

## 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, 11 June 2014 at 10.00 a.m.

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

**Attending:** Joyce White, Chief Executive; Angela Wilson, Executive Director of Corporate Services; Richard Cairns, Executive Director of Infrastructure and Regeneration; Terry Lanagan, Executive Director of Educational Services; Stephen West, Head of Finance and Resources; Colin McDougall, Audit and Risk Manager; Joe Gillespie, Section Head, Internal Audit; Angela Salmons, Procurement Manager; \*Peter Barry, Head of Customer & Community Services; \*Amanda Coulthard, Corporate & Community Planning Manager; and Craig Stewart, Committee Officer, Legal, Democratic and Regulatory Services.

\* Attended later in the meeting.

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

**Apologies:** Apologies for absence were intimated on behalf of Councillors Jonathan McColl and Gail Robertson and Mr Stevie J. Doogan.

**Councillor Ian Murray in the Chair**

### DECLARATIONS OF INTEREST

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

### MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of the Audit & Performance Review Committee held on 12 March 2014 were submitted and approved as a correct record.

With regard to the Members Briefing Note on “Housing Allocations process” contained in the item under the heading ‘Audit Action Plans’ it was agreed that any such Briefing Notes would be disseminated by Committee Services, in future, to ensure appropriate circulation.

### **CODE OF GOOD GOVERNANCE**

A report was submitted by the Executive Director of Corporate Services 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 Executive Director of Corporate Services and the Head of Finance and Resources 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 meets the agreed Code of Good Governance; and
- (2) to note the issues identified and improvement actions.

### **STRATEGIC RISK AND RESILIENCE**

A report was submitted by the Executive Director of Corporate Services informing of the outcome of the six month assessment of Strategic Risks and the progress of resilience planning.

After discussion and having heard the Executive Director of Corporate Services, Chief Executive and relevant officer in further explanation and in answer to Members’ questions, the Committee agreed to note the contents of the report.

### **INTERNAL AUDIT ANNUAL REPORT TO 31 MARCH 2014**

A report was submitted by the Executive Director of Corporate Services advising of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2013/14 and advising on the contents of the Assurance Statement.

Having heard the Audit and Risk Manager in answer to a Member’s question, the Committee agreed to note the contents of the report.

### **AUDIT ACTION PLANS**

A report was submitted by the Executive Director of Corporate Services advising of:-

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

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

### **NATIONAL FRAUD INITIATIVE 2012/13 – PROGRESS REPORT**

A report was submitted by the Executive Director of Corporate Services advising of the results from investigating matched datasets provided to the Council through participation in the National Fraud Initiative 2012/13.

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

### **AUDIT SCOTLAND REPORT – OPTIONS APPRAISAL: ARE YOU GETTING IT RIGHT?**

A report was submitted by the Executive Director of Corporate Services providing information on a report recently published by Audit Scotland in relation to the above.

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

- (1) that fuller consideration of the issues should form part of a Members Seminar to be arranged at a future date; and
- (2) that the contents of the report should be used as development route to challenge senior managers in consideration of future options for the delivery of services.

### **THE ACCOUNTS COMMISSION REPORT: AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2014**

A report was submitted by the Executive Director of Corporate Services providing information on a report recently published by the Accounts Commission.

After discussion and having heard the Chief Executive and Ms Boyd, Senior Audit Manager in further explanation and in answer to a Lay Member's question, the Committee agreed:-

- (1) that fuller consideration of the issues should form part of a Members Seminar to be arranged at a future date; and
- (2) that the Chief Executive submit the report to the Community Planning West Dunbartonshire Management Board for a wider consideration of the issues highlighted.

**AUDIT SCOTLAND: REVIEW OF GOVERNANCE ARRANGEMENTS AND MAIN FINANCIAL SYSTEMS REPORT – MAY 2014**

A report was submitted by the Executive Director of Corporate Services providing for information a report which has been received from the Council's External Auditors, Audit Scotland, and advising of management actions implemented following receipt of the report.

After discussion and having heard Mr Slavin, Senior Auditor, Audit Scotland, the Chief Executive and Executive Director of Corporate Services in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the contents of the report and the agreed improvement actions; and
- (2) that confirmation of the provider for the extension to support windows XP would be emailed to all Members.

**ACCOUNTS COMMISSION REPORT – PROCUREMENT IN COUNCILS**

A report was submitted by the Executive Director of Corporate Services providing an update on the recent report by the Accounts Commission titled "Procurement in Councils".

After discussion and having heard the Procurement Manager and the Chief Executive in elaboration and in answer to Members' questions, the Committee agreed to note the findings of the Accounts Commission report and acknowledged West Dunbartonshire Council's (WDC) approach and progress in fulfilling the report's recommendations.

**LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2012/13**

A report was submitted by the Executive Director of Corporate Services providing information on the Council's position in the recently published Local Government Benchmarking Overview report for 2013/14.

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

- (1) to note the publication of the national overview report;
- (2) to note the relative position of West Dunbartonshire across the suite of indicators used in the benchmarking report;
- (3) to note the actions already underway within each department following publication of this information; and
- (4) otherwise to note the terms of the discussion that had taken place in respect of this matter.

The meeting closed at 11.28 a.m.

**West Dunbartonshire Council**  
**Report by the Executive Director of Corporate Services**  
**Audit & Performance Review Committee – 24 September 2014**

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**Subject : Treasury Management Annual Report 2013/2014**

**1. Purpose**

- 1.1** The purpose of this report is to provide Members with an update on treasury management during 2013/14.

**2. Recommendations**

- 2.1** Members are requested to:

- (a) Note the treasury management stewardship information within the report, and
- (b) Note the 2013/14 actual prudential indicators as advised within the report (Tables 2, 3, 4 and 5).

**3. Background**

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2013/14, the Executive Director of Corporate Services is required to provide an Annual Report to Members regarding the Treasury function.
- 3.2** The treasury management annual report was presented to Council on 27 August and in accordance with the nomination of March 2012 is now passed to members of the Audit and Performance Review Committee to ensure further scrutiny takes place.

**4. Main Issues**

**Treasury Management Stewardship Report**

- 4.1** A copy of the report is attached (Appendix 1).
- 4.2** The report gives details of loans borrowed and loans repaid during the course of the year, interest rates and debt rescheduling which was undertaken.
- 4.3** The Council undertook new borrowing of £73.9m for the approved capital plans (£37m) and the replacement of naturally maturing debt (£36.9m) during 2013/14.
- 4.4** Consideration was given to available interest rates, and therefore short term borrowing has been utilised in the short term to finance the current capital programme.

- 4.5** External borrowing has increased from £218.226m at the beginning of the year to £255.233m 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 on long-term debt from 5.04% to 4.22%.
- 4.6** Investments have increased from £2.244m at the beginning of the year to £4.652m at the year-end in line with treasury management planned activity. The average interest rate on these investments as at 31 March 2014 decreased slightly from 0.59% to 0.56%, due to market conditions and is in line with that anticipated within the 2013/14 budget.
- 4.7** All year end actual indicators advised within Appendix 1 of this report are within the limits previously agreed by Council with the exception of the upper limit for debt maturity indicator due within 12 months as detailed in section 3.4 of the appended report.

## **5. People Implications**

- 5.1** There are no personnel issues.

## **6. Financial Implications**

- 6.1** There are no financial implications.

## **7. Risk Analysis**

- 7.1** As the information contained within the report is for noting, no additional risk analysis was required.

## **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.

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Angela Wison  
Executive Director of Corporate Services  
Date: 1 September 2014

**Person to Contact:** Jennifer Ogilvie, Finance Business Partner,  
Council Offices, Garshake Road.  
Telephone (01389) 737453  
Email: [jennifer.ogilvie@west-dunbarton.gov.uk](mailto:jennifer.ogilvie@west-dunbarton.gov.uk)

**Background Papers:** Loans register and portfolio;  
Debt rescheduling schedules;  
Prudential Indicators 2012/13 to 2015/16 and Treasury Management  
Strategy 2013/14 to 2015/16 (Council 27 March 2013);  
Treasury Management Mid Year Report 2013/14

**Wards Affected:** No wards directly affected.



## **Annual Report 2013/14**

### **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 2013/14); 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 2013/14 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 2013/14;
- The Council's treasury position at 31 March 2014;
- The main Prudential Indicators and compliance with limits;
- A summary of the economic factors affecting the strategy over 2013/14;
- The Treasury activity during 2013/14;
- Performance indicators set for 2013/14; and
- Risk and Performance.

#### **2. A Summary of the Strategy Agreed for 2013/14**

**2.1** The expectation for interest rates within the strategy for 2013/14 anticipated a low but rising Bank Rate (starting in quarter 4 of 2014) with similar gradual rises in medium and longer term fixed borrowing rates over 2013/14. 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 promoted a cautious approach, whereby investments would continue to be

dominated by counterparty risk considerations, resulting 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, investments and debt rescheduling, in conjunction with market conditions at that time

### 3. The Council's Treasury Position at 31 March 2014

- 3.1 During 2013/14, 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 2014 compared with the previous year was:

**Table 1**

Treasury position	31 March 2014		31 March 2013	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt	£254.772m	4.23%	£217.766m	5.05%
Variable Interest Rate Debt	£0.461m	0.50%	£0.461m	0.77%
<b>Total Debt</b>	<b>£255.233m</b>	<b>4.22%</b>	<b>£218.226m</b>	<b>5.04%</b>
<b>Total Investments</b>	<b>£4.652m</b>	<b>0.56%</b>	<b>£2.244m</b>	<b>0.59%</b>
<b>Net borrowing position</b>	<b>£250.481m</b>		<b>£215.982m</b>	

- 3.2 From the above table, it can be seen that the average interest rate on debt held on 31 March 2014 has reduced from 5.04% to 4.22%. At the same time the average interest rate has reduced on the investments held on 31 March 2013 to 2014 from 0.59% to 0.56%.
- 3.3 There are four treasury prudential indicators which cover the activity of the treasury function within certain limits, thereby reducing 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 2013/14 the Council decided not to invest for longer than 364 days, so this indicator is set at nil.
- 3.4 The indicators within table 2 shows the actual upper limits for debt type and maturity as at 31 March 2014. The indicator for borrowing due within 12 months at the year end was 53.4% compared to the prudential limit of 50%, however this position was corrected shortly thereafter. This temporary position was due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. There are no statutory or regulatory consequences of breaching this limit as it is for each local authority to set appropriate limits with regard to debt maturity. The prudential code states that the requirement to set indicators for debt maturity will not "unreasonably fetter" the discretion of an authority to take advantage of favourable debt restructuring opportunities.

Table 2

	2013/14 Actual	2013/14 Revised Indicator	
Upper limits on variable interest rates <i>(against maximum position)</i>	0.18%	50%	
Upper limits on fixed interest rates <i>(against maximum position)</i>	99.82%	100%	
Maturity structure fixed rate borrowing (%)	Year end Position	Max	Min
Under 12 months	53.4%	50%	0%
12 months to 2 years	3.2%	50%	0%
2 years to 5 years	22.2%	50%	0%
5 years to 10 years	1.7%	50%	0%
10 years to 20 years	3.1%	50%	0%
20 years to 30 years	0.8%	50%	0%
30 years to 40 years	13.3%	50%	0%
40 years to 50 years	2.3%	100%	0%
50 years to 60 years	0.00%	100%	0%
60 years to 70 years	0.00%	100%	0%
Maximum principal funds invested >364 days	Nil	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 2013/14 into the 2014/15 capital programme, together with resources. The indicators for 2014/15 will be revised in line with this.

Table 3

	2013/14 Actual	2013/14 Revised Estimate
Total capital expenditure	£60.371m	£78.027m
Resourced by:		
Capital receipts and grants	£16.557m	£23.297m
Revenue	£4.868m	£6.812m
<b>Capital expenditure - additional need to borrow</b>	<b>£38.946m</b>	<b>£47.918m</b>

#### 4.3 Net Borrowing and the Capital Financing Requirement (CFR)

In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must only be used for capital purposes. Net borrowing should not therefore, except in the short term, exceed the CFR for 2013/14 plus the expected changes to the CFR over 2014/15 and 2015/16. Page 11 of 124

- 4.5** The Executive Director of Corporate Services reports that the Council has complied with the requirement to keep adjusted net borrowing below the CFR in 2013/14 as noted below in Table 4.

**Table 4**

	<b>2013/14 Actual</b>	<b>2013/14 Revised Indicator</b>
Net borrowing position per Table1	£250.481m	£249.804m
PPP long term liability	£89.753m	£90.242m
<b>Adjusted net borrowing position</b>	£340.234m	£340.046m
<b>Capital Financing Requirement</b>	£346.168m	£355.723m

- 4.6** The adjusted net borrowing position is in line with the revised 2013/14 indicator due to action taken to reduce the level to which the Council was underborrowed at the year end.
- 4.7 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 2013/14 the Council has maintained gross borrowing within its Authorised Limit.
- 4.8 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.
- 4.9 Incremental Impact of capital investment decisions**  
This indicator identifies the trend of the proposed changes in the capital programmes compared to existing commitments and current plans, measured against Band D council tax and weekly housing rents.
- 4.10 Actual financing costs as a proportion of net revenue stream**  
This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs, net of investment income) against the net revenue stream. The cost of capital is described as loan charges within the revenue budgets.
- 4.11** The General Services indicator for the incremental impact of capital investment decisions has increased from the estimated position based on the initial 10 year capital plan as approved by Council in February 2013. This is due to application of previously agreed prudential borrowing in the capital programme, grants and contributions received being less than anticipated and the timing of anticipated capital receipts.

**Table 5**

	2013/14	
<b>Revised Indicator - Authorised Limit</b>	£408.056m	
<b>Revised Indicator - Operational Boundary</b>	£374.051m	
<b>Maximum gross borrowing position during 2013/14</b>	£347.687m	
<b>Minimum gross borrowing position during 2013/14</b>	£302.998m	
	Estimated	Actual
<b>Incremental Impact of capital investment decisions:</b>		
Council Tax (excluding year-end flexibility)	£9.12	£24.81
Rent	£2.58	£2.51
<b>Financing costs as a proportion of net revenue stream:</b>		
Housing	36.24%	36.75%
Non housing	6.95%	7.01%

## 5. Summary of the Economic Factors affecting the Strategy over 2013/14

### 5.1 Economic Background for 2013/14

#### 5.1.1 Interest Rates

The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.

#### 5.1.2 Deposit Rates

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.

#### 5.1.3 Fiscal Policy and the EU

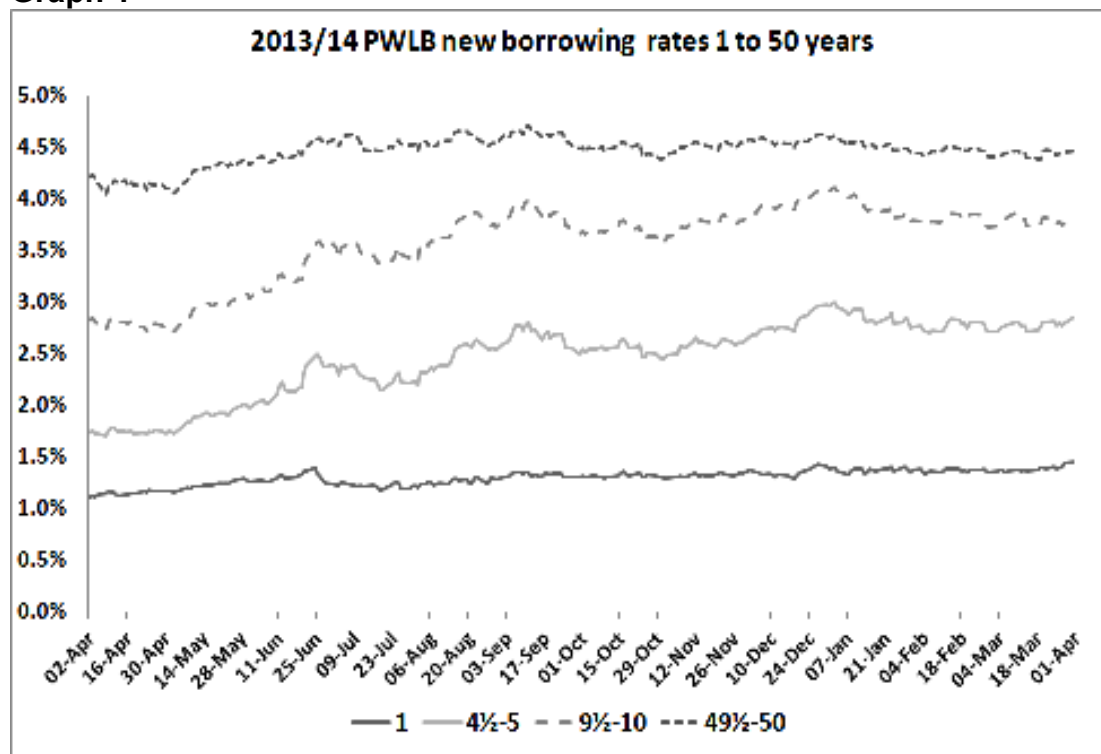
The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018-19.

The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the ECB statement in July 2012 that it would do “whatever it takes” to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks,

have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

- 5.1.4 PWLB borrowing rates** - the graphs and table for PWLB certainty maturity rates below, and in appendix 3, show, for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.

**Graph 1**



## 6. Treasury Activity during 2013/14

- 6.1 Borrowing** – The Council raised new long term loans of £34.9m and new short term loans of £39.0m during 2013/14 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 2013/14.
- 6.3 Repayment** – The Council repaid naturally maturing debt of £36.9m.
- 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 4.22%.
- 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 increased from £2.244m at the beginning of the year to £4.652m at the end of the year with an average balance of £9.614m and received an average return of 0.56% over the year.
- 6.8** The Economic Background for 2013/14 (see 5.1 above) set out the fragility and inconsistency of economic conditions during this period. As a result, available interest rates remained low impacting adversely on investment returns.

## **7. Performance Indicators set for 2013/14**

- 7.1** Security, liquidity and yield benchmarks were first introduced for 2010/11. Yield 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.
- **Yield** – The Executive Director of Corporate Services can report that investment return averaged 0.56% which is a year on year decrease of 0.03% with an average external investment period of 20 days. Table 6 illustrates that the average return of 0.56% was greater than the local measures of yield investment benchmarks approved in March 2012.

**Table 6**

<b>Benchmark</b>	<b>Benchmark Return</b>	<b>Average Return</b>
Internal returns above the 7 day LIBID rate	0.34%	0.56%
Internal returns above the 1 month LIBID rate	0.36%	0.56%
Internal returns above the Council investment account	0.50%	0.56%

## **8. Risk and Performance**

- 8.1** Other than the temporary breach in the debt maturity indicator 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 Executive Director of Corporate Services****Audit and Performance Review Committee: 24 September 2014**

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**Subject: Audit Action Plans****1. Purpose**

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

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

**2. Recommendations**

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

**3. Background**

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

**4. Main Issues**

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

**5. People Implications**

**5.1** There are no personnel issues with this report.

**6. Financial Implications**

**6.1** There are no financial implications with this report.

**7. Risk Analysis**

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

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

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

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

## **8. Equalities Impact Assessment (EIA)**

- 8.1** There are no issues identified.

