

Agenda



Audit & Performance Review Committee

Date: Wednesday, 10 June 2015

Time: 10:00

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

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

Dear Member

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

Yours faithfully

JOYCE WHITE

Chief Executive

Distribution:-

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

All other Councillors for information

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

Date of issue: 28 May 2015

Audit & Performance Review Committee

Wednesday, 10 June 2015

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

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

3 MINUTES OF PREVIOUS MEETING 7 - 12

Submit for approval as a correct record, the Minutes of Meeting of the Audit & Performance Review Committee held on 11 March 2015.

4 INTERNAL AUDIT ANNUAL REPORT TO 31 MARCH 2015 13 - 22

Submit report by the Executive Director of Corporate Services advising of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2014/15.

5 AUDIT ACTION PLANS 23 - 46

Submit report by the Executive Director of Corporate Services advising of:-

(a) Recently issued Internal Audit action plans; and

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

6	CODE OF GOOD GOVERNANCE	47 - 54
	Submit report 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.	
7	STRATEGIC RISK AND RESILIENCE	55 - 78
	Submit report by the Executive Director of Corporate Services providing the Committee with the outcome of the six month assessment of Strategic Risks and an update on progress of resilience planning.	
8	THE ACCOUNTS COMMISSION REPORT: OVERVIEW OF LOCAL GOVERNMENT IN 2015	79 - 126
	Submit report by the Executive Director of Corporate Services providing information regarding a report recently published by the Accounts Commission.	
9	AUDIT SCOTLAND REPORT: BORROWING AND TREASURY MANAGEMENT IN COUNCILS	127 - 172
	Submit report by the Executive Director of Corporate Services providing information regarding a report recently published by the Auditor General.	
10	AUDIT SCOTLAND REPORT: WEST DUNBARTONSHIRE COUNCIL: REVIEW OF KEY INTERNAL CONTROLS 2014/15 - MAY 2015	To Follow
	Submit report by the Executive Director of Corporate Services on the above.	
11	LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2013/14	173 - 226
	Submit report by the Executive Director of Corporate Services providing the Committee with service specific public performance information regarding the local position and response to the Local	

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 March 2015 at 2.05 p.m.

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

* Arrived later in the meeting.

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; Soumen Sengupta, Head of Strategy, Planning & Health Improvement, West Dunbartonshire Community Health & Care Partnership; Peter Barry, Head of Customer & Community Services; Amanda Coulthard, Corporate and Community Planning Manager; and Craig Stewart, Committee Officer, Legal, Democratic and Regulatory Services.

Also Attending: Mr David McConnell, Assistant Director; Ms Elaine Boyd, Senior Audit Manager, and Mr Laurence Slavin, Senior Auditor, Audit Scotland.

Councillor Jonathan McColl in the Chair

DECLARATIONS OF INTEREST

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

MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of the Audit & Performance Review Committee held on 10 December 2014 were submitted and approved as a correct record.

INTERNAL AUDIT PLAN 2014/15 PROGRESS REPORT TO 31 JANUARY 2015

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

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

Note: Councillors Jim Brown and Michelle McGinty entered the meeting during consideration of this item.

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 plans previously issued contained within Internal Audit and External Audit reports.

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

- (1) to note the terms of the discussion that had taken place in respect of this matter, particularly in relation to the up to date position on certain of the projects (*i.e. whether one milestone was used*) which may not give an accurate and true picture of the completeness of the specific action;
- (2) that in view of (1) above, that officers investigate whether the covalent report can be reformatted for future actions by indicating the number of milestones for a particular project; and
- (3) otherwise to note the contents of the report.

INTERNAL AUDIT CHARTER – UPDATE

A report was submitted by the Executive Director of Corporate Services providing an updated version of the Audit Charter previously submitted to the Committee on 25 September 2013.

After discussion and having heard the Executive Director of Corporate Services, the Audit and Risk Manager and relevant officers in elaboration and in answer to Members' questions, the Committee agreed:-

- (1) to approve the revised Internal Audit Charter; and
- (2) to note the terms of the discussion that had taken place in relation to this matter.

