | Jan 16 | | Critical Activities; Contact Centre; One Stop Shops; Communications; Social Welfare Fund. |
| 24 | WDC | Housing & Community Safety | Strategic Lead Peter Barry | Annual | Feb 16 | | Critical Activities; Homelessness, Housing Emergency Response. |
| 25 | WDC | Resources | Strategic Lead Stephen West | Annual | Jan 16 | | Critical Activities |
| 26 | WDC | Regeneration | Strategic Lead Jim McAloon | Annual | Feb 16 | | |
| 27 | WDC | HSCP | Head of Service Soumen Sengupta | Annual | Mar 16 | | |

Relationship between WDC, LRP and RRP (including constituent sub groups).



Hierarchy of Contingency Plans within West Dunbartonshire Council.



WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Audit & Performance Review Committee: 28 September 2016

Subject: Public Interest Disclosures 1 January to 30 June 2016**1. Purpose**

- 1.1 The purpose of this report is to advise Committee of public interest disclosures received during the period 1 January to 30 June 2016.

2. Recommendations

- 2.1 It is recommended that Members note the content of this report.

3. Background

- 3.1 A disclosure in the public interest is where a concern is raised about a danger or illegality that has a public interest aspect to it. A confidential reporting facility is managed by Internal Audit as part of the WDC Public Interest Disclosure Policy. Internal Audit maintains a central record of all concerns raised under the Public Interest Disclosure Policy.

4. Main Issues

- 4.1 A total of four disclosures were received during the period January 2016 to June 2016 as summarised below:

| <u>Ref</u> | <u>Date Received</u> | <u>Detail</u> | <u>Date completed</u> | <u>Outcome</u> |
|------------|----------------------|---|-----------------------|---|
| 1. | 6-Jan-16 | Allegation of uncontracted employee | 8-Jan-16 | Investigated by department – unfounded as employee working appropriately. |
| 2. | 26-Jan-16 | Allegation over use of vehicles and unfair practices | 23-Aug-16 | Investigated by department - unfounded. |
| 3. | 1-Mar-16 | Allegation that an employee is working whilst off sick. | 9-Sep-16 | Confirmed that employee was off sick from WDC whilst working elsewhere. Service management previously |

| | | | | |
|----|-----------|---|---|--|
| | | | | aware of second role of six hours per week and satisfied that reason for absence from WDC role did not preclude employee from working elsewhere. |
| 4. | 17-May-16 | Allegation employee being paid overtime for work that has not been done | - | In progress. |

4.2 Activity relating to public interest disclosure for recent reporting periods is as follows:

| <u>Period</u> | <u>No. of Cases</u> |
|---|---------------------|
| 1 st January 2014 to 30 th June 2014 | 7 |
| 1 st July 2014 to 31 st December 2014 | 13 |
| 1 st January 2015 to 30 th June 2015 | 7 |
| 1 st July 2015 to 31 st December 2015 | 8 |
| 1st January 2016 to 30th June 2016 | 4 |

5. People Implications

5.1 There are no personnel implications with this report.

6. Financial and Procurement Implications

6.1 There are neither financial nor procurement implications with this report.

7. Risk Analysis

7.1 There are risks to the Council in financial, legal, operational and reputational terms of not providing a service to enable a disclosure in the public interest.

8. Equalities Impact Assessment (EIA)

8.1 A screening has been carried out and found no issues relevant to equalities duties.

9. Consultation

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

10. Strategic Assessment

- 10.1** The Public Interest Disclosure Policy contributes to Council's strategic priorities by ensuring that early warnings of malpractice may mitigate the extent of financial losses to the Council, contributes to better asset management by utilising employees to manage risks to the organisation's reputation and supports fit for purpose services through the continuation and promotion of robust employment practice.

.....
Stephen West
Strategic Lead - Resources
Date: 13 September 2016

| | |
|---------------------------|---|
| Person to Contact: | Colin McDougall, Audit and Risk Manager, Council Offices, Garshake Road, Dumbarton Telephone (01389-737436). Email: colin.mcdougall@west-dunbarton.gov.uk |
| Appendices: | None |
| Background Papers: | Revised Public Interest Disclosure Policy agreed by the Corporate Services Committee on 13 th August 2014 EIA Screening |
| Wards Affected: | All |