## **9. Consultation**

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

## **10. Strategic Assessment**

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

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**Angela Wilson**  
**Executive Director of Corporate Services**  
**Date: 10 September 2014**

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

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

**Background Papers:** Internal Audit Reports  
External Audit Reports






**Wards Affected:** All Wards

# Appendix A





## Internal Audit Reports (Recently Issued)







Generated on: 10 September 2014










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

### Project 71. Working Time Directive (Report issued June 2014)




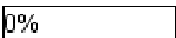
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
1. <u>WTD Opt Out form not signed</u> Employees who may approach or exceed 48 hours a week (17 week average) must be asked to complete an opt-out form in order that they can work over 48 hours per week (High risk)	Those carers who have two contracts which exceed 48 hours, for those managers have undertaken the completion of opt-forms with HR.			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.
2. <u>No approach established to identify staff working more than 48 hours</u> Homecare Management must introduce procedures to identify staff with more than 1 job, with or including outside the Council and all	Work has been undertaken with HR to identify staff with dual contacts with the Council and NHS Greater Glasgow & Clyde. We have agreed an approach with HR in			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
other employees they consider are likely to approach or exceed 48 hours per week regularly (Medium Risk)	relation to staff that has a job out with the Council or Health. Lead/dominated manager identified to have responsibility for each worker.						
<u>3. Weakness in procedure for correct rate of pay for staff with more than 1 jobs</u> Procedures should be introduced to ensure that there is a double check that the hourly rate of pay is correct, for employees with more than 1 job with WDC, before data is passed to the payroll section (Medium Risk)	Home Help Organiser/Co-ordinator signs off hourly rate for all sessional or work paid at a higher rate.			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.
<u>4. Overpayment identified</u> Homecare Management should recover the overpayments of £223.43. £43.54 overpaid in relation to wrong rates of pay and £179.89 overpaid in relation to overlapping hours between two different WDC jobs (Medium Risk)	£223.43 is being recovered.			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.
<u>5. Attendance Record is not updated with annual leave taken</u> Employee Attendance Records must accurately reflect when an employee has not done any work and annual leave days taken so that regulations relating to minimum leave days can be monitored taking into account other employments	CHCP Managers will query this with HR.			31-Jul-2014	31-Jul-2014	Lynne McKnight	Staff have been instructed that attendance record cards must reflect accurately whether the employee was on leave, taking account of other employments. This will be spot checked by the Service Managers.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
(Medium Risk)							
<u>6. Breaches with Working Time Directive</u> Procedures should be introduced to test check that the employees are not breaching the WTD in relation to: · Average hours worked per week (no opt-out form signed). · Rest periods between shifts. · 24 hours rest in a seven day period ( Medium Risk)	The service has recently purchase a new scheduling system which will flag when someone has reached or is reaching 48 hours. The system will also highlight if someone is working seven days. The system will report this information to the line supervisor and a senior manager. In the meantime two Care at Home Co-ordinators are carrying out regular spot checks.			31-Aug-2014	31-Aug-2014	Lynne McKnight	Complete.
<u>7. Employees are not monitoring compliance with WTD</u> Employees should be reminded of their own obligation, under the Homecare Induction Handbook, to monitor their adherence to the WTD (Low Risk)	This has been raised at team meetings and staffs were asked to sign a declaration that they understand.			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.
<u>8. Additional testing for compliance with WTD</u> Consideration should be given to introducing additional testing to check that there are no employees working an average (over 3 months) of over 60 hours a week even if an opt-out form has been signed (Low Risk)	Exercise was undertaken and reported back to the Integrated Operations Manager broken down by patch.			30-Jun-2014	30-Jun-2014	Lynne McKnight	Complete.





<p><u>9. Value for money</u>  Homecare Management should assess if value for money is obtained by paying overtime hours to the employees who work abnormally high hours per week (Low Risk)</p>	<p>Review of overtime underway. Use of peripatetic and bank staff whilst being mindful of consistency in line with the national care standards and the Care Inspectorate. The service is working towards minimising work paid at premium rates.</p>		<div> <div></div> <div>100%</div> </div>	31-Jul-2014	31-Jul-2014	Lynne McKnight	<p>In conjunction with HR, a short life working group has been set up, and based on issues identified, actions agreed as follows:</p> <ul style="list-style-type: none"> <li>• Overtime costs to be highlighted at team meetings in relation to budgetary pressures</li> <li>• Examine all cover situations in terms of cost, quality, consistency and speed of response</li> <li>• Regular weekly overtime reports to be examined</li> <li>• Complete recruitment exercise for SVQ college students from West of Scotland to provide holiday cover, and term time sessional work</li> <li>• Progressing pilot of CM2000 scheduling system, which optimizes selection of appropriate cover staff taking account of weighted criteria including hours worked</li> <li>• Ensure compliance with working time directive</li> <li>• Any service delivery incurring double time payments to be signed off by appropriate Service Manager</li> <li>• Extend pool of bank staff</li> <li>• Extension of peripatetic staff, with appropriate training to cover all areas within home care – including sheltered housing, community alarms</li> </ul>
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**Project 72. Council Tax Collection & Refunds (Report issued September 2014)**






Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Transfers Between Accounts Are Not Authorised</u> It is recommended that a proper authorisation process is put in place. As a minimum a monthly test should be carried out on the transfers between accounts on a sample basis by authorised personnel (Medium Risk)	A 10% audit check will be carried out for transfers between accounts.			30-Sep-2014	30-Sep-2014	Marion Smith	Complete.
<u>2. Council Tax Collection &amp; Refunds Risk Register</u> It is recommended that a risk register is developed by carrying out an analysis on what the risks and opportunities are for the Council Tax collections and refunds and linking these with business continuity plans for the Council Tax systems (Medium Risk).	Draft Risk register developed and business continuity plans are being developed for Council Tax			31-Oct-2014	31-Oct-2014	Marion Smith	On track.








**Project 73. Housing Tenancy Transfers, Terminations & Mutual Exchanges (report Issued September 2014)**

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<b><u>1. Repossessions - Documentation Not Signed</u></b> All documentation relating to repossessions should be signed where appropriate including file copies of documents issued to tenants (Medium Risk)	An instruction will be issued reminding staff of the significance of signing and dating important documentation.		<div><div>0%</div></div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<b><u>2. New Lets Secure Tenancy Agreement</u></b> The date of the signing of the Secure Tenancy Agreement should always be documented providing evidence of the date the event took place (Medium Risk)	An instruction will be issued reminding staff of the significance of signing and dating important documentation.		<div><div>0%</div></div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<b><u>3. Mutual Exchanges - Notification of Decision Outwith Time Limit</u></b> Housing Officers should ensure that decisions are made for Mutual Exchanges within the statutory 28 day period to ensure compliance with legislative requirements (Medium Risk)	An instruction will be issued to staff advising of the legal obligations of issuing decision letters within the 28 day limit.		<div><div>0%</div></div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<b><u>4. Clydebank Filing System</u></b> The action points contained within the Health & Safety Report should be considered in order to reduce the risks associated with the issues which currently exist within the filing room at Clydebank (Medium Risk)	The Head of Housing & Community Safety will lead in initial discussion with relevant Heads of Service to address the issues contained in the report.		<div><div>0%</div></div>	31-Oct-2014	31-Oct-2014	Helen Turley	On track.

<u>5. Transfers Non filing of Documentation</u> All documentation should be fully completed, signed and dated and filed appropriately in the house files (Low Risk)	Action will be taken by both Estate Management and Allocations to ensure that all documentation is present when tenant files are created.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron; Janice Lockhart	On track.
<u>6. Transfers New Tenant Visit Checklist</u> Housing Officers should ensure that that documentation is signed and dated appropriately by themselves and the tenant where required (Low Risk)	Instructions will be issued to ensure that all documentation is signed and dated by Housing Officers and Tenants where appropriate.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>7. Terminations</u> Staff should ensure that documentation is witnessed and signed appropriately (Low Risk)	Processes are currently under review, however in the interim, an instruction will be issued to ensure that all documentation is signed and dated where appropriate.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron; Janice Lockhart	On track.
<u>8. Repossessions - Documentation Not Held</u> All appropriate documentation should be retained on file as evidence of issue and/or completion (low risk)	Instructions will be issued reminding staff that all documentation should be held on file as appropriate.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>9. New Lets Documentation Not Held</u> All documentation should be fully completed, signed and dated and retained appropriately within the files (Low Risk)	Action will be taken by both Estate Management and Allocations to ensure that all documentation is present when tenant files are created.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron; Janice Lockhart	On track.

<u>10. New Lets Viewing Form</u> Where appropriate, documentation should be signed and dated by the Housing Officer and Tenant (Low Risk)	An instruction will be issued reminding staff of the significance of signing and dating documentation.		0%	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>11. Mutual Exchanges Signing of Wrong Application</u> Housing Officers should ensure that the Mutual Exchange application forms are fully completed, signed and dated by the applicants as appropriate (Low Risk)	An instruction will be issued reminding staff that they ensure that tenants sign the correct documentation.		0%	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>12. Mutual Exchanges Report Not Signed by Tenants</u> After carrying out the house inspection and noting the general condition of the property, the Housing Officer should ensure that the report is signed and dated by themselves and the tenant (Low Risk)	An instruction will be issued reminding staff that documentation should be signed by themselves and tenants where appropriate.		0%	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>13. Mutual Exchanges Decision Letter Not Held on File</u> Copies of all important documentation issued to tenants should be held on file as evidence of issue (Low Risk)	Instructions will be issued to ensure that all important documentation is held on file.		0%	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>14. Mutual Exchanges Record Sheet Not Fully Completed</u> Where a Mutual Exchange is refused, the Mutual Exchange Record sheet should be fully completed by documenting the reason for refusal and thereafter	Instructions will be issued to ensure that all documentation is fully completed, signed and dated as appropriate.		0%	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.






signed and dated by the Housing Officer (Low Risk)							
<u>15. Mutual Exchanges Termination Form Not Signed</u> Housing Officers should ensure that all important documentation issued to tenants is fully completed, signed and dated as appropriate (Low Risk)	An instruction will be issued reminding staff that tenants should sign and date documentation where appropriate.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>16. Mutual Exchanges File Copy Not Signed</u> The file copies of the documentation issued to tenants should be signed by the issuing Housing Officer (Low Risk)	An instruction will be issued reminding staff that file copies of all documentation issued to tenants should be signed and thereafter held on file.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>17. Mutual Exchanges Incomplete Files</u> Housing officers should ensure that all documentation for Mutual Exchanges is completed and retained on file as evidence that procedures have been carried out appropriately (Low Risk)	An instruction will be issued to staff advising that files should contain all documentation as appropriate.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Andy Cameron	On track.
<u>18. Transfers Completion of Documents</u> The Maintenance Officer should ensure that all documents are fully completed, signed and dated before being passed to the Allocations Section (Low Risk)	Officers will be reminded and briefed on the requirement to sign all necessary documents used to carry out their duties. The process will be reviewed and if amended, reinserted into the Maintenance & Repair Officer's employee manual.		<div>0%</div>	31-Oct-2014	31-Oct-2014	Martin Feeney	On track.

<p><u>19. New Lets Documentation Not Signed</u></p> <p>The Maintenance Officer should ensure that all documents are fully completed, signed and dated before being passed to the Allocations Section (Low Risk)</p>	<p>Officers will be reminded and briefed on the requirement to fully complete all necessary documents used to carry out their duties.</p> <p>The process will be reviewed and if amended, reinserted into the Maintenance &amp;Repair Officer's employee manual.</p>		<div data-bbox="884 387 1057 427" data-label="Text">0%</div>	<p>31-Oct-2014</p>	<p>31-Oct-2014</p>	<p>Martin Feeney</p>	<p>On track.</p>
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## Appendix B Internal Audit Reports (Previously Issued)

Generated on: 10 September 2014







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


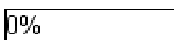
### Project 48. Housing - Repairs & Maintenance S.020.13 (Report Issued October 2012)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
3. b) Contractors Contractors should tender for work where applicable. (Low Risk)	We regularly review the value, volume and type of work where it is necessary to engage sub contractors. Moving forward we will endeavour to have contracts in place for all work where it is necessary to use contractors to complete.			31-Oct-2013	31-Mar-2015	Martin Feeney	No real progress has been made, however Corporate Procurement now advise they have implemented their new service delivery model in full which should delivery capability and capacity to progress tendering process in coming months



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

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

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

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Excursions Policy</u> CHCP should participate in a working group to produce a policy to comply with the framework published by the Scottish Government and record the associated risk. (Medium Risk)	CHCP will participate in a working group to produce a policy to comply with the framework published by the Scottish Government.			31-Dec-2014	31-Dec-2014	John Hamilton	On track to be completed by December 2014 as planned.

**Project 62. Educational Excursions S.014.13 (Report Issued December 2013)**






Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Excursion Policy to be Updated</u> The Education department should participate in a working group to update the policy to comply with the framework published by the Scottish Government. (Medium Risk)	The Education department will participate in a working group to update the policy to comply with the framework published by the Scottish Government.		<div>0%</div>	31-Dec-2014	31-Dec-2014	Laura Mason	On track to be completed by December 2014 as planned.
<u>7. Risk Not Included in Risk Register</u> Education should record the risk presented to the department by excursions and show that they manage / mitigate the risks. (low Risk)	Education Excursion Risk Register to be implemented.		<div>0%</div>	31-Dec-2014	31-Dec-2014	Laura Mason	On track to be completed by December 2014 as planned.






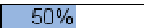

## Appendix C External Audit Reports




Generated on: 10 September 2014




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



### Project 13. Annual Report on the 2011/12 Audit




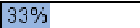

Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
<b>4. Debt Levels:</b> A comparative review of the draft financial statements of all 32 local authorities highlighted that the Council has some of the highest levels of debt per head of population, as a proportion of fixed assets and as a		31-Mar-2013	30-Nov-2013	CS/EAAP/092a	The Council's Treasury Policy is reviewed on an annual basis to ensure that the Council operates within Prudential limits and that the debt repayments are affordable.			31-Mar-2013	Stephen West	Treasury Strategy and Prudential Indicators for 2013/14 agreed by Council on 27 March 2013.
				CS/EAAP/092b	A financial plan has been developed identifying required rent increases in order to service the debt. This plan will remain under review in order to consider its ongoing affordability.			30-Sep-2013	Stephen West	Work on updating the investment strategy completed during the first week in September and on 9 September 2014

proportion of net spend.  <b>Risk: Servicing the debt may not represent value for money and may have a detrimental impact on service delivery.</b>										Corporate Finance staff have a meeting with Housing managers to review the position and what it means for the investment strategy.
				CS/EAAP/092c	The General Fund debt includes future payments for PPP schools which a number of other Councils do not have. The cost of servicing these repayments will continue to be planned within the Council's financial strategy. Future options for new capital investment are under consideration in the long term capital plan and means of funding these which minimise effect on the revenue account are under consideration.	<div><div>100%</div></div>		06-Feb-2013	Stephen West	In setting the Council budget for 2013/14 the appropriate PPP costs were budgeted.
<b>10. Scottish Housing Quality Standards:</b> The Council have a duty to ensure 100% of housing stock complies with SHQS by 2015. Retention of the housing stock affords greater control over delivery of SHQS but also creates additional financial pressure on the Council.  <b>Risk: The Council</b>	<div><div>88%</div></div>	31-Mar-2015	31-Mar-2015	CS/EAAP/098a	In agreeing to retain the Council's housing stock, members were presented with details as to the level of investment to fund the achievement of SHQS and the expected levels of rent increases required to pay for the borrowing required to fund the improvements. Progress towards achieving SHQS will be monitored by HEED and the Chief Executive.	<div><div>83%</div></div>		31-Mar-2015	Helen Turley	The Council has reported 83% compliance with the SHQS which is 8% ahead of the target (75%) and is reflective of a proactive strategic approach to housing asset management.
				CS/EAAP/098b	In addition the HRA capital plan is aligned to the achievement of SHQS on time and linked to the expected performance	<div><div>83%</div></div>		31-Mar-2015	Helen Turley	Stock Condition Survey completed and incorporated into HRA Capital Plan to 6 February









<b>may fail to meet the SHQS 2015 deadline.</b>					improvement arising from the use of flexible framework contracts it is expected that SHQS will be attained on time.					2014 Council.
				CS/EAAP/098c	CMT monitors progress in relation to the capital plan on a regular basis and this is also regularly reported to HEED Committee and Council.	<div><div>100%</div></div>		31-Mar-2015	Richard Cairns	Reports to SAMG/SMT and then to CMT.





### Project 15. Annual Report on the 2012/13 Audit







Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
<b>4. Financial Pressure:</b> The Council currently has an assumed cumulative funding gap of £21.68 million over the period 2013/14 - 2016/17 and continues to face an increase in demand for services due to the current economic climate and changes in demography.  <b>Risk: The Council may not be able to generate efficiencies and savings to bridge the funding gap.</b>	<div><div>62%</div></div>	31-Aug-2016	31-Aug-2016	CS/EAAP/117a	The Long Term Financial Strategy going to Council on 30 October 2013 asks CMT to identify efficiencies for forward planning to meet the anticipated gap.	<div><div>100%</div></div>		30-Oct-2013	Stephen West	Updated Long Term Financial Strategy provided to and agreed by Council on 30 October 2013.
				CS/EAAP/117b	Updates of the Long Term Financial Strategy will be presented to Council on at least an annual basis to update the projections as new information becomes available.	<div><div>25%</div></div>		31-Aug-2016	Stephen West	Long Term Financial Strategy provided to Council on 30 October 2013. Further updates will be provided on an ongoing annual basis.





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

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





Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1. Strategy for the Prevention and Detection of Fraud and Corruption</u> The Council's Strategy for the Prevention and Detection of Fraud and Corruption requires to be updated to reflect the 2010 Bribery Act.</p> <p>Risk: Staff might not be aware of the policy on, and approach to, instances where the Council is exposed to bribery.</p>	The Council's Strategy for the Prevention & Detection of Fraud and Corruption will be updated to include mention of the Bribery Act 2010			30-Jun-2014	30-Jun-2014	Colin McDougall	Complete. An updated version of the Strategy for the Prevention and Detection of Fraud and Corruption has now been prepared which refers to the Bribery Act 2010.
<p><u>2. NFI Training</u> Three of the Council's registered NFI users have not completed the online training package.</p> <p>Risk: Inappropriate and inefficient usage of the NFI system.</p>	Council Staff involved in NFI activity will complete the online training packages which are provided			30-Sep-2014	30-Sep-2014	Colin McDougall	Complete.
<p><u>3. NFI Reporting</u> Internal and external reporting of NFI progress is limited and intermittent.</p> <p>Risk: The extent to which the NFI exercise can act as a deterrent is not maximised.</p>	Officers will consider approaches to the wider publication.			31-Aug-2014	31-Aug-2014	Colin McDougall	Complete. A press release on this matter was issued on 31st July 2014 and staff responsible for the annual Public Performance report have been provided with information to enable appropriate content to be included in that document.
<p><u>4. Bank Reconciliations (R)</u> Items in the Council's bank account can take over a month to be posted to the</p>	In some cases, it is not possible to post income due to lack of information received			30-Jun-2014	30-Jun-2014	Karen Shannon	Complete.





Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
Agresso financial ledger.  Risk: The financial ledger might not represent an accurate reflection of	from the source documentation. Staff have been reminded of the importance of timely and accurate postings and asked to take every reasonable step to post within 4 weeks.						
<u>5. Bank Imprest Accounts</u> The Council has 140 imprest accounts held with five different banks and a further 33 petty cash holdings which are not held in a bank. Sample testing has highlighted concerns about compliance with Council practice in relation to: - the financial institutions selected to hold some of these accounts - the naming convention for accounts - discrepancies in the authorised signatory list  Consideration should be given to performing a detailed review of the management of imprest accounts as part of the 2014/15 Internal Audit plan.  Risk: There are insufficient controls in place to safeguard Council funds held in imprest accounts.	A full review of the current policy will be carried out. The 140 imprest accounts will also be review to ensure the title on the account and the signatories are correct. Departments will be reminded of their responsibility to ensure they advise Finance of any changes to their signatory list. Thereafter, an annual housekeeping exercise will be introduced to validate the accounts.			31-Oct-2014	31-Oct-2014	Karen Shannon	Action has been taken to update the names on a number of accounts and further checks are ongoing
<u>6. Radius System Administration</u> The Radius cash receipting system has five user profiles	The system admin accounts will be reviewed and reduced where possible.			31-Aug-2014	31-Aug-2014	John Martin; Karen Shannon	July 14. IT Admin accounts reviewed and updated as per Audit action.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>which are used for system administration functions. It enables extensive system access and the staff member using it is not identifiable on any audit trail.</p> <p>Risk: Staff might have inappropriate access to the Radius system.</p>							
<p><u>7. Exception Reporting (R)</u> There are no exception reports produced to identify outstanding invoices past their payment due date.</p> <p>Risk: The Council might be subject to adverse publicity or financial penalties due to non-compliance with supplier's payment terms.</p>	<p>The section will investigate putting in place exception reports for payments processed but not paid.</p>			30-Jun-2014	30-Jun-2014	Karen Shannon	Report developed to identify items processed but not yet paid and will be reviewed on a regular basis.
<p><u>8. Supplier Masterfile Changes</u> Sample testing identified instances where no documentation could be provide to support changes made to supplier bank details.</p> <p>Risk: Unauthorised or inappropriate changes to supplier bank details can increase the risk of fraud.</p>	<p>All back up to be scanned and file in a folder on the shared drive. Creditors staff have been reminded that supporting documentation must be retained for bank/payment detail changes.</p>			31-May-2014	31-May-2014	Karen Shannon	Procedures for supplier masterfile changes were updated and all staff instructed to save back up to file in shared folder.
<p><u>9. NDR Debtor Reconciliation (R)</u> The monthly reconciliation to ensure the outstanding debtor on the NDR Orbis system reconciles to the outstanding debtor as per</p>	<p>The workload within the team has now been adjusted with the aim to meet the target deadline for reconciliation and independent review. The reconciliation and review</p>			30-Jun-2014	30-Jun-2014	Karen Shannon	Complete

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
the general ledger is not always performed in a timely manner and it not subject to independent review and authorisation.  Risk: Reconciliation errors might not be identified and corrected in a timely manner.	are currently up to date						
<u>10. Orbis Super User Access</u> The NDR Orbis system has a 'SUPER USER' profile which can be used for system administration functions, predominantly as a backup to four named system administrator profiles. It enables extensive system access and any staff member using it is not identifiable on any audit trail.  Risk: Staff may make inappropriate changes to the Orbis system which they will not be accountable for.	The role of super user is allocated to named individuals in ICT. Currently the user called 'superuser' still exists and we will consider options to either close this access, or if not possible to better monitor activity.			30-Jun-2014	30-Jun-2014	John Martin; Karen Shannon	Section Head to undertake checks on an ad hoc basis - likely to be once a month.
<u>11. Employee Validity Check</u> On a monthly basis the payroll department send details of current employees to section managers to verify the validity of employees on the payroll system. Managers are only asked to respond on an exceptions basis. Nil returns are not required.  Risk: There is a lack of accountability over	Payroll will ensure relevant Line managers confirm changes to establishments every 6 months. This will be done in July 14 and every 6 month thereafter. "Nil" returns will be required.			31-Jul-2014	29-Aug-2014	Graham Hawthorn	ICT developing a data extract to be posted to a secure location for Managers to access - this will minimise the administration around the data validation exercise and ensure that employee data is stored securely. As this is the first occurrence of the exercise, additional testing carried out to ensure robustness of process. Data validation sign-off template finalised.



Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
employee validity checks being performed.							Level of Manager to receive validation email now confirmed and ready for issue. Final extract to be run week commencing 04/08/14 and email issued. ICT progressing network folder access for managers and updating data extract for validation. GH to issue email to all managers week commencing 25/08/2014. Manager email issued 27/08/2014. Process in place for check to be carried out biannually.
<u>12. Accessing Own Payroll Records</u> The control to review instances where staff access their own payroll records excludes staff with the 'FRONTIER' system access permissions.  Risk: Inappropriate amendments to payroll records might not be identified.	A report will be developed to allow monitoring of all staff with full FRONTIER' system access permissions.		 100%	30-Jun-2014	30-Jun-2014	Colin McDougall	Complete.
<u>13. Disaster Recovery Plan (R)</u> The ICT department has produced a high level disaster recovery plan however further work is required to complete the supporting documentation which underpins the overall plan.	Underlying technology at WDC is changing and the DR plan will be produced to reflect the changing environment.		 25%	30-Jun-2015	30-Jun-2015	Brian Miller	July 14. A change to the due date has been agreed with External Auditor as the underlying technical infrastructure will change as part of the ICT Modernisation project delivery.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
Risk: The Council might not be able to protect and/or recover their ICT infrastructure in the event of a disaster.							
<p><u>14. ICT Change Management (R)</u> The Council have not yet introduced the Change Advisory Board to oversee the change management process.</p> <p>Risk: Poorly managed system changes could impact on the stability or integrity of the Council's ICT systems.</p>	<p>WDC has introduced Information Technology Infrastructure Library Change Management processes and has a change manager role in place. The change management processes are a best practice framework and are not prescriptive but rather a framework to adapt. WDC therefore accept this risk.</p>			30-Jun-2014	30-Jun-2014	John Martin; Brian Miller	Complete.
<p><u>15. Use of unsupported and older software</u> Microsoft ended support for Windows XP and Microsoft Office 2003 on 8 April 2014; this means that if a security flaw is discovered, Microsoft will not release an update to fix it.</p> <p>Risk: Operating older unsupported versions of software may result in security weaknesses.</p>	<p>In addition to major investment in ICT Modernisation Project, WDC has purchased the extended support for XP.</p>			30-Jun-2014	30-Jun-2014	John Martin; Brian Miller	Complete.

**NB:** “R” in recommendation title denotes that this action is repeated from the 2012/13 report

**WEST DUNBARTONSHIRE COUNCIL****Report by Executive Director of Corporate Services****Audit and Performance Review Committee: 24 September 2014**

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**Subject: Internal Audit Plan 2014/15 Progress Report to 30 June 2014****1. Purpose**

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

**2. Recommendation**

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

**3. Background**

- 3.1** In accordance with the Annual Audit Plan, Internal Audit report to Members on the work completed by the Section on a quarterly basis. The progress report to 30 June 2014 (quarter 1 2014/15) is attached at Appendix A.

**4. Main Issues**

- 4.1** There are variances from the planned programme of work reported at this stage of which the most significant is an adverse variance of 48 days for leave (comprises annual leave / public holidays / sickness absence / special leave). This is principally due to 67 days of absence arising from long term sickness within the Internal Audit Section. This position will not improve during quarter 2 for 2014/15 during which it is anticipated that sickness absence for the Section will be approximately 125 days as there are now further instances of long term sick absence evident. Work for the remainder of the Audit Plan for 2014/15 is now being re-prioritised so that the programme of risk based audits can be completed.
- 4.2** 15.4 % of the risk based plan had been completed by 30<sup>th</sup> June 2014 (2013/14 equivalent was 20.9%). By 31<sup>st</sup> August 2014, the completion level had increased to 29.3%.

**5. Personnel Implications**

- 5.1** Other than the current unfortunate position regarding long term sickness there are no personnel issues.

## **6. Financial Implications**

**6.1** There are no financial implications.

## **7. Risk Analysis**

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

## **8. Equalities, Health & Human Rights Impact Assessment**

**8.1** EIA is not appropriate to this report.

## **9. Consultation**

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

## **10. Strategic Assessment**

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

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

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

**Appendices:** A – Internal Audit Quarterly Report to 30<sup>th</sup> June 2014

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

**Wards Affected:** N/A

## INTERNAL AUDIT SECTION

## PROGRESS REPORT FOR THE PERIOD 1ST APRIL 2014 TO 30 JUNE 2014

CATEGORY	PLANNED TIME (DAYS)	ACTUAL TIME (DAYS)	VARIANCE (DAYS)	
Risk Based Audit	110	93	17	F
Computer Audit	23	20	3	F
Development	22	5	17	F
Investigations	92	97	-5	A
CRSA/Regularity	24	20	4	F
Corporate Governance	23	12	11	F
Follow Up	9	9	0	-
Year-End Procedures	5	10	-5	A
Performance Indicators	6	4	2	F
Financial Services/Grant Claims	6	2	4	F
Pub.Int.Disc/Contingency/NFI Admin/FOI	13	12	1	F
Administration / Staffing	22	21	1	F
Management & Planning	23	12	11	F
Training / Staff Development	21	34	-13	A
Leave	81	129	-48	A
<b>TOTAL</b>	<b>480</b>	<b>480</b>	<b>0</b>	

A= Adverse: Actual Days more than Planned Days

F= Favourable: Actual Days less than Planned Days

**WEST DUNBARTONSHIRE COUNCIL****Report by Executive Director of Corporate Services****Audit & Performance Review Committee  
24 September 2014**

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**Subject:     Audit Scotland Evaluation of Public Performance Reporting**

**1     Purpose**

- 1.1**   The purpose of this report is to provide the Committee with the review of national and local public performance reporting (PPR) as carried out by Audit Scotland.

**2     Recommendations**

- 2.1**   It is recommended that members:
- Note the evaluation
  - Note the relative position of West Dunbartonshire across the range of service areas evaluated
  - Note the actions already underway for the publication of the 2013/14 annual report, which contains the PPR information required.

**3     Background**

- 3.1**   All 32 Scottish local authorities are required to publish performance information on an annual basis. The Accounts Commission has the statutory power to define the information requiring to be published and it does so through the annual Statutory Performance Information Direction & Guide.
- 3.2**   The Accounts Commission has emphasised the need to publish information on a broad range of service areas, including performance information required through the Local Government Benchmarking Framework (LGBF), while adhering to the principles for public performance reporting and the best value requirement to select and use performance data which drives continuous improvement.
- 3.3**   Since 2010 the Accounts Commission has received a report evaluating the approach taken to PPR across each Local Authority. This report is used as a means to assure the Commission that the Direction & Guide is being implemented and that Councils are striving to continuously improve how the publicly report on performance.

## **4 Main Issues**

- 4.1** The latest evaluation report (appendix 1) was considered by the Accounts Commission on 19 June 2014 and circulated to Chief Executives, Council Leaders and Audit Committee Chairs. It provides an evaluation of the PPR material published by each Council and identifies areas of good practice and sets out whether each Council fully, partially or did not meet the criteria used in PPR evaluation.
- 4.2** The overview report updates on general issues such as the development of the LGBF and the approach to evaluation of PPR. Overall there is evidence that Council's PPR arrangements are improving, with information more accessible and signposted with clear linkages.
- 4.3** While no council is fully meeting all criteria across the range of service and corporate headings the report highlights Angus Council as closest to achieving this. The report highlights best practice and those Council areas which should be used as good practice examples. The report also gives examples of general areas where improvement is still required across the board. These examples are being used to inform the West Dunbartonshire PPR for current and future years.
- 4.4** The Accounts Commission have also prepared an individual Council assessment of the West Dunbartonshire PPR (appendix 2) which details for each headline area of SPI1&2 whether the Council is fully, partially or not meeting the criteria. Of the 18 areas specified in the direction and guide, West Dunbartonshire is fully meeting criteria in 8 of these areas, and partially meeting the criteria in the remaining 10. There are no areas where the criteria are not being met.
- 4.5** The West Dunbartonshire evaluation demonstrates the Council is fully meeting the additional evaluation measures focused on inclusion of improvement targets and trends over time. It is highlighted that we are only partially meeting the general measure of comparison to other areas. However this will be addressed in future years through the inclusion of the LGBF information in the PPR.
- 4.6** Each Council area is required to review its own evaluation performance and look to areas highlighted as best practice to improve the PPR where this is required. This will inform the PPR for the 2013/14 year (required to be published by the end of this financial year) and is expected to lead to improvements in reporting across all areas.
- 4.7** In future years the Accounts Commission intends to provide more detailed analysis of where improvements are required, both generally and in individual Local Authority areas. More detail on this is expected in the 2014 Direction and Guide due to be published in December 2014.

## **Next Steps**

- 4.8** The evaluation was shared with performance staff from across the organisation and is being used to inform the development of the PPR for 2013/14. This PPR will be published alongside a Council Annual Report and will build on the best practice examples highlighted in the attached Accounts Commission report.
- 4.9** Work will also continue to enhance the use of the LGBF and all other internal benchmarking and performance information to ensure the Council meets its duty to publicly report on performance and areas of improvement.
- 4.10** Work will also progress on ensuring customer satisfaction and service user feedback can be captured and incorporated into PPR, using tools such as the Citizens Panel and the telephone survey.

## **5 People Implications**

- 5.1** There are no people implications.

## **6 Financial Implications**

- 6.1** There is a requirement to make the annual PPR publically available in an accessible format. Therefore there will be costs associated with the printing and publication of this. All costs will be kept to a minimum and the report will be made available and circulated electronically wherever it is appropriate to do so.

## **7 Risk Analysis**

- 7.1** PPR is a statutory duty and is assessed annually to ensure each Council area is meeting this duty. There is a requirement for the Council to report on a regular basis to the local population on how the Council is performing and any areas for improvement, a robust PPR is the most effective means for doing this. The Accounts Commission intends to enhance its evaluation process for PPR to focus in more on Council areas requiring improvement in relation to reporting, a strong process for PPR while ensure West Dunbartonshire is not an area requiring further improvement and support.

## **8 Equalities, Health & Human Rights Impact Assessment (EIA)**

- 8.1** No issues were identified in relation to this report. However an EIA will be carried out on the publication of the annual PPR.

## **9 Consultation**

- 9.1** All service areas are involved and consulted in the development of the annual PPR, however no other services were consulted in the preparation of this report.



## 10 Strategic Assessment

- 10.1** PPR forms a crucial element of the Council approach to public value in that it increases legitimacy and support by providing evidence of progress to date and ensuring customer and service user feedback is presented to services for continuous improvement purposes.

**Angela Wilson**  
**Executive Director of Corporate Services**  
**Date:**

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**Person to Contact:** Amanda Coulthard, Corporate & Community Planning Manager  
Corporate & Community Planning  
Council Offices, Garshake Road  
Dumbarton, G82 3PU  
  
Tel: 01389 737271  
E-mail: [amanda.coulthard@west-dunbarton.gov.uk](mailto:amanda.coulthard@west-dunbarton.gov.uk)

**Appendices:** Appendix 1: [Accounts Commission report – Statutory Performance Information 2012/13: An evaluation of Public Performance Reporting](#)

Appendix 2: Accounts Commission report – West Dunbartonshire PPR evaluation 2012/13

**Background Papers:** [Audit Scotland's Direction and Guide 2013](#)

**Wards Affected:** All wards

**AGENDA ITEM 12**  
**Paper: AC.2014.6.8**

**ACCOUNTS COMMISSION**

**MEETING 19 JUNE 2014**

**REPORT BY THE DIRECTOR OF PERFORMANCE AND BEST VALUE**

**STATUTORY PERFORMANCE INFORMATION 2012/13: AN EVALUATION OF PUBLIC PERFORMANCE REPORTING**

**Purpose**

1. This report provides information to the Accounts Commission so that it can consider how well councils are implementing the requirements of its SPI direction through public performance reporting (PPR). This is the fourth year that we have reported on councils' approaches to PPR.
2. The aim of our report to the Commission this year is to:
  - Provide an update to the Commission on the development of the Local Government Benchmarking Framework (LGBF).
  - Provide an update to the Commission on how our approach to evaluating and supporting PPR has developed.
  - Provide the Commission with an assessment of the quality of PPR against the corporate management themes under SPI 1 and the service performance themes under SPI 2, as set out in the Direction.
  - Identify where there has been improvement in how councils are reporting their performance and where improvement is still required.
3. This report is structured into a short update for the Commission, followed by appendices that give further detail on councils' assessments, good practice and our methodology.
4. The SPI Direction and supporting guidance is designed to enable councils to determine how best they present performance information for the year, within the context of specific guidance given on the corporate performance themes to be covered (SPI 1) and service areas to be covered (SPI 2). (see Exhibit 1)

**Exhibit 1**

**Councils need to ensure they cover a range of corporate management themes under SPI 1 and service areas under SPI 2.**

<b>Corporate management: SPI1</b>	<b>Service performance</b>
<p>Each council will report a range of information, sufficient to demonstrate that it is securing Best Value in relation to:</p> <ul style="list-style-type: none"> <li>• responsiveness to its communities</li> <li>• revenues and service costs</li> <li>• employees</li> <li>• assets</li> <li>• procurement</li> <li>• sustainable development</li> <li>• equalities and diversity.</li> </ul>	<p>Each council will report a range of information sufficient to demonstrate that it is securing Best Value in providing the following services (in partnership with others where appropriate):</p> <ul style="list-style-type: none"> <li>• benefits administration</li> <li>• community care</li> <li>• criminal justice social work</li> <li>• cultural &amp; community services covering at least sport &amp; leisure, museums, the arts and libraries</li> <li>• planning (both environmental and development management)</li> <li>• the education of children</li> <li>• child protection and children's social work</li> <li>• housing &amp; homelessness</li> <li>• protective services including environmental health &amp; trading standards</li> <li>• roads and lighting</li> <li>• waste management services.</li> </ul>

Source: Accounts Commission. Local Government Act 1992, Statutory Performance Indicators. Direction 2008, Dec. 2008

5. The guidance provides for councils to produce PPR material within 12 months of the year to which it relates. This meant we began our evaluation of councils' PPR material covering performance information for 2012/13 in April 2014. This report presents a snapshot on the quality of PPR material across councils in April 2014.

### **Developments with the Local Government Benchmarking Framework**

6. The more flexible approach introduced by the Commission in the 2008 Direction came with the expectation that the local government sector would develop its own performance measures to facilitate benchmarking and continuous improvement. SOLACE and the Improvement Service lead work in this area through the LGBF. This framework provides a comparative benchmarking framework covering the major service areas with an emphasis on cost information. The LGBF indicators draw on existing performance information including financial returns and other indicators sourced from government departments and the Scottish Household Survey.
7. The LGBF framework continues to develop. It includes indicators across a range of corporate and service areas and a well presented website where data is set out by theme and by council. The second [annual report](#) on the LGBF was published on 27<sup>th</sup> March 2014. The report's Executive Summary highlights performance in relation to the core service areas included under the LGBF:
  - Education services, covering costs, attainment and attainment gaps in relation to SIMD.
  - Corporate and support costs.
  - Adults social care covering costs and balance of care and direct payment spend.
  - Culture and leisure covering costs, attendance and satisfaction.
  - Environmental services covering costs, cleanliness index and satisfaction.
  - Housing services covering arrears, management of housing stock and housing quality.
8. The publication of the LGBF data for 2012/13 at the end of March 2014 had an impact on councils' ability to use this comparative information within its PPR material. The Improvement Service are addressing this and have committed to making the data for 2013/14 available by November 2014. This will help councils benchmark against their comparator groups.
9. Councils have requested that the Improvement Service makes its annual updates of the LGBF available earlier. Currently the LGBF indicator set for 2014/15 has not been confirmed with councils. Councils have stated earlier confirmation of annual updates to the LGBF would assist them to ensure these indicators feature more prominently in service planning and service improvement processes.
10. Members of the public and interested parties can interrogate the data through a [benchmarking dashboard on the LGBF website](#). There are also plans to develop public access to the data through a more interactive section of their website.
11. The Improvement Service are also facilitating two benchmarking pilots. These are concerned with the positive destinations of young people leaving secondary school and on road maintenance services. The aim is to identify areas of good performance and to share learning across the members of the benchmarking groups. A report on this work is due to be published this summer.
12. The Improvement Service is also piloting guidance to assist councils in how they report their PPR material. This guidance contains some very useful prompts which are similar to those we look for in our evaluations of PPR material. Councils will benefit from using

this guidance. The Improvement Service is also looking at options to develop a 'critical friend' service to councils. This would involve supporting councils in how they compare their performance with others and how they use performance information in planning their service improvement activity.

13. The LGBF is also to be extended to Community Planning Partnerships, with funding secured to take this forward. A board is currently being set up to oversee this.

### **Developing our approach to evaluating and supporting PPR**

14. We have developed our approach to evaluating and supporting PPR over the past four years. Last year, we included council PPR benchmarks which set out our assessment categories of those which had 'fully', 'partially' and 'not' demonstrated the criteria (see Appendix 3). We also provided the names of councils that fully met the criteria. We shared this with councils, external auditors and the Scottish Performance Management Forum (SPMF).
15. During 2013 and 2014 we attended meetings of the SPMF, a forum established by council performance management officers. We received good feedback that the PPR report was valued and helped to bring more transparency to our approach and clarity around our expectations for good PPR material. We also received feedback that some councils had used this information to prompt learning from the councils we had named.
16. After considering the PPR report last year, the Accounts Commission wrote to all councils (leaders, chief executives and chairs of audit committees) and articulated its concerns at meetings of COSLA and SOLACE to encourage progress. It also agreed that Audit Scotland liaise with the Improvement Service to explore ways of supporting councils and agreed the Controller of Audit consider how to identify good practice.
17. In response, we have placed a greater emphasis on an overall approach to PPR as well as an assessment of how well performance is reported against the corporate and service areas under SPI1 and 2. We have identified examples where councils are further forward in their approach to PPR.

### **Evaluation of councils' PPR**

#### ***Councils PPR arrangements continue to improve***

18. In general, we have seen an improvement in councils' overall approach to PPR. It has been easier to find information and more councils now have performance information clearly signposted on their websites. Where PPR is being done well, councils' have a more structured approach. This means:
  - there is evidence of a coherent approach to how they produce their PPR material
  - there is a high level report or performance page, signposting to more detailed data or commentary.
19. Some councils have informed us they are updating their approach to PPR, but that improvements will not be seen immediately. This is due to the delay between the PPR approach being approved by Council Committee and its subsequent implementation through service plans and service performance reporting. Feedback via the SPMF has suggested it may take time for improved performance material to come through, as services are encouraged to use more of the LGBF indicators, within their service planning and benchmarking activity.
20. Overall, councils' PPR arrangements continue to improve. The charts in Appendix 1 illustrate the overall trend of improvement across the majority of the corporate

assessment themes and service areas for SPI1 and SPI2, since 2009/10. More councils now fully or partially meet these themes than do not. This is an encouraging trend.