AUDIT SCOTLAND – REVIEW OF ADEQUACY OF INTERNAL AUDIT ARRANGEMENTS

A report was submitted by the Executive Director of Corporate Services advising of the External Auditor's assessment of the adequacy of the Council's Internal Audit arrangements.

After discussion and having heard Mr Slavin, Senior Auditor, in elaboration and in answer to Members' questions, the Committee agreed to note the contents of the report.

AUDIT SCOTLAND ANNUAL AUDIT PLAN 2014/15

A report was submitted by the Executive Director of Corporate Services presenting for information Audit Scotland's Annual Audit Plan for the audit of financial year 2014/15.

After discussion and having heard Mr McConnell, Assistant Director, in further explanation and in answer to Members' questions, the Committee agreed to note Audit Scotland's audit plan for the audit of financial year 2014/15.

INTERNAL AUDIT PLAN 2015/16

A report was submitted by the Executive Director of Corporate Services advising on the planned programme of work for the Internal Audit Section for the year 2015/16.

After discussion and having heard the Executive Director of Corporate Services, the Audit and Risk Manager and relevant officers in elaboration and in answer to Members' questions, the Committee agreed to approve the Audit Plan for 2015/16.

PUBLIC INTEREST DISCLOSURES FOR THE PERIOD 1 JULY 2014 TO 31 DECEMBER 2014

A report was submitted by the Executive Director of Corporate Services advising on public interest disclosures received during the period 1 July 2014 to 31 December 2014.

After discussion and having heard the Executive Director of Corporate Services and the Audit and Risk Manager in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

PRUDENTIAL INDICATORS 2014/15 TO 2017/18 AND TREASURY MANAGEMENT STRATEGY 2015/16 TO 2017/18

A report was submitted by the Executive Director of Corporate Services providing an update on:-

- (a) Prudential Indicators for 2014/15 to 2017/18; and
- (b) Treasury Management Strategy (including the Investment Strategy) for 2015/16 to 2017/18.

After discussion and having heard the Head of Finance and Resources and the Chief Executive in further explanation and in answer to Members' questions, the Committee agreed to note that Council approved the following at its meeting on 4 February 2015:-

- (1) The Prudential Indicators and Limits set out within Appendix 1 of the report:
 - Capital Expenditure and Capital Financing Requirements (Tables A and B);
 - Actual and estimates of the ratio of financing costs to Net Revenue Stream (Table C);
 - Incremental impact of capital investment decisions on the Band D Council Tax (Table D); and
 - Incremental impact of capital investment decisions Housing Rent levels (Table E);
- (2) The Treasury Management Strategy for 2015/16 to 2017/18 (including the Investment Strategy) contained within Appendix 2 of the report;
- (3) The Treasury Prudential Indicators and Limits set out in Appendix 2 of the report:
 - Operational Boundaries (Table G);
 - Authorised Limits (Table H);
 - Counterparty Limits (Table K); and
 - Treasury Management Limits on Activity (Table M); and
- (4) The statement by the Section 95 Officer regarding the gross debt level in comparison to the Capital Financing Requirement (Appendix 2 - Point 2.2).

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2013/14

A report was submitted by the Executive Director of Corporate Services providing the Committee with the West Dunbartonshire position in the recently published Local Government Benchmarking Overview report for 2013/14.

After discussion and having heard the Corporate and Community Planning Manager and relevant officers in further explanation and in answer to Members' questions, it was agreed:-

- (1) to note the publication of the national overview report;
- (2) that further information would be brought back to the June meeting of the Committee which would include the service detail for each area showing the wider context and what work was underway to improve performance;
- (3) to note the relative position of West Dunbartonshire across the suite of indicators used in the benchmarking report; and
- (4) otherwise to note the actions already underway within each department following publication of this information.

Note: Councillor Tommy Rainey left the meeting during consideration of this item.

The meeting closed at 4.50 p.m.

WEST DUNBARTONSHIRE COUNCIL**Report by Executive Director of Corporate Services****Audit and Performance Review Committee: 10 June 2015**

Subject: Internal Audit Annual Report to 31 March 2015**1. Purpose**

- 1.1** The purpose of this report is to advise Members of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2014/15 and to advise Members of the contents of the Assurance Statement given to the Section 95 Officer (the Head of Finance and Resources) in support of the Statement of Internal Financial Control / Governance Statement. This report outlines how audit assurances are obtained.

2. Recommendations

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

3. Background

- 3.1** Attached at Appendix A is information on the completion of the key risk based element of the Audit Plan and the Assurance Statement is included at Appendix B. The report of progress against the overall Audit Plan is attached at Appendix C.
- 3.2** Quarterly progress reports were provided to the Audit and Performance Review Committee during the course of 2014/15. At paragraph 4.5 is detailed main variances in days against the Audit Plan for 2014/15. There was no slippage in Risk Based Audit despite significant resource challenges during the year and all assignments necessary to form an opinion on the system of internal control were undertaken.

4. Main Issues

- 4.1** The risk based systems audits contained within the Audit Plan for 2014/15 have been carried out in full. The table included at Appendix A shows the number of agreed actions for each of these reports. The numbers in brackets denotes the number of outstanding actions as at 27 May 2015.

- 4.2** On the basis of the key Internal Audit work performed in 2014/15 as summarised in Appendix A, it can be concluded that the Council's control procedures in key areas are operating as expected during the period under review, although it is recognised that 58 recommendations were made by Internal Audit to improve controls of which 48 have now been implemented. None of the outstanding recommendations is overdue. Therefore, the Audit and Risk Manager is pleased to report good progress across the Council on audit recommendations and is of the opinion that reasonable assurance can be placed upon the adequacy and effectiveness of West Dunbartonshire Council's internal control system in the year to 31 March 2015.
- 4.3** The work of Internal Audit, External Audit and any external inspection agencies who reported on the Council's work has been reviewed. Assurances were sought from Executive Directors on the implementation of action plans and recommendations and Executive Directors have been asked to provide assurance statements to the Audit and Risk Manager, including their opinion of the control environment operating within their own service areas.
- 4.4** The Internal Audit Annual Report for 2014/15 included at Appendix B includes the Audit and Risk Manager's independent and objective opinion as to the adequacy and effectiveness on internal controls within the Council.
- 4.5** The report of progress against the overall Audit Plan is attached at Appendix C, with the main variances during the year being as follows:
- The adverse variance of 279 days for staff turnover relates to voluntary early retirement. As part of the continuous review of service, two posts have now been deleted from the structure with the remaining resource in place continuing to provide the appropriate level of audit assurance.
 - The favourable variance for investigations of 175 days reflects both a reduction in the level of investigations work but also a significant change to the approach to this area of work in that there is now a greater level of partnership working across the Council as appropriate in order to achieve the most beneficial outcome for the organisation.
 - The adverse variance of 237 days for leave reflects the significant level of sickness absence that has been experienced in the Internal Audit Section during 2014/15.
 - The favourable variance of 74 days for CRSA/Regularity reflects the reduction in resource available given the high incidence of sickness absence, so that remaining resources were focussed on the key risk based work.

- 4.6** The Benefits Fraud Team transferred to join Internal Audit from 1 April 2015. This will enable a joined-up approach to fraud detection and will gradually see the WDC fraud team shift focus more onto corporate fraud areas.

5. 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 is a risk that failure to deliver 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.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues.