21. No council has fully met all of the corporate and service areas under SPI 1 and 2, however Angus Council is the closest to fully meeting all areas.
22. In 13 of the 18 SPI themes, there has been an increase in the number of councils who fully meet our assessment definition.
23. SPI themes with the greatest rate of improvement in the number of councils which fully meet the assessment definitions are:
  - revenues and service costs – (27 councils are now fully meeting our assessment definitions compared to only seven councils in 2009/10)
  - sustainable development – (21 councils are now fully meeting our assessment definition compared to only ten councils in 2009/10)
  - responsiveness to communities – (19 councils are now fully meeting our assessment definition compared to only 12 councils in 2009/10)
  - employees – (14 councils are now fully meeting our assessment definition compared to only six councils in 2009/10)
24. All councils have included comparisons over time (16 councils failed to do so in 2009/10). There has also been an increase in the percentage of councils fully meeting the criteria to include improvement targets (19 councils in 2012/13 compared with six in 2009/10).
25. In this year's report, we aim to support improvement by highlighting examples of an effective overall approach to PPR (Exhibit 2).

## Exhibit 2

### Characteristics of a better approach to PPR

<b>A structured approach to public performance reporting</b>	There is evidence of a structured, coherent approach with a high level summary web page or overall report. The council uses a wide range of outputs to target audiences, but there is clarity in the layering of information. High-level material gives an overview across the range of council activity. There is then clear signposting to further detail underneath for specific corporate or services areas. PPR material can include an overall performance report, newsletters, performance calendar, interactive webpages and social media.	East Lothian, Perth and Kinross, Stirling and Angus <i>(Examples in good practice appendix)</i>
<b>Clear presentation of information</b>	Information is presented in a clear and easy-to-follow way which is engaging for the reader, for example, through use of plain language, supporting narrative and graphs/diagrams as appropriate. If information is presented online, it is easy to navigate through and is linked to other documents or pages providing more detailed information. Overall, the reader can understand the context of the information whether it is provided through narrative, graphs, charts, or data tables.	Aberdeen City, Angus, Renfrewshire, South Ayrshire <i>(Examples in good practice appendix)</i>

<b>Effective use of customer satisfaction information</b>	Councils incorporate the findings of customer consultation or customer satisfaction information into their PPR material. In addition to stating what consultation activity has been conducted some PPR material goes further to specify the findings of the consultation but also what the council is doing as a result of this feedback.	East Lothian, Dundee City, Aberdeenshire <i>(Examples in good practice appendix)</i>
<b>Balanced picture of performance</b>	There is evidence the council is presenting a balanced picture of council performance and is not only emphasising the areas where it is stronger. This can be assessed against the councils targets with performance evaluated through a RAG (traffic light) system of measurement. There is balanced coverage between areas of good performance and areas requiring improvement.	Argyll and Bute, North Ayrshire <i>(Examples in good practice appendix)</i>
<b>Good use of comparators</b>	Performance is set in context through good use of comparators. This can be both through past performance or with comparative bodies. This facilitates benchmarking with other relevant authorities. The LGBF framework should facilitate this, and with data being made available earlier, this could be more widespread.	Dundee City, East Dunbartonshire, Renfrewshire <i>(Examples in good practice appendix)</i>
<b>Good use of financial and cost information</b>	Performance is extended to cover indicators that are concerned with evaluating the cost or financial aspect of service delivery. This is done in a way that is well structured and presented. The figures are put in context through explanatory narrative to give commentary on performance.	East Dunbartonshire <i>(example in good practice appendix)</i>
<b>Dialogue with the public involving PPR.</b>	There is evidence that the council has consulted with the public on what it wants from its public performance reporting material. The council is using social media to engage with the public around its performance, and to have a two way dialogue on performance.	Renfrewshire <i>(example in good practice appendix)</i>
<b>Accessibility</b>	The council uses a range of outputs to accommodate different needs, eg reports, web pages, newsletters. Information is presented to make it, easy to understand and taking into account equalities and accessibility issues, eg using different formats and/or languages.	Angus Council, Stirling Council <sup>1</sup>

Source: Audit Scotland 2014

### There is still room for improvement in some areas

26. There is room for improvement in how councils use narrative within their PPR material, to set performance in context. In many cases councils do not do enough to help the reader make sense of the data that is presented. Councils should include narrative that gives the reader an understanding of how individual performance indicators fit into an overall picture of service strengths and areas for improvement.
27. Eleven councils still do not compare their performance with other councils (although this has improved from the 26 who did not in 2009/10). The earlier publication of the LGBF

<sup>1</sup> Examples of good practice for accessibility use the same Angus and Stirling good practice examples that appear in Appendix 2.

data should help to facilitate this by making it easier for councils to show comparisons in performance reports.

28. There are other areas where councils could improve their approach to PPR. These are identified in Exhibit 3.

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### Exhibit 3

#### Areas requiring improvement

- A structured approach with high level PPR material and more detailed information to support this, in a clear and accessible way.
- Better use of narrative to summarise performance and help the public understand the detailed performance information.
- Providing a more balanced picture of performance, not just emphasising the positives through focusing on performance strengths.
- Improving the accessibility and presentation of more detailed information:
  - A consideration of different formats.
  - Clear signposting on the council's web pages to PPR material.
  - Links to detailed information often do not work or go to council policy or strategy information rather than performance evaluations.
  - Detailed information is sometimes presented in a dense format that makes it difficult for the reader to understand.
- Including more examples of customer satisfaction and feedback information, as well as stating what will be done as a result.
- Improving the use of comparative information to set performance in context. In addition, improved use of benchmarking activity to identify performance strengths and areas for improvement.
- Improving the use of cost/spend information, with narrative to set the data in context.

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*Source: Audit Scotland 2014*

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29. In terms of SPI1 and 2, the corporate and service themes with the most 'no' assessments are:

- procurement (ten councils)
- assets (four councils)
- benefits administration (two councils)
- child protection and children's social work (two councils).

30. The SPI themes where fewer councils now **fully meet** our assessment definitions:

- Assets – there has been a reduction in the number of councils fully meeting our assessment definition over the three years. (Only four councils fully met the criteria in 2012/13 compared with nine in 2010/11).

- Equalities and diversity – there has been a reduction in the number of councils fully meeting our assessment criteria in 2012/13. (seven councils fully met the criteria compared to nine in 2011/12).
- Benefits administration – there has been a reduction in the number of councils fully meeting our assessment definition between 2011/12 and 2012/13 (nine councils fully met in 2012/13 compared with sixteen in 2011/12).
- Protective services – there has been a reduction in the number of councils fully meeting the criteria between 2011/12 and 2012/13 (nine councils fully met in 2012/13 compared with sixteen in 2011/12).

31. There are a number of the SPIs themes where less than half of councils are fully meeting our assessment criteria (Exhibit 4). In order to achieve further progress it will be necessary to encourage councils to improve their performance so they move from partially to fully meeting the criteria.

#### Exhibit 4

##### SPI themes where less than half of councils are fully meeting our assessment criteria

Corporate SPI themes	Service SPI themes
Employees Assets Procurement Equalities and diversity	Benefits administration Criminal justice social work Cultural and community services Planning Protective services Roads and lighting

Source: Audit Scotland 2014

#### Next steps

32. This year we have more clearly identified what we have seen in terms of good practice, both for the characteristics of a strong overall approach to PPR and also for individual SPI criteria.
33. The Accounts Commission may want to consider sharing this report with appropriate stakeholders. In addition, the Accounts Commission may want to consider sharing the following with local auditors, councils and other stakeholders, including the SPMF and the Improvement Service:
- The characteristics of a better approach to PPR (Exhibit 2) and good practice examples from councils (Appendix 2).
  - The list of factors to prioritise for securing improvement (Exhibit 3).
  - For SPI 1 and SPI 2, the council PPR benchmarks which identify our assessment categories of fully, partially and not demonstrated the criteria. This includes named councils that have fully met the criteria, and good practice examples (Appendix 3).
34. This will help promote benchmarking and improvement. Local auditors will liaise with councils on the assessments. The assessments will also inform the Shared Risk Assessment process.
35. When agreeing its SPI Direction later in the year the Commission may wish to consider highlighting some of the themes and areas for improvement identified in this report.



## **Recommendations**

36. It is recommended that the Commission:

- Note the clear progress councils have made in fulfilling their obligations for public performance reporting as set out in the SPI Direction.
- Note those areas where there remains room for improvement.
- Ask that Audit Scotland will follow-up with auditors and appropriate stakeholders.

37. The findings of this report will be revisited later in the year to support the Commission in determining its SPI Direction 2014, for audit year 2015/16, and to develop the supporting guidance. This could include revisiting SPI1 and SPI2.

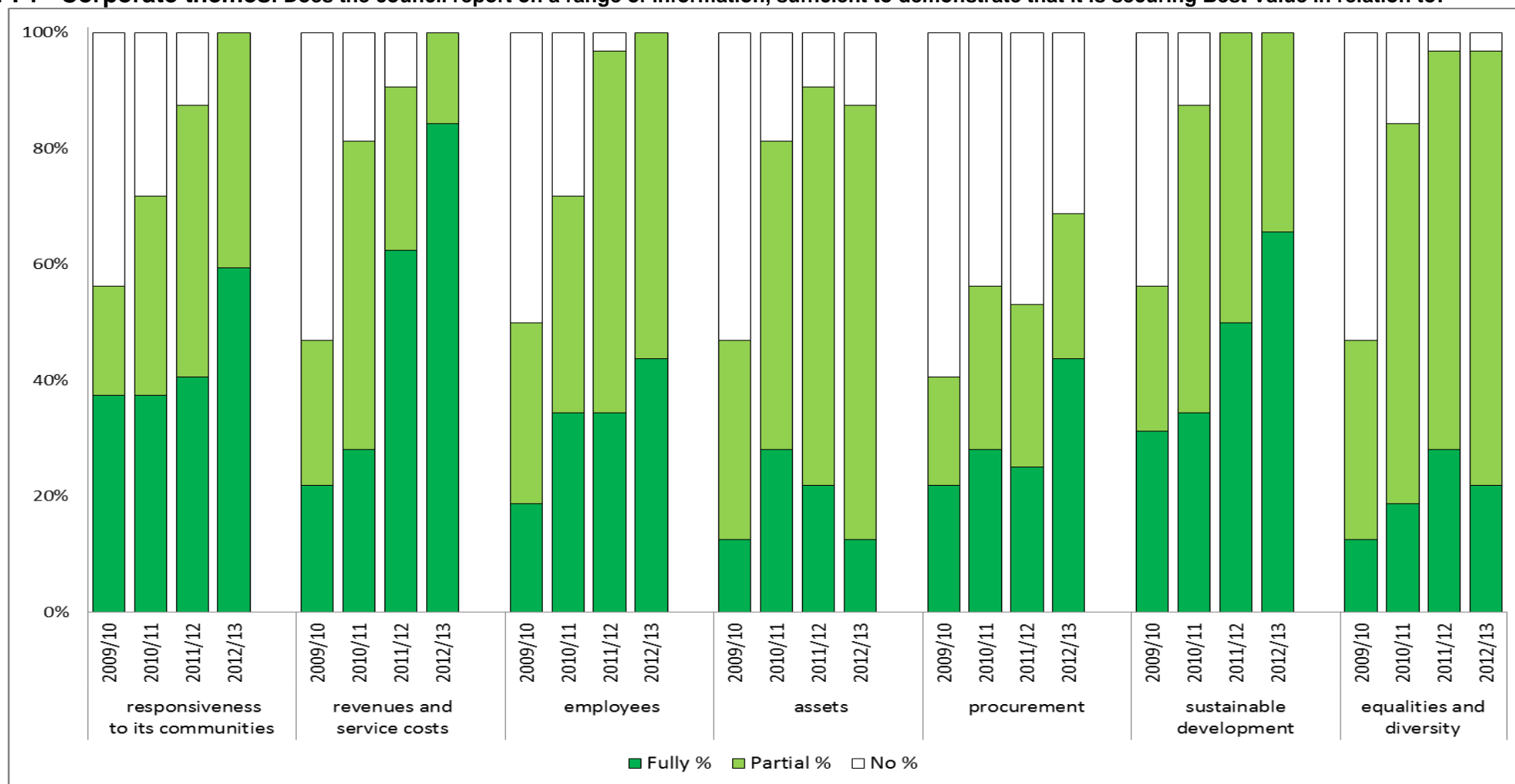
**Fraser McKinlay**  
**Director of Performance Audit and Best Value**  
**11 June 2014**

## Appendix 1

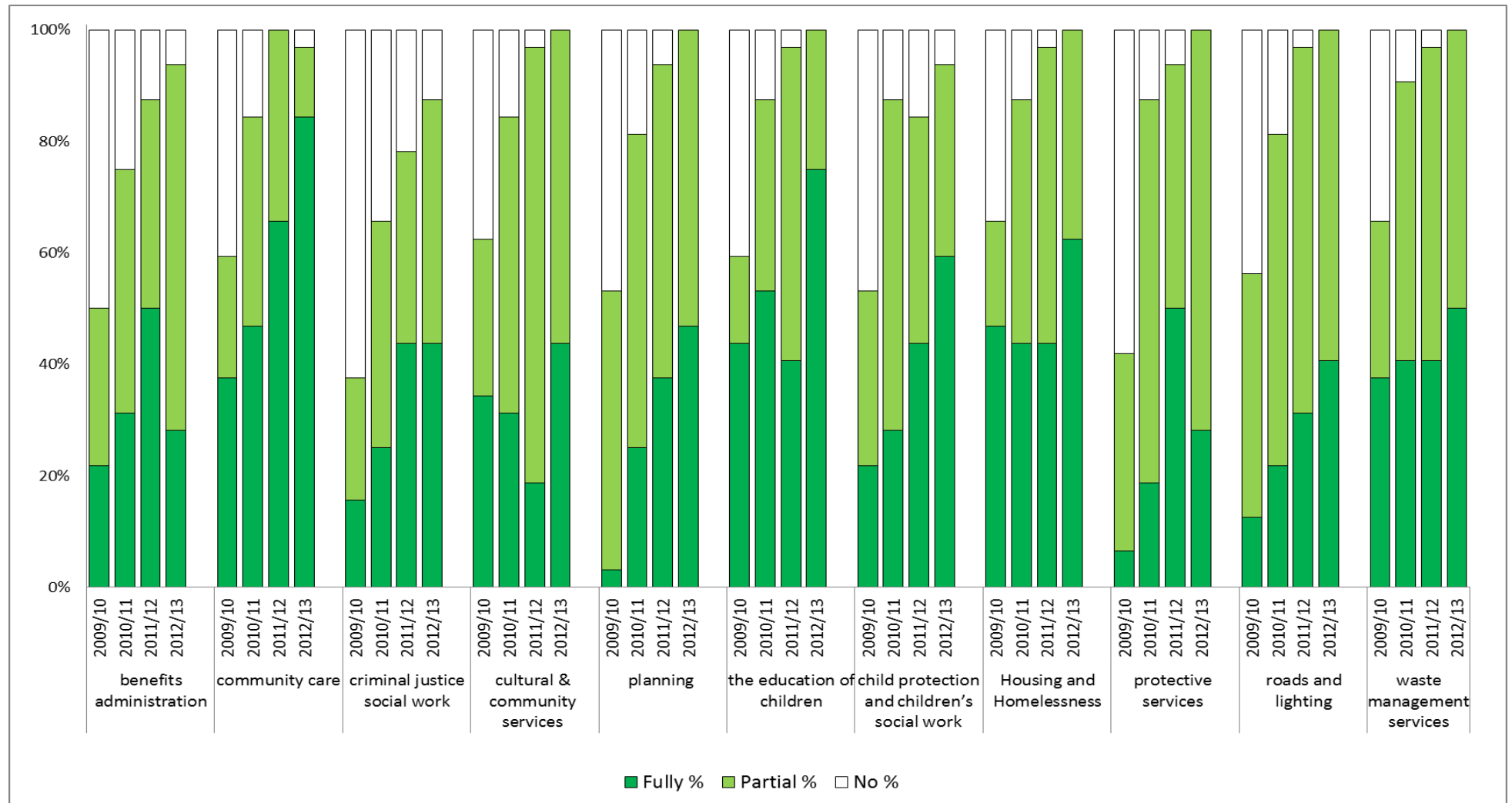
### STATUTORY PERFORMANCE INDICATORS: 2012/13 Evaluation of SPI1 and SPI2

#### Breakdown of responses by criteria

**SPI 1 –Corporate themes: Does the council report on a range of information, sufficient to demonstrate that it is securing Best Value in relation to:**



**SPI 2 –Service themes: Does the council report on a range of information, sufficient to demonstrate that it is securing Best Value in relation to:**



## Appendix 2 – Further examples of good practice

### 1. Structured approach to public performance reporting

**East Lothian Council:** The performance pages are easy to find with web pages covering the expected range of service/theme areas. These include narrative to explain the aims of the service. It is balanced well by the council's annual performance report which is much more narrative heavy, supported by a small selection of the available indicators. The annual report is presented well and easy to follow, making good use of tables and case studies. The report also sets out clearly the council's priorities and how these link to the Single Outcome Agreement (SOA), around which the report is structured. The council also provides a summary of the annual report material in the council newsletter.

#### East Lothian Council's performance web page

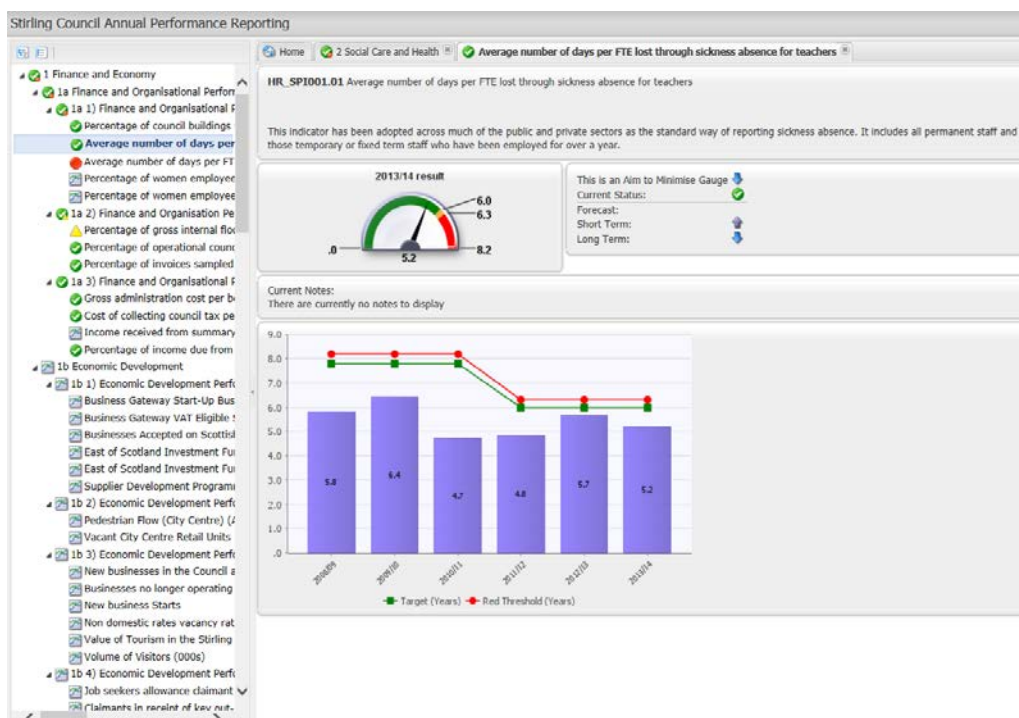
##### Performance reporting



**Perth and Kinross Council:** Overall, a comprehensive PPR approach and framework that incorporates a range of material for different audiences. For example there is a high-level newsletter and more detailed Annual Report and service-level reports should readers require more information. The PPR website is clearly structured with easy-to-follow links. Sign-posting is good and use of a traffic light RAG status reporting allows identification of good and poor performance and trends. The Annual Report is based around SOA outcomes and links to higher level and partnership objectives. This can make isolating council-specific performance harder, however their website also provides links to the council's service-level reporting. The council's PPR material incorporates customer satisfaction findings. There is also a customer facing summary report following the SOA outcomes structure and highlighting key aspects of performance - its format is accessible and adopts the RAG status reporting style, with performance illustrated by examples and case studies.