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: 27 May 2015

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

Appendix A:	Audit Plan 2014/15: Risk Based Audits Completed
Appendix B:	Assurance Statement for the year ended 31 March 2015 from the Audit and Risk Manager
Appendix C:	Internal Audit Progress Report: 1 April 2014 to 31 March 2015
Background Papers:	None
Wards Affected:	All wards

APPENDIX A**Audit Plan 2014/15: Risk Based Audits Completed**

	<u>No. Of Agreed Actions</u>			
<u>Report Title</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>Comments</u>
Council Tax Collection & Refunds	0 (0)	2 (0)	0 (0)	Both actions have been completed
Housing Tenancy Transfers, Terminations & Mutual Exchanges	0 (0)	4 (0)	15 (0)	All actions have been completed
Repairs and Maintenance - Health & Safety	0 (0)	5 (1)	5 (2)	The three o/s actions are not yet due
Payroll - Leavers and Transfers	0 (0)	0 (0)	1 (0)	The one action identified has been completed
Payroll - Travel & Subsistence	0 (0)	2 (2)	0 (0)	The two o/s actions are not yet due
Housing Benefit Assessment	0 (0)	0 (0)	3 (0)	All actions have been completed
Creditors Payments	0 (0)	1 (0)	6 (0)	All actions have been completed
Main Accounting	0 (0)	0 (0)	2 (1)	The one o/s action is not yet due
CHCP Debtors	0 (0)	0 (0)	1 (1)	The one o/s action is not yet due
NDR Recovery & Enforcement	0 (0)	0 (0)	2 (0)	Both actions have been completed
Tendering & Contracting	0 (0)	2 (1)	1 (1)	The two o/s actions are not yet due
Enterprise Risk Management	0 (0)	4 (1)	2 (0)	The one o/s action is not yet due
TOTAL	0 (0)	20 (5)	38 (5)	

NB: Figures in () denote actions which remain outstanding

Assurance Statement for the year ended 31 March 2015
from the Audit and Risk Manager

To the Members of West Dunbartonshire Council, the Chief Executive and the Section 95 Officer (Head of Finance and Resources)

As Audit and Risk Manager of West Dunbartonshire Council, I am pleased to present my annual statement on the adequacy and effectiveness of the internal financial control system of the Group Accounts prepared by the Council for the year ended 31 March 2015.

Respective responsibilities of management and internal auditors in relation to internal control

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal financial control and to monitor the continuing effectiveness of that system. It is the responsibility of the Audit and Risk Manager to provide an annual overall assessment of the robustness of the internal financial control system.

Sound internal controls

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

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To ensure economic, efficient, effective and safe use of resources and assets;
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of internal control.

The work of internal audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Council's Internal Audit Section operates in accordance with the *Public Sector Internal Audit Standards* (The Standards) which have been agreed to be adopted from the 1st April 2013 by the relevant public sector Internal Audit Standard setters. The Standards apply the Institute of Internal Auditors International Standards to the UK Public Sector.

The Internal Audit Section undertakes an annual programme of work based on a risk assessment process which is revised on an ongoing basis to reflect evolving risks and changes within the Council. All Internal Audit reports identifying system weaknesses and / or non-compliance with expected controls are brought to the attention of management and the Audit and Performance Review Committee together with appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to Internal Audit reports and that appropriate action is taken on audit recommendations. The internal auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action.

Basis of Opinion

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

- The audit work undertaken by Internal Audit during the year to 31 March 2015, including risk based systems audits, investigations, follow-up reviews and one-off exercises;
- The assessment of risk completed during reviews of the annual audit plan;
- The assurance statements signed by the Executive Directors on the operation of the internal financial controls for the services for which they were responsible during the year to 31 March 2015;
- The assurance statement signed by the Chief Executive for the overall Council for the year ended 31 March 2015;
- Reports issued by the Council's External Auditors, Audit Scotland, and other review agencies; and
- My knowledge of the Council's governance, risk management and performance monitoring arrangements.

Opinion

It is my opinion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of West Dunbartonshire Council's internal control system in the year to 31 March 2015.

Signature: Colin McDougall

Title: Audit and Risk Manager

Date: 27 May 2015

APPENDIX C**WEST DUNBARTONSHIRE COUNCIL****INTERNAL AUDIT SECTION****PROGRESS REPORT FOR THE YEAR 1st APRIL 2014 TO 31st MARCH 2015**

CATEGORY	PLANNED TIME (DAYS)	ACTUAL TIME (DAYS)	VARIANCE (DAYS)	
Risk Based Audit	440	416	24	F
Computer Audit	90	85	5	F
Development	87	32	55	F
Investigations	309	134	175	F
CRSA/Regularity	95	21	74	F
Corporate Governance	91	41	50	F
Follow Up	34	23	11	F
Year-End Procedures	20	12	8	F
Performance Indicators	25	8	17	F
Financial Services/Grant Claims	25	13	12	F
Pub.Int.Disc/Contingency/NFI Admin/FOI	54	33	21	F
Administration / Staffing	88	77	11	F
Management & Planning	92	52	40	F
Training / Staff Development	82	69	13	F
Leave	325	562	-237	A
Staff Turnover	0	279	-279	A
TOTAL	1857	1857	0	

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 10 June 2015

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.

4.2 The key areas of work performed by both Internal Audit and External Audit are carried out according to a risk based approach that determines the nature, extent and timing of the required audit assignments.

4.3 Recommendations have timescales for completion in line with the following categories:

Category	Expected implementation timescale
<u>High Risk:</u> Material observations requiring immediate action. These require to be	Generally, implementation of recommendations should

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

5. People Implications

5.1 There are no personnel issues with this report.

6. Financial Implications

6.1 There are no financial implications with this report.

7. Risk Analysis

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

8. Equalities Impact Assessment (EIA)

8.1 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: 27 May 2015

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: 27 May 2015







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









Project 77. Housing Benefit Assessment (Report issued April 2015)


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Incorporate Revs & Bens Risk Register on Covalent</u> Management should determine a suitable overarching risk for Revenue's & Benefits such that it is formally recorded and monitored through Covalent in liaison with the Risk Management Section. (Low Risk)	Agreed: Meeting with Risk Management section will be arranged and appropriate risk entered on Covalent			31-May-2015	31-May-2015	Marion Smith	Complete.
<u>2. D1 Document Retention Form</u> Management should consider updating the D1 Document Retention Form in line with current working	Agreed:D1 form will be updated in line with current working practice.			31-May-2015	31-May-2015	George Hawthorn	Complete.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
practices to ensure that all relevant information is recorded. (Low Risk)							
<u>3. Scanned Batch Control Sheet</u> Where random checks are carried out ensuring that scanned images are clear, the checker should record their details and batch numbers checked on the part of the form designated for this purpose. (Low Risk)	Agreed: All staff involved will be instructed to record the details of batch numbers checked on the form. This will be audited on a regular basis by the Admin Support Coordinator.			31-May-2015	31-May-2015	George Hawthorn	All staff have been instructed to record.


Project 78. Creditors Payments (Report issued March 2015)