**Stirling Council:** Overall, the material is presented in a user friendly manner. Information is easily accessible and the web pages are easy to navigate. The interactive performance pages are divided into three sections, covering annual performance, LGBF indicators and Stirling Performs which covers information across seven council services. For each of the indicators there is a short analysis of most recent performance, with short and long term trend information. Additionally, the council produces an annual performance report which is divided into two parts: narrative and the list of indicators supporting the narrative. Part two also contains the list of SOA indicators, although some info is for earlier years. Customer feedback and satisfaction indicators are included on the website as well as the annual report.

## Stirling Performs – Annual Performance Reporting page



**Angus Council:** The PPR information was set out clearly with a PDF document for each SPI theme. The documents included graphs for each indicator and an accompanying narrative, the graphs often compared the councils results against their target, the previous years or other councils. Angus life magazine provides an alternative means of presenting the PPR message. Although there is no clear link to the performance section from the front page, once it is found, information is clearly set out.

## Angus Council Performs Page

**Home** | **Your Council** | **Services** | **Local History** | **Have Your Say** | **Community** | **Angus Ahead Website** | **Site Map**

**Your Council**

**Performance and Annual Reports**

- Performance Arrangements
- Angus Community Plan and Single Outcome Agreement
- Thematic Partnerships Plans
- Corporate Planning
- Service Planning
- Operational Planning
- Personal Action Plans
- Angus Council Performs
- Performance in Committee Reports
- Annual Report and Accounts
- Performance in Council Magazines

**Angus Council Performs**

**Years:** 2012/2013 | 2011/2012 | 2010/2011 | 2009/2010 | 2008/2009 | 2007/2008

**2012/2013 Indicators**

For each area we have prepared a standard report and an accessible version for those using screen-reader software.

- Assets
  - Assets Standard version (84 KB PDF) [PDF](#)
  - Assets Accessible version (62 KB MS Word) [Word](#)
- Benefits Administration
  - Benefits Administration Standard version (74 KB PDF) [PDF](#)
  - Benefits Administration Accessible version (59 KB MS Word) [Word](#)
- Cultural and Community Services
  - Cultural and Community Services Standard version (326 KB PDF) [PDF](#)
  - Cultural and Community Services Accessible version (218 KB MS Word) [Word](#)
- Child Protection and Children's Social Work
  - Child Protection and Children's Social Work Standard version (204 KB PDF) [PDF](#)
  - Child Protection and Children's Social Work (154 KB MS Word) [Word](#)
- Criminal Justice Social Work
  - Criminal Justice Social Work Standard version (78 KB PDF) [PDF](#)
  - Criminal Justice Social Work Accessible version (85 KB MS Word) [Word](#)
- Community Care Services
  - Community Care Services Standard version (340 KB PDF) [PDF](#)
  - Community Care Services Accessible version (243 KB MS Word) [Word](#)
- Revenues and Service Costs
  - Revenues and Service Costs Standard version (535 KB PDF) [PDF](#)
  - Revenues and Service Costs Accessible version (367 KB MS Word) [Word](#)
- The Education of Children
  - The Education of Children Standard version (671 KB PDF) [PDF](#)
  - The Education of Children Accessible version (383 KB MS Word) [Word](#)

## 2. Clear presentation of information

**Renfrewshire Council** has produced a well-designed, user friendly high level performance report. It is a good length and uses graphics to engage reader. This is backed up by clearly signposted information that is more detailed.

### Renfrewshire Council high-level Performance Report 12/13



**Angus Council** presents the indicators in a transparent and comprehensible way. Each indicator is accompanied by a graph showing progress over time against targets, a trend analysis, actions taken by the council, a data table and a benchmark median as a comparison.

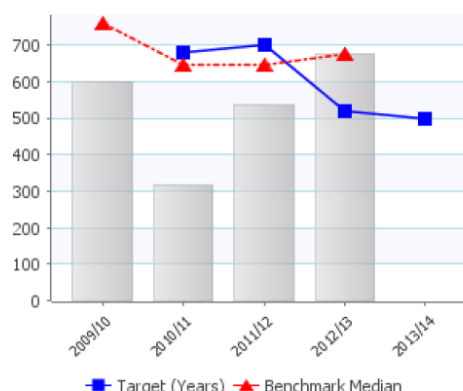
### Angus Council Cultural and Community Services Performance Report 12/13

#### Number of visits to/usages of council funded or part funded museums that were in person per 1,000 population (SPI)

More visits were made to our museums in person last year, reaching 675 per 1,000 population compared with 535 in 2011/12. We beat our target of 521 but just missed the 677 reported by the middle ranked (median) Scottish council in 2012/13.

In 2012/13 the number of visits in person to Angus Council run museums dropped by 4,275 (-7.76%). However the effect was not uniform across Angus. We've also been able to include information on community and independent museums that received financial assistance from the Angus Council Cultural Heritage Tourism Award Scheme.

From March 2013 all Angus Council Museums have closed on Mondays. In future years there will be a significant reduction in the number of visits in person to these museums and numbers of enquiries made in person.



ITEM	YEAR	VALUE	TARGET	BENCHMARK MEDIAN
1	2009/10	600	Blank	760
2	2010/11	315	678	646
3	2011/12	535	700	645
4	2012/13	675	521	677
5	2013/14	Blank	497	Blank

**South Ayrshire Council** produces the PPR council calendar which contains high-level information on the council's performance. These are available through the council's customer service centres, libraries and other offices and libraries.

### South Ayrshire Council's Performance Calendar

April 2014							River Stinchar Karen Crawford – Ayr Photographic Society
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Criminal Justice
31	1 April Fools' Day	2	3	4 Schools close at end of day	5 April 1st - 5th Easter Festival of Football Old Racecourse	6	<ul style="list-style-type: none"> <li>We provide social work services to the criminal justice system. During 2012/13, this included preparing 745 Criminal Justice Social Work reports, 134 Community Payback Order reports for the Scottish courts and 43 Home Background reports for the Scottish Prison Service.</li> <li>389 Community Payback Orders were issued during 2012/13 – 4% more than in the previous year. These require offenders to address their offending behaviour and repay communities for damage caused by their crimes. This can include carrying out unpaid work to benefit and improve neighbourhoods and communities, completing intensive supervision, or alcohol or drug intervention programmes to address the underlying issues that can influence offending behaviours.</li> <li>During 2012/13, our criminal justice unpaid work teams used the available 760 unpaid work days to carry out a variety of activities across South Ayrshire. This included painting and upgrading leisure facilities, redesigning and upgrading Ladywell Park's lawns and flowers to encourage wildlife and improve the environment, maintaining public open spaces for local communities such as cycle paths, church grounds, sheltered housing complexes, scout hall grounds, nursery grounds and assisting local primary schools in the establishment of a small garden project, helping with the upgrade of shore front shelters and benches across South Ayrshire's coastal towns, repainting and restoring the wheelhouse on the Watchful fishing vessel exhibited at Ayr Harbour, and a range of small projects in local communities, such as litter picking, clearing the local burn at Muirhead in Troon, and assisting in the preparation work and then clear up for the Ayr Flower Show.</li> </ul>
7	8	9	10	11 April 11th - 12th Scottish Grand National Ayr Racecourse	12	13 Palm Sunday	
14	15	16	17	18 Public Holiday Good Friday	19	20 Easter Sunday	
21 Public Holiday Easter Monday April 21st - 22nd Winter Service Unit, Darnley	22 Pupils return	23 St George's Day	24	25	26	27	
28	29	30	1	2	3	4	

### 3. Effective use of customer satisfaction information

**East Lothian Council** have a format within their PPR material of 'We asked, you said, we did' in the annual performance report.

#### East Lothian Council Annual Performance Report 12/13

##### **We asked, you said, we did...**

##### **Listen and Learn Youth Summit**

##### **We asked...**

The Listen and Learn Youth Summit provided an opportunity for young people to identify their priorities for action. The topic young people chose to explore was employment, which has also been identified as a key issue for our Corporate Parenting agenda.

##### **You said...**

1. Young people should be more engaged with the Council's Economic Development Strategy and East Lothian Works initiative
2. Greater links should be made between young people and VDEL
3. A dedicated job opportunity/work experience/volunteering opportunity web site should be investigated/developed
4. An open wifi access policy for schools should be investigated
5. Develop a strategy for communicating with young people, including effective use of texting and social media. This should be developed in conjunction with young people
6. The impact of transport costs/availability for young people wishing to access employment, further and higher education and training should be addressed
7. Councillors should have a greater presence in school, for example, holding surgeries, attending assemblies and making themselves available/contactable
8. Make greater use of East Coast FM in future events

##### **We did...**

These matters are now being taken forward with various council departments and with partner organisations. Progress will be reported in the 'Listen more, assume less' magazine

##### **Kings Meadow and Haddington Infant School – Planning for the Future**

##### **We asked...**

The Council conducted a consultation to gather views on whether to merge King's Meadow Primary School and Haddington Infant School.

Three possible options were consulted upon:

1. The status quo - both schools remain separate with their own Head Teachers, management structures, policies and development plans, etc
2. The schools remain separate as described above but with a shared Head Teacher leading and managing both schools.
3. Both schools become one school under a new name with one Head Teacher, management structure, policies and development plan, etc

##### **You said...**

Parents and carers voted for both schools to remain separate with their own head teachers, management structures, policies and development plans. 65.6% of the 628 respondents to the consultation chose the status quo.

##### **We did...**

As the majority of respondents were against any change the schools remain as they are.



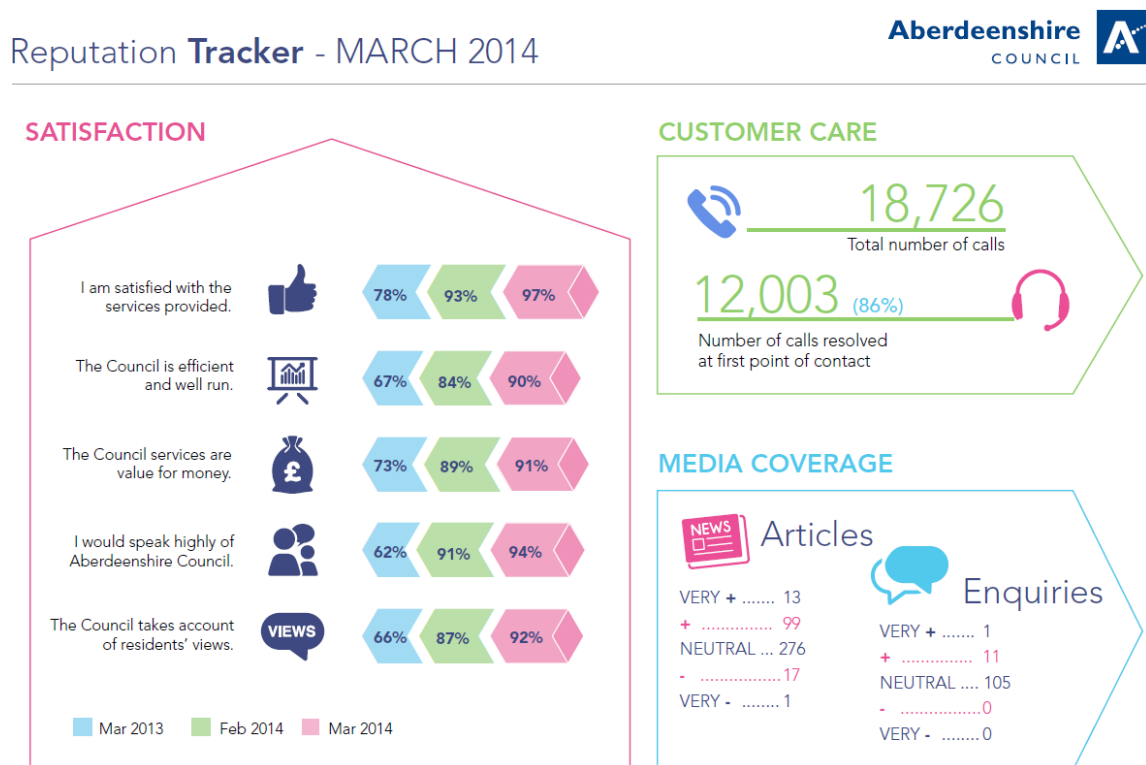
**Dundee Council's Plans & Performance** webpage contains a link to a "We listened...we acted" page which lists examples of how the council has used feedback from stakeholders to improve services.

#### Dundee Council's Plans & Performance webpage

The screenshot shows the Dundee Council's Plans & Performance webpage. At the top, there are navigation buttons: "How Can We Help You?", "Pay for it", "Report it", "Request it", and "Submit it". Below these is a "Quick Links" section with links to "Dundee Partnership Community Awards", "Plans and Performance", and "Annual Consumer Survey Report". The main content area is titled "We listened ... we acted" and includes a "Rate this page/information" section with three smiley face icons. Below the title, there is a list of changes made to Council services in the past year, such as "used social media to keep parents up to date with family literacy learning events" and "introduced Healthy Transitions, a peer led programme, in all secondary schools". A "Related Information" section on the right links to "Department Publications" and "Department Pages".

**Aberdeenshire Council** reports customer satisfaction with services information through the monthly reputation tracker report which includes engaging infographics.

#### Aberdeenshire Council's Monthly Reputation Tracker Report





#### 4. Balanced picture of performance, highlighting strengths and areas for improvement

Argyll and Bute's Annual Report summarises performance with each section including "What We Could Have Done Better" paragraphs.

##### Argyll and Bute Annual Report 12/13

#### 4.21 What we could have done better

- a. Engaged more effectively with a greater with a wider range of partners to reach our educational objectives
- b. Supported staff to engage in quality professional dialogue on learning and teaching
- c. Clarified the roles, remits and reporting arrangements of working groups to ensure that participants are clear about the scope of this work
- d. Clarified the links between self-evaluation, school review and improvement planning while increasing professional challenge to drive improvement

North Ayrshire Council's Annual Performance Report 12/13, focuses on four areas and includes a section on 'successes' and 'challenges' providing a balanced picture of the council's performance. The report is well presented with good explanatory text and diagrams which are easy to read.

##### North Ayrshire Council's Annual Performance Report 12/13

#### Successes

We have enjoyed significant successes over the last year, including:

Streetscene who won the Municipal Journal (MJ) Local Government Achievement Award for Workforce Transformation and the Bronze Award in the COSLA Excellence Awards.

Roads Services who received the national APSE Award for developing an innovative electronic web-based procurement and management system. The system speeds up procurement processes considerably and provides robust benchmarking information.

Our 'Report it' Smartphone app won third place in the Digital Technology Awards 2012.

We had seven national finalists in the Scottish Education Awards.

Launching three Schools of Sport in Ardrossan Academy, Auchanharvie Academy and Irvine Royal Academy including Scotland's first ever School of Basketball.

All Primary Schools and Arran High School were awarded the Soil Association's Gold Food for Life Catering Mark for their spring menus introduced into schools in March 2013.

Eglinton Country Park gained an Eco Centre Award recognising the work the park has undertaken in protecting the environment and encouraging visitors to become more environmentally friendly.

Creative Scotland awarded North Ayrshire a 'Creative Place Partnership' and funds of up to £200,000 to progress a cultural action plan.

Housing Services achieved the Gold Investors in People Award.

The Community Payback Income Generation Project came second at the Community Payback Unpaid Work Requirement Awards 2012. The Project raises money for charitable causes by selling garden furniture and garden produce.

#### Challenges

The economic climate remains challenging but North Ayrshire Council has worked hard to ensure its operations are well placed to meet those challenges. The Council will continue to make smarter and more innovative use of resources and will continue to be creative in the development and deployment of Services.

The inequalities brought about by unemployment, poor health and poverty continue to have a major impact on our people and our communities and have resulted in high levels of deprivation in many of our towns. We will continue to implement the Council's Economic Development and Regeneration Strategy which sets out individual projects that will attract more businesses and jobs to the area.

The Welfare Reform Act 2012 contains a range of welfare reforms that have significant consequences for the community. The Council is, however, well placed to assist its citizens with these changes and has made provision for the anticipated increased demand on our services including support for people with disabilities, debt advice and welfare rights advice, assistance with appeals, increase in demand for social housing and homeless requests, and an increase in the number of applications for discretionary housing payments and local housing allowance safeguards.

In recognition of the impact of the new legislation, a cross service Welfare Reform Working Group was established in February 2012. The Working Group has developed an action plan to respond to each of the welfare reforms.

The new Scottish Government arrangements for Health and Social Care Integration will develop over the next year. These arrangements are designed to bring about a significant improvement in the experience of people who use health and social care services, their families and their carers. The Council together with the Health Board has taken a proactive approach to developing the new Integrated Health and Social Care Partnership.

The Council with its partners will continue to develop neighbourhood planning in 2013 to ensure that resources are targeted at those local areas most in need. In September 2012 the Community Planning Partnership (CPP) approved the introduction of six new neighbourhood planning areas including Arran, Irvine, Kilwinning, Three Towns, Garnock Valley, North Coast, West Kilbride and Cumbernauld.

Issues such as unemployment, poverty and poor health cannot be tackled by the Council alone, so we will work with other public bodies operating in the area including health, police and fire and rescue in the North Ayrshire Community Planning Partnership. Our collective plan for the area is set out in a Single Outcome Agreement (SOA) with the Scottish Government. A new four year agreement is in place for 2013/17.

## 5. Good use of comparators

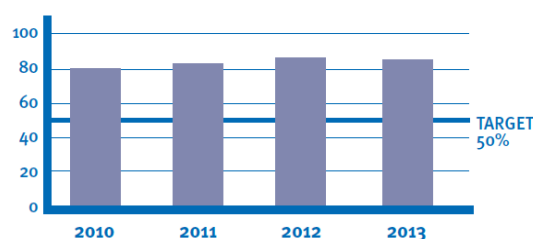
Within **Dundee City Council's** annual report 12/13, there is a clear link between LGBF indicators and the council's own report analysing and comparing its performance against other councils, family groups and other city councils.

### Dundee City Annual Report 12/13

#### Compared to the Past

The Council reviews the performance information collated each year. In the last few years the Council has managed to maintain and improve performance for a high percentage of these indicators which demonstrates a strong commitment to continuous improvement. 85% of performance indicators in the Council's corporate performance self-assessment either maintained or improved performance during the year which is consistent with previous periods.

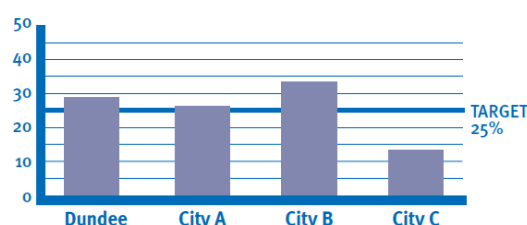
#### Annual Performance Improvement



#### Compared to Others

We have also measured the number of times we finished top between the main city Councils. Our performance of 28% compares favourably with the other main cities. Future performance will be measured against other Councils in our family groupings currently being developed by the Improvement Service.

#### Percentage Top Inter-City Finishes 2012/2013



**East Dunbartonshire** includes comparisons with other councils and Scotland in the service specific "How good is our service" reports.