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Creditors Risk registers are not on Covalent</u> The Risk Registers for Creditors should be shown on Covalent in order that their performance can be monitored. (Medium Risk)	Appropriate risk content will be set up in covalent			31-May-2015	31-May-2015	Karen Shannon	Risk content has been set up in covalent and will be monitored on an appropriate basis.
<u>2. Invoice not Matched to Records</u> Records of meter readings should be maintained in order to ensure that invoices are correct. (Low Risk)	Records will be amended to include photo copier usage figures for comparison to the charge on invoices.			31-May-2015	31-May-2015	Patricia Kerr	May 15. The Ricoh invoices show meter readings and we now have a process in place to check where the previous figures ended and where the new meter readings begin on subsequent invoices.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>3. Invoice not agreed to order</u> Invoices should include sufficient information to confirm that the work charged for is clearly linked to individual service user. (Low Risk)	The supplier will be asked to include information (eg client's initials) so that checks can be made that all charges are correct and linked to appropriate individuals			31-May-2015	31-May-2015	Norman Firth	Complete.
<u>4. Authorised Signatory Records Not Updated</u> The Authorised Signatory records should be updated to show the correct names of signatories. (Low Risk)	Housekeeping will continue to be performed re authorised signatories and a reminder will be issued to all directorates re the responsibility of the managers to update creditors re any changes to signatories.			31-May-2015	31-May-2015	Karen Shannon	Ongoing housekeeping performed and best practice guidance reissued to senior managers.
<u>5. Authorised Signatory Not on Comino File</u> The Civica / Comino Authorised Signatory record should be amended to accurately reflect the current list of approved signatories. (Low Risk)	Comino file will be updated and maintained to ensure that the on line file and the paper records agree.			31-May-2015	31-May-2015	Karen Shannon	Comino file updated. Housekeeping will be done on an ongoing basis.
<u>6. Checks on Invoices Not Evidenced</u> Authorised signatories should be reminded that they must be satisfied that all applicable steps within the certification process, have been completed before they sign to approve invoices and batch headers. Section 5.1.2 of 'Audit Guidance Circular No. 2	A reminder will be issued to all directorates.			31-May-2015	31-May-2015	Karen Shannon	Best Practice Guidance issued to all senior managers.


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
Certification by Authorised Signatories' gives guidance on this. (Low Risk)							
<u>7. Signatories Authorisation Level</u> Departments should be reminded to set appropriate authorisation levels and have invoices approved at the appropriate levels. (Low Risk)	A reminder will be issued to all directorates.		<div><div>100%</div></div>	31-May-2015	31-May-2015	Karen Shannon	Best Practice Guidance issued to all senior managers.

Project 79. Main Accounting (Report Issued April 2015)


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Formal evidence of reconciliation process required</u> A formal annual reconciliation should be performed between the asset register and the balance sheet / Financial management information system. (Low Risk)	Although a reconciliation is completed between the asset register and the balance sheet / Financial management information system at the year end, there is no formal reconciliation following any adjustments during the completion of the audited accounts. This reconciliation will be introduced, reviewed and approved by the Finance Business partner.		<div><div>100%</div></div>	30-Nov-2015	30-Nov-2015	Jennifer Ogilvie	This action has been added into the process at the year end - at completion of draft and audited financial statements stage



<u>2. Documented procedures required for valuing closing stock</u> The process used to value closing stock at the year end is formally detailed in a procedure document. (Low Risk)	The established process will be formally documented in the form of a procedure document.		<div>0%</div>	30-Sep-2015	30-Sep-2015	Joe Reilly	This action has no milestones and is on track.
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Project 80. CHCP Debtors (Report issued April 2015)




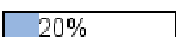
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Debtors Suspense Account</u> Sixteen of twenty one items in the Debtors Suspense Account relating to 2011/12 or earlier are now unlikely to be traced and should be written off (Low Risk)	A review of the items in suspense will be undertaken and if appropriate action will be taken to write off.		<div>0%</div>	31-Oct-2015	31-Oct-2015	Karen Shannon	This action has no milestones and is on track.


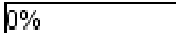
Project 81. NDR Recovery & Enforcement (Report Issued May 2015)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Reports of Outstanding Accounts</u> Reports of outstanding accounts should be produced and reviewed regularly. The reports should show the level and age of each debt. (Low Risk)	A list of outstanding debtors/companies will be obtained quarterly showing the value and age of debts outstanding from highest to lowest balances. It will be reviewed by the Corporate Debt Section Leader.		<div>100%</div>	30-Jun-2015	30-Jun-2015	Richard Holling; Marion Smith	Complete.





2. Performance Monitoring Reports showing how effectively NDR outstanding debts are being collected should be produced periodically in order that underperformance can be identified and remedied. The reports should be presented to senior management. (Low Risk)	A report showing the percentage of debt collected year on year will be obtained quarterly in future and be presented to senior management.			30-Jun-2015	30-Jun-2015	Richard Holling; Marion Smith	Complete.
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Project 82. Tendering & Contracting (Report Issued May 2015)



Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
1. Pricing of Variations It is recommended that pricing calculations are initialled / signed by the person authorising the AI, acknowledging that those particular costings have been agreed. (Medium Risk)	Agree to implement initialling/signatory.			31-Jul-2015	31-Jul-2015	Stewart Paton	Complete.
2. Register of Contracts It is recommended that a single central register of contracts is created and maintained, listing all contracts, the contractor, the due completion date, extensions of time and the extended completion date. This register could also be used to document the expiry date of the contractor's insurance policies and a prompt to ensure the person	This will be developed for contract arrangements across the Council with a "go live" date by the end of the calendar year.			31-Dec-2015	31-Dec-2015	Annabel Travers	On track. There are five milestones, one of which has been completed to date.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
responsible is made aware of the expiry date. (Medium Risk)							
<u>3. Independent Verification</u> It is recommended that a sample check of valuations is performed by the person authorising the payment certificate. (Low Risk)	Agree to implement a sample check.			31-Mar-2016	31-Mar-2016	Stewart Paton	Sample checks have been scheduled to take place and three milestones have been developed to record this work.

Project 83. Enterprise Risk Management (Report issued May 2015)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Risk Response Costs</u> If possible, the cost of the impact of a risk materialising, together with the cost of the control measure to mitigate the risk should be included within the risk assessment. (Medium Risk)	It is not always possible to apportion a cost against each individual risk, as there will be risks where we will monitor the likelihood of the risk materialising without putting a cost against it. However, we will put a reminder out to managers advising where possible a cost associated with the risk should be contained in Covalent.			30-Apr-2015	30-Apr-2015	John Duffy	Complete.
<u>2a. Departmental Risk Registers</u> All Executive Directors should be reminded of the need to have completed Risk Registers in place and that these must be kept up to date.	An email will be sent out to Directors advising of the recommendation.			30-Apr-2015	30-Apr-2015	John Duffy	Complete.






Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
(Medium Risk)							
<u>2b Departmental Risk Registers</u> The Risk Management Section should work in conjunction with departmental risk leads on a six-monthly basis to review and update departmental risks. (Medium Risk)	A joint review of departmental risk registers will be carried out at six-monthly intervals.		<div><div>0%</div></div>	31-Oct-2015	31-Oct-2015	John Duffy	A review of departmental risk registers has been scheduled for September and October 2015 in line with service planning, involving the Risk Management Section and departmental leads for risk. There are four milestones - one for each department.
<u>3. Partnership Risk Register</u> All Executive Directors should be reminded of the need to have completed Partnership Risk Registers in place for their partnership area and that these must be kept up to date. (Medium Risk)	An email will be sent out to Directors advising of the recommendation.		<div><div>100%</div></div>	30-Apr-2015	30-Apr-2015	John Duffy	Complete.
<u>4. Risk Register on Covalent</u> All Covalent users should be reminded: . Once a risk has been replaced or is out-of-date for any reason, it should be finalised and archived/deactivated. . That risks and associated actions must be assigned to specific people and reassigned if staff leave . Possible impacts and opportunities should be recorded . The 'Measures of Impact' should be used to record how the impact can be	An email will be sent out to Directors advising of the recommendation.		<div><div>100%</div></div>	30-Apr-2015	30-Apr-2015	John Duffy	Complete.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>measured and now what the possible impact would be.</p> <p>The detail recorded for each risk should be proportionate. Strategic and departmental / service risks should have the greatest level of content. Management has responsibility to ensure risk registers are maintained and are kept up to date</p> <p>(Low Risk)</p>							
<p><u>5. Risk Management Documentation</u></p> <p>It is recommended that all staff are reminded that the Code of Conduct for Employees and the Council's Risk Management Policies and Procedures are available on the intranet. Where staff do not have access to the intranet, line managers should ensure that copies are displayed on staff notice boards.</p> <p>(Low Risk)</p>	<p>An email will be sent out to Directors advising of the recommendation.</p>			30-Apr-2015	30-Apr-2015	John Duffy	Complete.