### East Dunbartonshire "How Good Is Our Service" Education Service Report 12/13

#### 5. How We Compare with Other Councils / Service Providers Education Services – (session 2011/12 Post-Appeal Data)

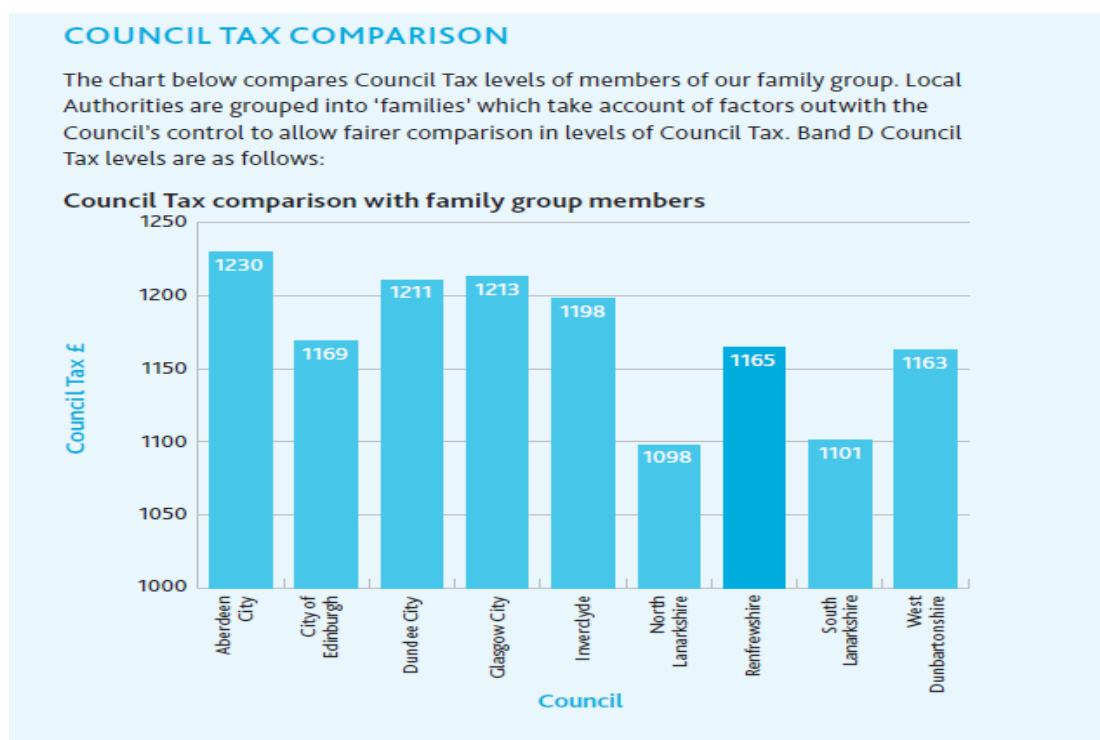
- \* Source Fyfe Information Technologies et al and ScotXed
- \* All data percentages (%); all data post-appeal results

#### SQA Attainment against comparator authorities - Secondary S4, S5 and S6

Attainment by the end of S4 in the session shown	% S4 roll gaining 5+ awards at level 3 or better (Foundation/Acc3)	% S4 roll gaining 5+ awards at level 4 or better (General/Intermediate 1)	% S4 roll gaining 5+ awards at level 5 or better (Credit/Intermediate 2)
Diet	2012	2012	2012
East Dunbartonshire	98	93	58
Scotland	94	80	37
Family average (LAs below)	95	84	45
Aberdeenshire	93	83	40
East Lothian	96	82	38
East Renfrewshire	97	91	68
Perth and Kinross	96	83	40
Stirling	94	81	46

**Renfrewshire Council** uses the LGBF family groups for council comparisons to learn from variations and look for examples of good practice.

#### Renfrewshire Council's Key Facts and Figures 2013–14



## 6. Use of cost/spend information

**East Dunbartonshire Council's** PPR material includes budget and expenditure information throughout the performance material for specific service areas. It identifies reductions in anticipated overspend and provides reasons for it.

#### East Dunbartonshire "How Good Is Our Service" Social Work Service Report 12/13

##### 4. Financial Targets

Main Service Divisions	Annual Budget £000	Net Expenditure projected (subject to audit) £000	Annual Variation projected (subject to audit) £000	% variation	Summary narrative
Service Strategy	1,289	1,266	-24	-1.86%	Reduction in anticipated overspend mainly in relation to payroll costs.
Children & Families	10,555	9,392	-1,162	-11.01%	Changes in residential placements, a reduction in final contract costs due to a reduction in spot purchases and turnover savings have resulted in an overall favourable variance.
Older People	18,401	19,437	1,035	5.63%	Demand related pressure particularly in relation to supported living, older people's residential accommodation, homecare services and direct payments has continued throughout the year.
Physical Disability	2,650	2,636	-14	-0.53%	A favourable variance is reported due to additional income in relation to a client recharge to another local authority and a slow down in spend in relation to adaptations and equipment for disabled people.
Learning Disability	10,372	10,805	433	4.18%	Continued supported accommodation placements, demand related pressure and children transitioning from children to adult services have resulted in pressure on this budget.
Mental Health	1,901	1,832	-68	-3.60%	A positive variation has been achieved.

## 7. Dialogue with the public involving PPR

**Renfrewshire Council** uses social media for public performance reporting by publishing some interesting fast facts and statistics.

### Renfrewshire Council Twitter Page



**Appendix 3 – Identified Council PPR benchmarks, named councils and good practice examples.**

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>SPI 1</b>				
<b>Responsiveness to its communities</b>	<p>PPR material provides a fuller picture of performance across the range of consultation activities and customer feedback information. This is prominently reported within high-level PPR material and may include links to more detailed information (eg on specific surveys or consultation processes). There is evidence of feedback information being sought at both a corporate and a service level.</p> <p>Coverage will include information on what action the council has taken to respond to the feedback and make service improvements (eg 'you said – we did')</p>	<p>PPR material provides some ad hoc examples of consultation activities within PPR material, but with insufficient explanatory narrative to draw out main findings.</p> <p>There is a lack of evidence of what action the council has taken in response or how feedback has been used to improve services.</p>	There is no or little evidence of councils reporting information from consultation or customer feedback exercises within their PPR material.	<p><b>Fully = 19</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Aberdeenshire</li> <li>• Angus</li> <li>• Dundee City</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Fife</li> <li>• Highland</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• West Dunbartonshire</li> <li>• West Lothian</li> </ul>
	<p>Good practice example:</p> <p><b>East Lothian Council</b> uses a 'We asked, you said, we did' format throughout annual report in relevant places to report on consultation activity and what the council has done in response. Reporting also includes a number of indicators about service user satisfaction.</p> <p><b>Inverclyde Council</b> includes a good range of indicators with commentary on citizens' panel's responses, general customer service and some evidence of how this information has been/is being use by the council.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Revenues and service costs</b>	<p>PPR material brings together a range of cost information, such as total expenditure as well as a breakdown by service areas. There is use of local indicators such as efficiency targets.</p> <p>There is good use of narrative and/or charts to help readers understand the financial information.</p> <p>Appropriate cost indicators from the LGBP are included.</p>	<p>PPR material has some specific indicators on revenues and service costs, such as total council expenditure but may rely on previous cost related SPIs (eg cost per dwelling of collecting council tax, gross cost per case for benefits administration, income due on council tax collection.)</p> <p>There is a lack of narrative to set performance in context.</p>	<p>There is a lack of commentary on revenue and service costs and the council has not published any local indicators that inform beyond the SPIs.</p>	<p><b>Fully = 27</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Aberdeenshire</li> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Clackmannanshire</li> <li>• Dumfries and Galloway</li> <li>• Dundee City</li> <li>• East Ayrshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Fife</li> <li>• Glasgow City</li> <li>• Highland</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Orkney</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• West Dunbartonshire</li> <li>• West Lothian</li> </ul>

	Characteristics of councils who have...			
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	Councils that have fully met the criteria
	<p>Good practice examples:</p> <p><b>East Lothian:</b> Good narrative on financial pressures and outlook, drawing on annual audit findings, and council plans in response. Section on overall council finances, covering where the money comes from and where the money goes. Indicators on individual service costs, from LGBF, provided on web section.</p> <p><b>Argyll and Bute:</b> Evidence of range of financial &amp; cost information, broken down by service areas, eg, Service Scorecards. Information is available and accessible in range of formats from more detailed, eg annual accounts, to more "user friendly" formats such as leaflets etc. Information is well-sign-posted and readily accessible from the council's performance webpage. Performance information is accompanied by explanatory narrative and/or is presented in table format with comparative data.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Employees</b>	<p>PPR material includes wider performance measures, such as: job satisfaction, cost of HR function and staff survey data. Includes commentary on key findings from staff surveys or other staff engagement.</p> <p>Where appropriate, includes information on workforce changes, such as reductions through VERA or senior management restructuring.</p>	<p>PPR material is limited and concerned mainly with the past SPI on sickness absence or that theme. There is no reference to whether the council has conducted a staff survey, or if there is, what priorities it has taken from it. There is a lack of narrative to set performance in context.</p>	<p>There is little or no commentary on performance in relation to employees.</p>	<p><b>Fully = 13</b></p> <ul style="list-style-type: none"> <li>• Angus</li> <li>• Clackmannanshire</li> <li>• East Dunbartonshire</li> <li>• East Renfrewshire</li> <li>• Edinburgh City</li> <li>• Fife</li> <li>• Glasgow City</li> <li>• Highland</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• Perth &amp; Kinross</li> <li>• Renfrewshire</li> <li>• South Ayrshire</li> <li>• West Dunbartonshire</li> </ul>
<p>Good practice examples:</p> <p><b>East Renfrewshire:</b> A range of employee related indicators are reported in the main PPR report, Annual Report 2012-2013, including performance against indicators such as employee development. Absence statistics and information, % of previously prescribed indicators, cost of support services and results from the Employee Survey are included in the LGBF report and mid and end year performance reports.</p> <p><b>Highland:</b> Well-sign-posted links to the SPI report and Corporate Performance Report 2012-13, which covers performance against the council plan and incorporates SPIs. Website also links to "What Our Staff Told Us" page which summarises the council's approach to employee consultation, including actions arising from the staff feedback. In addition, a link is provided to a report of the most recent employee survey report (2012).</p> <p><b>Renfrewshire:</b> Uses a good range of indicators, going beyond the SPIs to include indicators on appraisal rates and use of 360 reviews for senior managers.</p> <p><b>Fife:</b> Annual performance report gives some commentary around staff satisfaction. Link to annual workforce report which gives commentary on numbers of employees, turnover and training. Appendix gives a good graphical representation of the employee indicators.</p>				



	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Assets</b>	<p>PPR material brings together a range of performance measures in relation to a range of assets (eg buildings, vehicles, equipment).</p> <p>Includes local indicators, such as indicators on council property repairs and spend on property maintenance.</p> <p>May also include commentary on progress with its corporate asset management plan or key asset planning projects such as new council facilities. May also include commentary on how it works with partners to make best use of local assets.</p>	<p>PPR material is limited and concerned mainly with the past SPIs on operational accommodation that is in a satisfactory condition or suitable for its current use, or that theme. Coverage may miss important aspects of council assets, for example only commenting on buildings. In some cases there may be additional indicators but these lack narrative to assist the reader in understanding performance in relation to how the council manages assets.</p>	<p>There is a lack of commentary on performance in relation to assets or if there is a reference there is a lack of performance measures to evidence performance.</p>	<p><b>Fully = 3</b></p> <ul style="list-style-type: none"> <li>• East Dunbartonshire</li> <li>• East Renfrewshire</li> <li>• Midlothian</li> </ul>
<p>Good practice examples:</p> <p><b>Midlothian Council:</b> The main PPR report includes a section entitled "Ensuring Best Value" which summarises asset related indicators. This brief section summarises the council's asset performance with performance further illustrated by accompanying narrative and RAG status. This is supplemented by more detailed coverage in the council's quarterly and annual performance reports for Property and Facilities Management.</p>				

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Procurement</b>	<p>PPR material brings together a range of evidence sources to present a higher level view of procurement activity.</p> <p>Evidence sources include improvement resulting from collaborative spend or use of electronic methods to award, source and process procurement activities (eg e-procurement).</p> <p>Coverage includes the council's Procurement Capability Assessment (PCA) score, including trend and comparisons.</p>	<p>PPR material may contain references to performance on procurement such as an identified range of cash savings or a procurement capability assessment. However, there is a lack of explanatory narrative to aid the reader understand performance on procurement.</p>	<p>There is little or no reporting in relation to performance on procurement. Procurement activity may be mentioned but there is a lack of measures or cost information to help the reader understand performance.</p>	<p><b>Fully = 14</b></p> <ul style="list-style-type: none"> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• East Dunbartonshire</li> <li>• East Renfrewshire</li> <li>• Fife</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• West Dunbartonshire</li> </ul>
	<p>Good practice examples:</p> <p><b>East Renfrewshire:</b> Dedicated Procurement page which covers performance material including the Procurement Public Performance Report 2012/13 which details performance against a set of indicators, including PCA score, illustrated by RAG status and supported by explanatory text.</p> <p><b>West Dunbartonshire:</b> Performance on procurement indicators reported in key PPR report "Measuring Up", showing RAG status and trend data. Reference to PCA score incorporated into Strategic Plan Update report 2012/13.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Sustainable development</b>  <i>The focus of our assessment framework is on environmental sustainability (in line with our best value toolkit).</i>	<p>PPR material brings together a range of material to present a wider picture of performance in relation to sustainable development. Includes use of local indicators such as energy consumption, council co2 emissions, fleet emissions, derelict land, parks and outdoor spaces, and biodiversity actions and targets.</p> <p>Includes narrative or contextual information, such as targets and trends, to help the reader understand performance.</p>	<p>Coverage focusses on areas where there have been prescribed indicators such as waste managements and street cleanliness.</p> <p>Performance summary does not go wider and there is no mention of carbon emissions and the wider environmental impact. In addition there is a lack of commentary or narrative to explain performance.</p>	<p>There is little or no reporting on performance for sustainable development. Even if there is minimal reporting, this is limited to the past specified SPIs but with minimal narrative or trend information to put this in context.</p> <p>N.B. no council was assessed as not meeting the criteria in 11/12.</p>	<b>Fully = 21</b> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Clackmannanshire</li> <li>• Dumfries and Galloway</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• Fife</li> <li>• Glasgow City</li> <li>• Highland</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Orkney</li> <li>• Perth &amp; Kinross</li> <li>• Renfrewshire</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• Stirling</li> <li>• West Dunbartonshire</li> </ul>
<p>Good practice examples:</p> <p><b>Orkney:</b> Annual performance report (APR) includes a section on Attractive Environment - this highlights performance against prescribed indicators, but also highlights some examples of wider performance in this area with contextual narrative. APR also includes commentary on performance on Renewables. Council monitoring report includes a detailed section on Renewables which summarises the council's performance against a range of targets, including local targets with accompanying explanatory narrative. Previously prescribed SPIs published.</p>				

Characteristics of councils who have...				
...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria		Councils that have fully met the criteria
<p><b>Aberdeen:</b> Energy efficiency in homes included in annual report. Local commentary around recycling and greenspace in annual report. Data and commentary on carbon emissions, street cleanliness and general SD.</p> <p><b>North Ayrshire:</b> Overall carbon emissions reported with commentary in annual report, narrative and indicators around recycling. Portal includes indicators, with explanatory text, on street cleanliness and fly tipping.</p> <p><b>Fife:</b> In annual report, commentary on greenspace and carbon emissions. Link from main performance webpage to Climate Change minisite on what Fife Council are doing. SPI on street cleanliness.</p>				

	Characteristics of councils who have...			
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	Councils that have fully met the criteria
Equalities and diversity	PPR material brings together a range of performance material including local indicators that give a wider picture of performance, such as service user satisfaction with specific services. There is good narrative putting performance into context for the reader. PPR material recognises equalities and diversity in its broader sense covering tackling inequality.  Coverage includes commentary on the new equalities duties and how the council has responded to these.	PPR material is focused on areas where there have previously been specific indicators, such as percentage of highest paid employees that are women, and accessibility of council premises for people with a disability. There may be some additional indicators, but PPR material does not contain enough narrative to help the reader get a sense of performance on equalities and diversity.	There is little or no reporting on performance for equalities and diversity. Even if there is minimal reporting, this is limited to the past specified SPIs but with minimal narrative to put this in context.	<b>Fully = 7</b> <ul style="list-style-type: none"><li>• Angus</li><li>• Argyll and Bute</li><li>• East Renfrewshire</li><li>• Midlothian</li><li>• North Lanarkshire</li><li>• Perth and Kinross</li><li>• West Lothian</li></ul>
	Good practice examples:  <b>North Lanarkshire:</b> PPR material includes additional indicators on ethnic minorities and disabled recruitment, and percentage of female head teachers. Good narrative, performance compared against targets and previous years and reported with a traffic light system.  <b>Perth and Kinross:</b> The Public Services section of the SOA Annual Report 2012/13 contains some equality indicators with supporting commentary describing performance, including the local indicator, Relevant policies across all services that have been equality impact assessed (%). The PKC Evidence Portal also contains links to a range of further supporting evidence. Equalities indicators also embedded throughout wider PPR material.			

	Characteristics of councils who have...			
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	Councils that have fully met the criteria
SPI 2				
Benefits administration	PPR material gives a fuller picture, going beyond the past SPI and provides additional local indicators. In addition narrative puts performance in context and in some cases provides trend information over time. High-level PPR material references or links to relevant reports where appropriate.	PPR material is limited to the past specified SPI on benefit administration costs. There is an absence of further local indicators or narrative to put performance in context and aid the reader.	PPR material either has no reference to benefits administration or if there is a reference, does not include supporting data to provide evidence of performance.	<b>Fully = 9</b> <ul style="list-style-type: none"><li>• Angus</li><li>• Dundee City</li><li>• East Ayrshire</li><li>• East Dunbartonshire</li><li>• East Renfrewshire</li><li>• Fife</li><li>• Midlothian</li><li>• North Lanarkshire</li><li>• Scottish Borders</li></ul>
	Is likely to also include coverage of how the council has responded to welfare reforms and any service impacts as a result.	The PPR material may only comment on welfare reform with limited or no supporting performance information.		
Good practice examples:				
<b>Angus:</b> Links to further information on school meals, benefit fraud etc. Additional local indicators included with comparison over time and against targets. An article on Welfare Reform was in Angus Life Magazine.				
<b>Fife:</b> A good range of indicators on benefits costs, uptake and fraud with a three year trend and some narrative. Links to Welfare reform mini-site where impacts are explained.				

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Community care</b>	<p>PPR material gives a fuller picture, going beyond past specified indicators on community care and provides additional local indicators, such as:</p> <ul style="list-style-type: none"> <li>• service user satisfaction.</li> <li>• Number of people waiting longer than target time for service</li> <li>• the percentage of personal carers who are qualified to SSSC (Scottish Social Services Council) standard</li> </ul> <p>Is likely to also include some commentary on integration of adult health and social care and other relevant policy developments, such as implementation of self-directed support.</p>	<p>PPR material is limited to reference to our past specific SPI on home care, covering numbers, hours for age 65+ and personal care, service during evenings/overnight and weekends. PPR material has one or two additional indicators but without any narrative to set these into context.</p> <p>Coverage may include commentary on policy developments (integration of adult health and social care, self directed support) but with limited or no further information on core service performance.</p>	<p>PPR material either has no reference to community care services, no indicators or a casual reference to community care but without any supporting data.</p>	<p><b>Fully = 27</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Clackmannanshire</li> <li>• Dumfries and Galloway</li> <li>• Dundee City</li> <li>• East Ayrshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Edinburgh City</li> <li>• Falkirk</li> <li>• Fife</li> <li>• Glasgow City</li> <li>• Highland</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• Stirling</li> <li>• West Dunbartonshire</li> <li>• West Lothian</li> </ul>

	Characteristics of councils who have...			
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	Councils that have fully met the criteria
	<p>Good practice examples:</p> <p><b>Aberdeen:</b> . Some feedback from social care clients in annual report. Good graphic/figures and commentary related to telecare. Care places for adults with comparison councils. Old SPIs with additional commentary.</p> <p><b>Glasgow:</b> Additional indicators on delayed discharge, outcome based support plans, carer assessments and satisfaction with re-enablement. Good narrative, comparison with previous years and traffic light coding for targets.</p> <p><b>Stirling:</b> A very good range of social work indicators on the Annual Performance reporting page. The indicators include care inspection evaluation and several customer satisfaction indicators.</p>			



	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Criminal justice social work</b>	<p>PPR material gives a fuller picture of performance, providing a range of local indicators such as:</p> <ul style="list-style-type: none"> <li>the number of community payback orders started within 7 working days</li> <li>% of community payback orders successfully completed.</li> <li>reconviction rates</li> </ul> <p>PPR material may link to a higher level strategic theme within the SOA related to criminal justice social work and community safety – but will maintain clear coverage of council performance.</p>	<p>PPR material provides a range of performance indicators, but there is an absence of narrative or trend information to help the reader understand how the council is performing.</p> <p>Performance information may only be available in linked/signposted reports without any high level summary included in the main PPR outputs.</p>	<p>PPR material either has no reference to criminal justice social work services, or a casual reference without any supporting data.</p> <p>Coverage may only relate to high level crime and safety data and not to the performance of criminal justice social work services.</p>	<p><b>Fully = 14</b></p> <ul style="list-style-type: none"> <li>Angus</li> <li>Clackmannanshire</li> <li>East Lothian</li> <li>East Renfrewshire</li> <li>Glasgow City</li> <li>Inverclyde</li> <li>Midlothian</li> <li>North Lanarkshire</li> <li>Perth and Kinross</li> <li>Scottish Borders</li> <li>South Ayrshire</li> <li>Stirling</li> <li>West Dunbartonshire</li> <li>West Lothian</li> </ul>
	<p>Good practice examples:</p> <p><b>Angus:</b> Includes local indicators with comparison against previous years and targets. Good narrative and links to further information.</p> <p><b>Perth and Kinross:</b> The Safer Communities section of the SOA Report 2012/13 contains a set of criminal justice indicators including re-conviction rates, and wider community safety indicators. These are supplemented by narrative explaining performance. The Performance Summary highlights key performance. The PKC Evidence portal also contains sign-posts to sources of more detailed information on council performance, e.g., community payback orders reports.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Cultural &amp; community services covering at least sport &amp; leisure, museums, the arts and libraries</b>	<p>PPR material gives a fuller picture of performance and covers the four specified strands of cultural and community services. Provides additional indicators that give a wider picture of performance such as:</p> <ul style="list-style-type: none"> <li>• cost per attendance</li> <li>• service user satisfaction</li> <li>• specific improvement actions</li> </ul> <p>PPR material may be linked to a higher level strategic theme but will maintain relevant council performance information.</p>	<p>PPR material focusses mainly on previously specified indicators. Coverage may not include the four minimum strands.</p> <p>There is narrative but this may not cover the four specified strands and/or there is a lack of evidence to support the performance assessment.</p>	<p>There is little or no reporting on performance on cultural and community services, lacking even basic SPI information. Other cultural activities may be mentioned, but with a lack of evidence to give an assessment of performance.</p>	<p><b>Fully = 14</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Aberdeenshire</li> <li>• Angus</li> <li>• Argyll &amp; Bute</li> <li>• Dundee City</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Highland</li> <li>• Inverclyde</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• West Lothian</li> </ul>
	<p>Good practice examples:</p> <p><b>Aberdeenshire:</b> In Education, Learning and Leisure full performance report figures on use of sports facilities, libraries, community capacity building activities. There is also graphical representation within the annual performance review and satisfaction survey as part of the reputation tracker.</p> <p><b>Inverclyde:</b> Good information on use of sport facilities, libraries and museums with satisfaction surveys and cost information. Commentary relates to local/specific places.</p> <p><b>North Lanarkshire:</b> Additional indicators on school visits to museums , % borrowers, no. of library transactions, e-info hits, learning centres, outdoor centre usage, good narrative, compared against targets and previous years and reported with a traffic light system.</p> <p><b>West Lothian:</b> There is lots of information available on participation and use of community facilities within covalent. There is good information on participation, particularly on sport with the factfile.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Planning (both environmental and development management)</b>	<p>PPR material gives a fuller picture of performance going beyond the past specified indicators to cover the wider context of planning progress on local development plans, for example setting out what they hope to achieve.</p> <p>May also include local indicators, eg covering customer satisfaction and service costs.</p>	<p>PPR material is limited to the past specified indicators, the average time to deal with major and local planning applications, but they do contain narrative to help the reader make sense of performance.</p>	<p>PPR material either has no reference to planning) or is limited to the past specified SPI but without any narrative to put performance in context or actual indicators to evidence performance.</p>	<p><b>Fully = 15</b></p> <ul style="list-style-type: none"> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Dundee City</li> <li>• East Ayrshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• Edinburgh City</li> <li>• Fife</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• Perth and Kinross</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• Stirling</li> <li>• West Lothian</li> </ul>
	<p>Good examples:</p> <p><b>Dundee City:</b> PPR material covers eight performance indicators. Included in Quarterly report to Scrutiny Committee and Comparative Performance report on Local Government Benchmarking Framework Performance Indicators. Annual report also provides more detail and context on planning performance, illustrated by exhibits.</p> <p><b>Midlothian:</b> The main PPR report includes a section entitled "Planning Applications" which summarises performance on planning related indicators. This brief section summarises the council's performance on planning applications with performance further illustrated by accompanying narrative, exhibits and RAG status. This council's Planning and Development quarterly and annual performance reports for provide some more detail on planning performance, including consultation on the local plan. These reports outline detailed coverage of council performance against targets with commentary and include local indicators.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
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<b>The education of children</b>	<p>PPR material gives a fuller picture of performance, covering key aspects of the education of children. Pinpoints key SQA/SCQF attainment but also includes additional local indicators.</p> <p>Will draw on wider performance information where available, such as Education Scotland inspection results and satisfaction information</p> <p>May link to a higher level strategic theme within the SOA but will maintain clear coverage of council performance.</p>	<p>PPR material reports some aspects of education performance, but there are significant gaps (for example only reporting on exam results or absence levels).</p> <p>There may be an absence of narrative to help the reader understand performance or information may be patchy.</p>	<p>PPR material does not include an evaluation of performance for the education of children within high level public performance reports. It may only provide links to inspection reports or service reports.</p> <p>There may only be commentary with no evidence provided to support.</p>	<p><b>Fully = 24</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Clackmannanshire</li> <li>• Dumfries and Galloway</li> <li>• East Ayrshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Edinburgh City</li> <li>• Eilean Siar</li> <li>• Falkirk</li> <li>• Glasgow City</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• Stirling</li> <li>• West Lothian</li> </ul>
	Good practice examples:			

Characteristics of councils who have...				
...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria		Councils that have fully met the criteria
<p><b>Argyll and Bute:</b> Annual Report provides good coverage of education related indicators and performance, including performance against targets, over time and benchmarks. It provides a wider picture beyond merely attainment statistics. The Education Performance and Standards and schools web pages supplement this material.</p> <p><b>East Renfrewshire:</b> A comprehensive range of performance material covering education is available in various formats (online, hard copy etc.) The Successful learners section of the Annual Report details performance against a set of indicators with narrative. This is supported by the Education Service's own PPR report, Mid and End Year Strategic and Departmental Performance Reports, Standards and Quality report, Education Scotland inspection reports. These provide a full picture of education performance with opportunities to drill down into specific areas.</p> <p><b>Falkirk:</b> Wide range of indicators including leavers' destinations, school meals, attendance, vandalism, eco schools. Trends and traffic lights supported by a good narrative.</p> <p><b>Scottish Borders:</b> Additional indicators on school leaver destination and sustained destination, higher education enrolment, attendance, exclusions, perception of influence and bullying. Compared across years using graphs and good narrative.</p>				

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Child protection and children's social work</b>	<p>PPR material provides a fuller picture of performance, covering both child protection and children's social work services. Provides a comprehensive range of indicators such as:</p> <ul style="list-style-type: none"> <li>• placement of looked after children</li> <li>• % of children seen by a supervisor officer within 15 days</li> <li>• children on the child protection register</li> </ul>	<p>PPR material reports on some elements of performance but tends not to provide a range of information to cover both child protection and/or children's social work. There is a lack of narrative to put performance in context.</p>	<p>PPR material contains little or no reference to child protection and children's social work. There is an absence of indicators or the indicators provided are not up to date.</p>	<p><b>Fully = 19</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Clackmannanshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• Falkirk</li> <li>• Glasgow City</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• West Dunbartonshire</li> <li>• West Lothian</li> </ul>
<p>Good practice examples:</p> <p><b>Glasgow:</b> Additional indicators on foster parents, placement moves, SCRA reports, child protection register, substance misuse, children's hearings. Comparison with previous years, targets and narrative.</p> <p><b>North Ayrshire:</b> Good commentary around child protection in annual report range of indicators, including cost of looked after children and supervision order indicators and kinship care placements.</p> <p><b>Scottish Borders:</b> Additional indicators on destination of looked after school leavers, child poverty, child protection register, parental substance abuse, child neglect, sexual crimes against children, domestic abuse and profile of looked after children. Good narrative and comparison over years and against Scotland average.</p>				

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Housing &amp; homelessness</b>	<p>PPR material provides a fuller picture of performance in relation to housing and homelessness, with local indicators such as:</p> <ul style="list-style-type: none"> <li>• rent arrears</li> <li>• SHQS</li> <li>• energy efficiency</li> <li>• rates of house building</li> <li>• provision of affordable homes</li> <li>• performance in relation to homelessness</li> </ul> <p>There is good narrative to help the reader make sense of performance, including trend and target information where appropriate.</p> <p>Includes information on tenant engagement and satisfaction.</p>	<p>PPR material provides only a limited coverage of housing and homelessness services, relying mainly on previously specified indicators.</p> <p>There may be a lack of supporting narrative to contextualise the performance.</p>	<p>PPR material contains little or no reference to housing and homelessness services. In some cases there is limited narrative on the service, but there is a lack of key indicators to evidence performance.</p>	<p><b>Fully = 20</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Clackmannanshire</li> <li>• Dundee City</li> <li>• East Ayrshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Fife</li> <li>• Highland</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Perth and Kinross</li> <li>• Renfrewshire</li> <li>• Scottish Borders</li> <li>• South Ayrshire</li> <li>• South Lanarkshire</li> <li>• Stirling</li> <li>• West Lothian</li> </ul>
	<p>Good practice examples:</p> <p><b>Aberdeen:</b> Repairs and improvements on homes in annual report and fuel poverty plan. Key housing data relating to stock and size in Key Facts report. Good context commentary around old SPIs.</p> <p><b>Clackmannanshire:</b> Indicators on affordable homes built, acceptable behaviour agreements, homelessness, young people leaving care, customer satisfaction, new tenancy visits. Compared against previous years and targets with a narrative.</p> <p><b>Highland:</b> Well-sign-posted links to the SPI report and Corporate Performance Report 2012-13, which incorporates SPIs and also reports against a range of local indicators. The main PPR newsletter, "Working together for the Highlands" contains a sections entitled, "Working together for better housing" which summarises and provides narrative on key aspects of performance.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Protective services including environmental health, and trading standards</b>	PPR material provides a fuller picture of performance against the range of protective services. Includes local indicators such as: <ul style="list-style-type: none"> <li>• food safety, pest control, flood alleviation and customer satisfaction of these services</li> </ul> PPR material includes good narrative that assists the reader to make sense of performance, and where appropriate includes trend data, comparisons and progress against target.	PPR material provides only a limited picture of performance and lacks coverage across a broader range of protective services including both environmental health and trading standards. In some cases the focus is only on the past specified indicators on trading standards consumer complaints and business advice requests.	PPR material contains little or no reference to protective services and there is no use of the past specified SPIs related to these services.	<b>Fully = 9</b> <ul style="list-style-type: none"> <li>• Angus</li> <li>• Argyll and Bute</li> <li>• Clackmannanshire</li> <li>• East Lothian</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• West Lothian</li> </ul>
	<p>Good practice examples:</p> <p><b>North Ayrshire:</b> Annual report and portal includes food quality, pest control, environmental health cost per head of population with narrative within the portal. Link to separate trading standards webpage which considers customer satisfaction surveys.</p> <p><b>North Lanarkshire:</b> Additional indicators on food hygiene, trading standards inspections, pest control and environmental crime. Good narrative compared against targets and previous years and reported with a traffic light system.</p>			



	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Roads and lighting</b>	<p>PPR material provides a fuller picture of performance across a range of road and lighting information. There is good narrative to help the reader make sense of performance, and where appropriate this includes trend and comparison information.</p> <p>Examples of local indicators:</p> <ul style="list-style-type: none"> <li>• traffic light failure repairs</li> <li>• winter maintenance works completed during instructed time period</li> <li>• % of road network resurfaced</li> </ul>	<p>PPR material provides only a limited picture of performance, normally focusing on roads or lighting, but in the main, not both. In some cases the focus remains on the past specified indicators, e.g. carriageway condition.</p>	<p>PPR material contains no or little reference to roads and lighting services. If there is reference it is limited to the past specified SPIs.</p>	<p><b>Fully = 13</b></p> <ul style="list-style-type: none"> <li>• Aberdeen City</li> <li>• Angus</li> <li>• Clackmannanshire</li> <li>• Dumfries and Galloway</li> <li>• East Ayrshire</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Inverclyde</li> <li>• North Lanarkshire</li> <li>• Scottish Borders</li> <li>• South Lanarkshire</li> <li>• West Lothian</li> </ul>
	<p>Good practice examples:</p> <p><b>Aberdeen:</b> Case study on new road in annual report. Indicators go beyond the SPIs - looking at traffic light repairs, pothole repairs and road network restrictions with good contextual commentary including a mention of costs.</p> <p><b>Dumfries and Galloway:</b> Some commentary within the newsletter on winter maintenance and traffic calming measures. Some good commentary and indicators on road safety and maintenance in progress report.</p> <p><b>East Ayrshire:</b> Good narrative, budget information. Additional indicators on road safety, street lighting, winter maintenance and road maintenance.</p>			

	Characteristics of councils who have...			Councils that have fully met the criteria
	...fully demonstrated the PPR criteria	...partially demonstrated the PPR criteria	...not demonstrated the PPR criteria	
<b>Waste management services</b>	<p>PPR material provides a fuller picture of performance across the range of waste management services. Information goes further than the past specified SPIs to include local indicators such as:</p> <ul style="list-style-type: none"> <li>• service costs</li> <li>• bin collection rates</li> </ul> <p>Coverage will be likely to include satisfaction or complaints information.</p>	<p>PPR material is focused very much on the past specified indicators and does not provide a wider picture of performance. There may be some narrative to contextualise performance but the range of information is limited with obvious gaps.</p>	<p>PPR material contains no or little reference to waste management services.</p>	<p><b>Fully = 16</b></p> <ul style="list-style-type: none"> <li>• Angus</li> <li>• Dumfries and Galloway</li> <li>• Dundee City</li> <li>• East Dunbartonshire</li> <li>• East Lothian</li> <li>• East Renfrewshire</li> <li>• Fife</li> <li>• Inverclyde</li> <li>• Midlothian</li> <li>• Moray</li> <li>• North Ayrshire</li> <li>• North Lanarkshire</li> <li>• Renfrewshire</li> <li>• South Ayrshire</li> <li>• Stirling</li> <li>• West Lothian</li> </ul>
<p>Good practice examples:</p> <p><b>Dumfries and Galloway:</b> Good commentary in the newsletter on Waste in connection with the national waste regulations. Good use of wide range of indicators with local commentary in progress report.</p> <p><b>Dundee:</b> PPR material covers range of indicators. Included in Quarterly report to Scrutiny Committee and Comparative Performance report on Local Government Benchmarking Framework Performance Indicators. Annual report includes a section (Environment) which describes waste management performance in more detail, provides explanatory text, includes references to CO2 emissions and contains exhibits.</p> <p><b>East Renfrewshire:</b> A range of waste management related indicators are highlighted in the main PPR report, Annual Report 2012-2013, including recycling rates &amp; resident satisfaction with street cleaning and litter patrols. Waste management performance is also reported in included in the SPI return, LGBF comparative report and mid and end year performance reports.</p>				

## Appendix 4 - Review methodology

1. Our review considered PPR arrangements for all 32 councils' for the 2012/13 financial year.
2. Councils were invited to explain their PPR arrangements and we reviewed the material available. Our review considered the following:
  - How well councils have reported performance against the corporate assessment themes and service areas set out in the Direction for SPIs 1 and 2.
  - The extent to which councils included:
    - local performance indicators (including cost and service user feedback)
    - contextual information
    - trend and target data
    - comparative data (over time and/or with other councils)
    - customer satisfaction levels with the councils' services.
  - The extent to which more detailed or further information is available, signposted and accessible to the reader.
  - The extent to which performance improvement areas are identified and explained.
3. The **assessment definitions** used to underpin our analysis are:
  - **Fully** – there is evidence that the council has moved beyond the Accounts Commission's 25 specified SPIs, with no obvious or major gaps in the comprehensiveness of the data reported. The data is explained through a clear narrative to allow the reader to understand the performance issues.
  - **Partially** – the council has reported information which goes beyond the Accounts Commission's 25 specified SPIs, but there are important gaps in the overall coverage. For example, either there is an absence of reporting on important services within a specific service area (eg museums and libraries within cultural and community services), or important aspects of service performance have not been covered (eg cost or customer satisfaction).
  - **No** – the council has simply reported the Accounts Commission's 25 specified SPIs, or has not reported any information at all in relation to this aspect of corporate activity or service performance.
4. Our review work began in May 2014, as we give councils the full year after the end of the 2012/13 to report on their performance for that financial year.
5. We assessed whether each council is fully, partially or not meeting the corporate assessment themes and service areas set out in the Direction. We focused on highlighting where there has been improvement and where continued improvement is required. The full results of our assessment can be found in Appendix 1.
6. The quality of the exercise was ensured by checking each SPI criteria to ensure we had been consistent and fair in our assessments of 'fully', 'partially' and 'not' meeting the criteria across all councils. This year we have again set out what we have seen within council PPR material that lead us to our specific assessments. We have captured the benchmarks set by councils in their 2012/13 PPR material in Appendix 3 and we have given examples of councils that have fully met the criteria.

PPR Information 2012/13	West Dunbartonshire
<b>SPI 1</b> <b>Does the council report on a range of information, sufficient to demonstrate that it is securing Best Value in relation to:</b>	
responsiveness to its communities	Yes
revenues and service costs	Yes
employees	Yes
assets	Partial
procurement	Yes
sustainable development	Yes
equalities and diversity	Partial
<b>SPI 2</b> <b>Does the council report a range of information sufficient to demonstrate that it is securing Best Value in providing the following services (in partnership with others where appropriate):</b>	
benefits administration	Partial
community care	Yes
criminal justice social work	Yes
cultural & community services covering at least sport & leisure, museums, the arts and libraries	Partial
planning (both environmental and development management)	Partial
the education of children	Partial
child protection and children's social work	Yes
housing & homelessness	Partial
protective services including environmental health, and trading standards	Partial
roads and lighting	Partial
waste management services	Partial
<b>General</b>	
Are improvement targets included?	Yes
Are comparisons over time included?	Yes
Is performance compared to other councils or service providers?	Partial
<b>Total YES</b> <b>% YES</b>	<b>10</b> <b>48%</b>
<b>Total NO</b> <b>% NO</b>	<b>0</b>
<b>Total PARTIAL</b> <b>% PARTIAL</b>	<b>11</b> <b>52%</b>

## WEST DUNBARTONSHIRE COUNCIL

### Report by Executive Director of Corporate Services

**Audit & Performance Review Committee: 24<sup>th</sup> September 2014**

**Subject: Public Interest Disclosures for the period 1<sup>st</sup> January 2014 to 30<sup>th</sup> June 2014**

#### **1. Purpose**

- 1.1** The purpose of this report is to advise Committee of public interest disclosures received during the period 1<sup>st</sup> January 2014 to 30<sup>th</sup> June 2014.

#### **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 7 disclosures were received during the period January 2014 to June 2014 summarised below:

<u>Ref</u>	<u>Date Received</u>	<u>Detail</u>	<u>Date completed</u>	<u>Outcome</u>
1.	20.2.14	Allegation that member of staff was on duty smelling strongly of alcohol.	20.2.14	Unfounded.
2.	5.3.14	Allegation that member staff manipulating work practices to get overtime.	16.4.14	Unfounded.
3.	25.3.14	Allegation that partner of school volunteer is drug dealer.	2.6.14	As the Council was not in a position to take this allegation forward , the complainant was advised to contact Police Scotland.

				Internally, assurances were provided by HR and Education that correct PVG procedures were followed for this volunteer.
4.	30.4.14	Allegation that a member of staff in sheltered housing not working all hours paid for.	5.8.14	Unfounded.
5.	12.5.14	Allegation that a refuse collection employee finishes work early every day, and also offers to pick up bulk items in Council vehicles for cash.	28.5.14	Unfounded.
6.	26.5.14	Allegation that an employee takes drugs.	9.6.14	Unfounded.
7.	23.6.14	Allegation that employee is abusing ex partner.	—	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 <sup>st</sup> January 2013 to 30 <sup>th</sup> June 2013	8
1 <sup>st</sup> July 2013 to 31 <sup>st</sup> December 2013	12

4.3 As can be noted from the above analysis, the number of cases being reported continues to be at a relatively low level.

## **5. People Implications**

5.1 There are no personnel implications with this report.

## **6. Financial Implications**

6.1 There are no financial implications with this report.

## **7. Risk Analysis**

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

## **8. Equalities Impact Assessment (EIA)**

- 8.1** There are no issues identified.

## **9. Consultation**

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

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

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

**WEST DUNBARTONSHIRE COUNCIL****Report by Executive Director of Corporate Services****Audit and Performance Review Committee: 24 September 2014**

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**Subject: Audit of Final Accounts 2013/14****1. Purpose**

- 1.1** To advise Committee of Audit Scotland's findings in relation to the audit of the Council's Financial Statements for 2013/14 and the Financial Statements for the Charities managed by the Council.

**2. Recommendations**

- 2.1** Committee is invited to note the findings of the audit of these financial statements as detailed in Audit Scotland's reports dated September 2014.

**3. Background**

- 3.1** In accordance with the International Standard on Auditing 260 (ISA260), auditors are required to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action, if required, to be taken.

**4. Main Issues**

- 4.1** Audit Scotland has issued a report dated September 2014 which details the main issues arising from the audit of the financial statements of the Council. The full report is appended to this report (Appendix 1).
- 4.2** The report identifies a number of improvement recommendations together with management responses ("resolutions" in the report).
- 4.3** The report also appends the proposed independent auditor's report and the draft letter of representation (ISA 580) which the Head of Finance and Resources is required to sign and submit to Audit Scotland.
- 4.4** The Audit Opinion is detailed on page 5 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's annual financial statements.
- 4.5** The draft (unaudited) single entity financial statements for 2013/14 were reported to Council on 25 June 2014, with a full copy of the financial statements being sent to members at that time.



- 4.6** A number of presentational and monetary adjustments were identified within the draft financial statements during the course of the audit, the effect of which results in a net decrease in the Council's General Fund of £0.06 million and net increase to the Housing Revenue Account balance of £0.06 million. Net assets as recorded in the balance sheet have decreased by £35.9 million.
- 4.7** It is anticipated that a full report on the 2013/14 audit will be presented to Council on 29 October 2014.
- 4.8** Audit Scotland has also issued a report dated September 2014 which details the main issues arising from the audit of the financial statements of the Charities. The full report is appended to this report (Appendix 2).
- 4.9** The report identifies three significant findings, together with management responses
- 4.10** The report also appends the proposed independent auditor's report and the draft letter of representation (ISA 580) which the Head of Finance and Resources is required to sign and submit to Audit Scotland. The Audit Opinion is detailed on page 5 (paragraph 13) of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's annual financial statements.

## **5. People Implications**

- 5.1** There are no people implications.

## **6. Financial Implications**

- 6.1** There are no financial implications.

## **7. Risk Analysis**

- 7.1** There was no requirement to carry out a risk analysis.

## **8. Equalities Impact Assessment**

- 8.1** As this report presents the findings of Audit Scotland, another public body, there is no requirement to carry out an equality impact assessment. However, any actions required to address any concerns raised in the Audit report may require to be subject to Equalities Impact Assessment.

## **9. Consultation**

- 9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.
- 9.2** The draft Financial Statements 2013/14 has followed the required procedure for advertising and public inspection.

## **10. Strategic Assessment**

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

.....  
**Angela Wilson**  
**Executive Director of Corporate Services**  
**Date: 18 September 2014**

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**Person to Contact:** Gillian McNeilly, Finance Manager, Garshake Road  
Telephone (01389) 737194  
E-mail: [gillian.mcneilly@west-dunbarton.gov.uk](mailto:gillian.mcneilly@west-dunbarton.gov.uk)

**Appendix:** Appendix 1 – Audit Scotland's report 2013/14 to those  
charged with Governance (Council)  
Appendix 2 – Audit Scotland's report 2013/14 to those  
charged with Governance (Registered Charities)

**Background Papers:** Council report – 25 June 2014: Draft Annual Accounts 2013/2014

**Wards Affected:** All

# West Dunbartonshire Council

## Report to those charged with governance on the 2013/14 audit



Prepared for West Dunbartonshire Council  
September 2014

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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# Introduction

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. This report sets out for the Audit & Performance Review Committee's consideration the matters arising from the audit of the financial statements for 2013/14 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of West Dunbartonshire Council (the Council) and no responsibility to any third party is accepted.

## Status of the Audit

3. Our work on the financial statements is now substantially complete. The more significant issues arising were discussed with the Chief Executive, the Executive Director of Corporate Services, the Head of Finance and Resources, and Finance Officers at a meeting on 3 September 2014.
4. We received the unaudited financial statements, and comprehensive working papers, on 6 June 2014, in advance of the agreed timetable.

## Matters to be reported to those charged with governance

### Conduct and scope of the audit

5. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Audit Plan presented to the Audit & Performance Review Committee on 12 March 2014, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
6. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2013/14 agreed fee for the audit was disclosed in the Annual Audit Plan and as we were not required to carry out any additional work outwith our planned audit activity this fee remains unchanged.

### Fraud

7. In presenting this report to the Audit & Performance Review Committee we seek confirmation from those charged with governance of any instances of fraud and other regularities that have

arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

## Audit opinion & representations

8. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of accounts for final review, we anticipate being able to issue an unqualified auditor's report on 24 September 2014 (the proposed report is attached at [Appendix A](#)). There are no anticipated modifications to the audit report.
9. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £1,000.
10. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the unaudited financial statements. The effect of these adjustments is to decrease gross service expenditure by £2.05 million. This is offset by adjustments in the movement in reserves resulting in a net decrease in the Council's General Fund of £0.06 million and net increase to the Housing Revenue Account balance of £0.06 million. Net assets as recorded in the balance sheet have decreased by £35.9 million.
11. We therefore have no unadjusted misstatements to bring to your attention.
12. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.

## Accounting and internal control systems

13. Measures to strengthen the internal control environment have been introduced to address weaknesses identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data. The Council has recorded these as exceptions in the Annual Governance Statement. As we do not consider these weaknesses to have a material impact on the fairness of the financial statements, they do not affect our audit opinion.
14. The working papers provided to support the draft 2013/14 financial statements were of a high quality and were provided considerably earlier than the agreed deadline. This improved the efficiency of our audit and helped us complete it within the available timeframe.

## Significant findings from the audit

15. In our view, the following issues require to be brought to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of

transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.

16. **Capital Revaluation:** Capital expenditure on housing stock improvements, such as kitchen and bathroom upgrades, is capitalised when the works are carried out and should be removed from the balance sheet when the housing stock is revalued. This did not occur when the Council's housing stock was last subject to revaluation. Consequently the value of the Council's housing stock, as per the balance sheet, was overstated by £37.7 million. An adjustment has been processed to correct this. This has no net revenue impact to the accounts and the adjustment is offset by a reduction in the revaluation reserve. The Council should review the methodology for processing revaluations to avoid a future occurrence.

***Resolution: The methodology to keep the asset register up to date, including actions required following the revaluation of assets, will be reviewed.***

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

***Resolution: The method used to generate the Cash Flow Statement will be reviewed during 2014 and implemented for the 2014/15 annual accounts.***

18. **Capital Slippage:** Capital slippage in 2013/14 totalled £21.0 million, against budgeted capital expenditure of £82.2 million (25.5%). This is a significant improvement on the 2012/13 slippage of £36.8 million against a budgeted £81.2 million (45.3%) thus providing evidence that the Council's management of the capital programme is improving. As was identified in 2012/13 there were a number of instances of slippage that were outwith the direct control of the Council. However officers, in generating expected expenditure phasings for capital projects should consider past experience and any risks from external factors in generating those phasings. Consideration should also be given to developing an improved approach to project planning and management to ensure more timely delivery of capital projects and reduce future slippage levels.

***Resolution: A new approach to project management has recently been agreed by the Council's Corporate Management Team.***

19. **Housing Rent Reconciliation:** In our 2012/13 report to those charged with governance we highlighted a £54,078 unreconciled difference between the financial ledger and the housing rents system. No action was taken to investigate this balance in 2012/13 as we recognised it was not a material amount in the context of the total rent collected in year, however we did note this difference had fluctuated each year. The Council agreed to implement a process ensuring regular reconciliations of the HRA rental income system however this has not been carried out. Our 2013/14 audit highlighted an unreconciled difference of £16,965.



**Resolution: The methodology and resource utilised to reconcile house rental income will be reviewed with the aim to providing full reconciliation in future.**

20. **Holiday Pay Accrual:** Our review of the Council's holiday pay accrual identified various errors in the spreadsheet used to calculate it. This resulted in £1.4 million being over accrued in the draft financial statements. An adjustment has been processed to correct this error. The Council calculate their accrual based on a 5% sample of staff. Consideration should be given to increasing the sample size in future years.

**Resolution: The Council will benchmark with other local authorities to establish current practice and will revise levels of sampling to be in line with others.**

21. **Holiday Pay Contingent Liability:** UK employers are bound by employment law in relation to what constitutes the definition of paid holiday entitlement. Recently case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including overtime payments. The Council has made a payment in relation to the current year 2014/15 and has made provision for ongoing costs within the recently approved updated long term financial strategy, however there is potential for retrospective liability. The legal position is yet to be clarified.

**Resolution: the Council has disclosed an unquantified contingent liability in the 2013/14 financial statements.**

22. **Clydebank Rebuilt:** The Council's draft financial statements disclosed earmarked funds of £0.8 million to purchase Clydebank Property Company. Subsequent to the balance sheet date of 31 March 2014 the Council agreed a transfer at an overall price of £0.264 million. The payment was lower as the Council agreed to take on the liability for future pension costs.

**Resolution: The unused earmarked funds for the purchase of Clydebank Property Company have been allocated to the Council's Contingency Fund.**

## Outstanding matters

23. **Revised draft accounts:** We require revised draft accounts to ensure that all of the changes to the figures and presentation and disclosure matters which have been communicated to the finance function have been actioned in line with our expectations.
24. **ISA 580 Letter of representation:** The signed letter of representation is required prior to the auditor's certification of the financial statements.

## Acknowledgements

25. We would like to express our thanks to the staff of the Council for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

# APPENDIX A: Proposed Independent Auditor's Report

## **Independent auditor's report to the members of West Dunbartonshire Council and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of West Dunbartonshire Council and its group for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Accounts, and the Non-domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Responsible Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Head of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance and Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to

identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the group and of the body as at 31 March 2014 and of the income and expenditure of the group and the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

### **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records
- I have not received all the information and explanations I require for my audit
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

David McConnell CPFA  
Assistant Director of Audit  
Audit Scotland  
4th Floor, South Suite  
8 Nelson Mandela Place  
Glasgow G2 1BT

25 September 2014

# APPENDIX B: ISA 580 - Letter of Representation

David McConnell  
Assistant Director  
Audit Scotland  
4th Floor South Suite  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear David,

**West Dunbartonshire Council  
Annual Accounts 2013/14**

1. This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Council (the Council) and its group for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and its group, as at 31 March 2014 and income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of the Council for the year ended 31 March 2014.

**General**

3. I acknowledge my responsibility and that of the Council for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Annual Report to the financial statements, including the Explanatory Foreword and Remuneration Report, presents a balanced picture of the Council and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements.

**Financial Reporting Framework**

6. The financial statements have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and in accordance with the

requirements of Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of the Council and the Group for the year ended 31 March 2013/14.

### **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The Directors have assessed the Council's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

### **Events Subsequent to the Balance Sheet Date**

12. The Council's draft financial statements disclosed earmarked funds of £0.8 million to purchase Clydebank Property Company. Subsequent to the balance sheet date of 31 March 2014 the Council agreed a transfer at an overall price of £0.264 million. The payment was lower as the Council agreed to take on the liability for future pension costs.
13. Recent case law relating to the definition of paid holiday entitlement has resulted in the Council making a payment in relation to 2014/15 costs and a provision for ongoing costs within the recently approved updated long term financial strategy. There is potential for retrospective liability but the legal position is yet to be clarified. The Council has disclosed an unquantified contingent liability in the 2013/14 financial statement. There have been no other material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

14. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

### **Corporate Governance**

15. I acknowledge as Section 95 Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
16. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2014, which require disclosure.

### **Fraud**

17. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

### **Assets**

18. The assets shown in the Balance Sheet at 31 March 2014 were owned by the Council, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

### **Liabilities**

19. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2014.

### **Carrying Value of Assets and Liabilities**

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

### **Provisions**

21. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2014 and of which the Council could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2014.

Yours sincerely

Stephen West  
Head of Finance and Resources

# West Dunbartonshire Council Registered Charitable Trusts

Report to those charged  
with governance on the  
2013/14 audit



Prepared for the Trustees of the Dr A K Glen & West Dunbartonshire Charitable Trust Funds  
September 2014



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Introduction

1. An audit is required for the first time, for the 2013/14 financial statements of all registered charities where the local authority is a trustee irrespective of the size of the charity. This is due to the interaction of section 106 of the Local Government (Scotland) Act 1973 with the Charities Accounts (Scotland) regulations 2006.
2. The Assistant Auditor General wrote to Local Government Directors of Finance in June 2013 advising them of these new arrangements and the Account Commission's decision to appoint the auditor of each council as the auditor of its relevant charities. The auditor of West Dunbartonshire Council, Audit Scotland, has been appointed as the auditor of the relevant trusts for the year ended 31 March 2014.
3. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
4. The trustees of each charity will be provided a copy of the ISA 260 report on 24 September 2014 for their consideration and will be given the opportunity to discuss the points raised within the ISA 260 report directly with External Audit.
5. This report sets out for the trustees' consideration the matters arising from the audit of the financial statements for 2013/14 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of West Dunbartonshire Council, as the trustees of the registered charitable trusts listed at Appendix B, and no responsibility to any third party is accepted.

## Status of the Audit

6. Our work on the financial statements is now substantially complete. The issues arising from the audit were discussed with officers at regular intervals during the course of the audit. The more significant issues arising were discussed with Finance Officers on behalf of the Head of Finance and Resources at a meeting on 1 September 2014.
7. We received the unaudited financial statements on 2 May 2014, in accordance with the agreed timetable. The working papers in support of the financial statements were of a good standard. Finance staff provided good support to the audit team and we completed our on-site fieldwork on 30 August 2014.

## Matters to be reported to those charged with governance

### Conduct and scope of the audit

8. In 2013/14 we are required to audit the financial statements of the trusts, where the trustee is West Dunbartonshire Council, these trusts are set out in Appendix B. Included in this list are seven trust funds registered under one single charity number. For one of the aforementioned trusts, West Dunbartonshire Council acts as a trustee with three other local authorities.
9. This is the first year of our audit appointment and our audit work relates only to transactions occurring from 1 April 2013. The financial statements for the year ended 31 March 2013 were not audited. The comparative amounts in the financial statements for the year ended 31 March 2014 are therefore unaudited. However, we have obtained sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.
10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan of West Dunbartonshire Council presented to the Audit Committee on 12 March 2014, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2013/14 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not carry out any additional work outwith our planned audit activity this fee remains unchanged.

### Fraud

12. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In presenting this report to the trustees we seek confirmation from those charged with governance of any instances thereof that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

### Audit opinion & representations

13. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue unqualified auditors reports on 24 September 2014 (the proposed reports for each of the registered charitable trusts are attached at Appendix A). There are no anticipated modifications to the audit report.
14. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £10. There were none identified as part of our audit work.
15. A number of presentational adjustments were identified within the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the unaudited financial statements.

16. The Council has decided not to recharge any administration or audit costs to the trusts in 2013/14. This policy is disclosed in the Notes to the Accounts for all trusts. As a result, the costs incurred in administering the trusts are not known to the trustees.
17. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix C. This should be signed and returned by the Head of Finance and Resources with the signed financial statements prior to the independent auditor's opinions being certified.

## Accounting and internal control systems

18. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Significant findings from the audit

19. In our view, the following issues require to be brought to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
20. **Missing Governance Documents:** The trust deeds in respect of the following trusts were not available -
  - McAuley Prize for Mathematics
  - Alex Cameron Bequest
  - War Memorial Dumbarton
  - Halkett Memorial Trust
  - Vale of Leven Fund
  - Dr A K Glen Fund

**Resolution:** The respective annual report and notes to the accounts highlight that the Council could not locate the trust deeds for the charities listed. This has been an historic issue since local government reorganisation, however, we are not aware of any matters which would materially impact the financial statements.

21. **Dormant Charities:** A review was performed of the charities' activities over the last 5 years and an assessment was made that no tangible benefits have been derived from 7 or the 8 trusts. The objectives of the charitable trusts need to be considered and monitored going forward. The lack of activity may suggest that the charities are dormant.

**Resolution:** Officers will consider the purpose of the charities and the approach to running them in the future and will consider appropriate approaches to the governance and operation of them.

- 22. Missing Title Documents for Investments:** No supporting documentation has been provided to detail the title for the investments held by the Dunbartonshire Educational Trust Scheme 1962. As a result of this, it is not possible to ascertain whether the charity has title for the investments and it is not possible to place an accurate value on the market price of the investments.

**Resolution:** This is an issue since local government reorganisation. Officers will consider all avenues to obtain the relevant title documents in order to provide assurance in future. It should be noted that though the title documentation is not held the income from the investments continues to be received. Should this prove to be not possible, the council is providing additional assurance in the Letter of Representation that the council will make that good any lost investment value if it is found to be truly missing.

## Acknowledgements

- 23.** We would like to express our thanks to the staff of West Dunbartonshire Council for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

# Appendix A: Proposed Independent Auditor's Report

## Local authority registered charities

### **Independent auditor's report to the trustees of Dr A K Glen & West Dunbartonshire Charitable Trusts (SC018701 and SC025070) and the Accounts Commission for Scotland**

I have audited the financial statements of the Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the trustees and auditor**

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge

acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2014 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

### **Other matter - unaudited comparative amounts**

The financial statements for the year ended 31 March 2013 were not audited. The comparative amounts in the financial statements for the year ended 31 March 2014 are therefore unaudited.

### **Opinion on other prescribed matter**

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

David McConnell  
Assistant Director, Audit Services  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place, Glasgow, G2 1BT

25 September 2014

David McConnell is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973



# Appendix B: Registered Trusts where West Dunbartonshire Council is a trustee

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)
  - McAuley Prize for Mathematics
  - Alexander Cameron Bequest
  - War Memorial Dumbarton
  - Halkett Memorial Trust
  - Vale of Leven Fund
  - UIE Award
  - Dunbartonshire Education Trust Scheme 1962<sup>1</sup>

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<sup>1</sup> West Dunbartonshire Council acts as a trustee for The Dunbartonshire Educational Trust Scheme 1962 alongside East Dunbartonshire, Argyll & Bute and North Lanarkshire Councils. The Trust is managed by West Dunbartonshire Council.

# Appendix C: ISA 580 - Letter of Representation

24 September 2014

David McConnell  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
Nelson Mandela Place  
Glasgow  
G2 1BT

Dear David

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)

## **Annual Accounts 2013/2014**

This representation letter is provided in connection with your audit of the financial statements of the registered charitable trusts listed above where West Dunbartonshire Council is a trustee for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of each of these registered charitable trusts as at 31 March 2014 and its income and expenditure for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charitable trusts where West Dunbartonshire Council is a trustee, the following representations given to you in connection with your audit for the year ended 31 March 2014.

## **General**

I acknowledge my responsibility and that of West Dunbartonshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

The information given in the Trustees Report to the financial statements presents a balanced picture of each registered trust and is consistent with the financial statements.

I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

### **Financial Reporting Framework**

The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the regulations 9(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charitable trust for the year ended 31 March 2014.

### **Accounting Policies & Estimates**

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

The Trustees have assessed the ability of the registered charitable trust to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

### **Events Subsequent to the Balance Sheet Date**

There have been no material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

### **Corporate Governance**

I confirm that there are no issues or deficiencies in internal control that require to be disclosed.

### **Fraud**

I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the

financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

### **Assets**

The cash fund and investments shown in the statement of balances at 31 March 2014 were owned by the registered charitable trust. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. The Council currently does not hold the title documentation for the investments held by the Dunbartonshire Education Investment Trust Scheme 1962. The Trust continues to receive the income from these investments and officers will endeavour to obtain satisfactory title documentation for these investments. However, in the event that such cannot be identified and the investment income ceases to be paid, the Council will cover any financial impact of this to the Trust.

Yours sincerely

**Stephen West**  
**Head of Finance and Resources**