Appendix B Internal Audit Reports (Previously Issued)




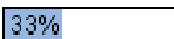
Generated on: 27 May 2015




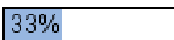
Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Project 74. Repairs and Maintenance - Health & Safety (Report Issued January 2015)



Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>2. COSHH Risk Assessments Not Reviewed by H & S Team</u></p> <p>The Control of Substances Harmful to Health (COSHH) risk assessments should be reviewed by the Maintenance and Repairs Health and Safety Assessment Team to ensure that they fully comply with the current legislation and practices.</p> <p>(Medium Risk)</p>	<p>The Maintenance and Repairs review team were reconvened to review COSHH and Manual Handling Assessment in addition to working on new style of Risk Assessment / Safe System of Work (RA / SSoW) in-line with BSI British Standards BS 18004:2008. The COSHH assessments will be reissued by the end of March 2015.</p>		<div>0%</div>	30-Apr-2015	28-Aug-2015	Martin Feeney	There are three milestones for this action.

<p><u>6. Employees Not Familiar With H & S Policy and Procedures</u></p> <p>Management should take steps to make employees aware of where the H & S Policy and Procedures can be found.</p> <p>(Low Risk)</p>	<p>An item will be included in February's team brief. Information leaflets will be posted on notice boards and information will also be included in the crafts persons employee manual which will be issued by end of March 2015.</p>			30-Apr-2015	31-Jul-2015	Martin Feeney	There are three milestones for this action of which one has been completed so far.
<p><u>7. Training In Breakaway Techniques</u></p> <p>Management should arrange to have all front line employees trained in breakaway techniques.</p> <p>(Low Risk)</p>	<p>The RA / SSoW 'Lone Working – Including Out of Hours Emergencies' will be replaced with a new SSoW using the BSI British Standards BS18004:2008 format which should be introduced in April 2015 following which all employees will attend training on the new format.</p>			30-Jun-2015	28-Aug-2015	Martin Feeney	There are three milestones for this action of which one has been completed so far.

Project 76. Travel & Subsistence (Report Issued February 2015)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1. Issues Relating to Policy & Practice</u></p> <p>It is recommended that the Travel & Subsistence Policy be reviewed to ensure that key points are clear and explicit, where appropriate. This should ensure that staff and managers are clear on the process of claiming and approving claims and that there is a consistent approach across the Authority.</p>	<p>The policy is currently being reviewed and these audit findings will inform further changes. The undernoted will be used as milestones and underpin communication of revised arrangements.</p> <p>Claimants and authorisers of claims will be reminded that an appropriate VAT receipt dated no later than the</p>			30-Sep-2015	30-Sep-2015	Paul McGowan	<p>Travel scheme has been update and consultation has begun with Trade Unions. Report will be submitted to JCF in September following conclusion of consultations.</p> <p>There are three milestones, one of which has been completed to date.</p>

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>In addition, employees should be reminded of their responsibilities when making/approving mileage claims in accordance with the requirements of the policy particularly in relation to:</p> <p>timescale for submission of claims claiming of appropriate rates i.e. business or public transport rate, or use of public transport for business journeys checking of driving documents on an annual basis submission of VAT receipts with mileage claims submission of expenditure receipts with all claims for subsistence</p> <p>(Medium Risk)</p>	<p>date of the first journey should be submitted with the claim form in line with HMRC requirements and appropriate receipts for all other expenditure claimed.</p> <p>Claimants will be reminded that all appropriate details should be recorded on the claim form which validates the mileage claim. It is not sufficient to record e.g. 'to bank' 'to/from Dumbarton' etc.</p> <p>Claimants should be reminded to use the RAC or AA mileage calculators to ensure that the correct distance and mileage is being claimed. Authorisers of claims should also spot check calculations of mileage.</p> <p>Managers who have omitted to carry out annual checking of driving documents i.e. driving licence, insurance certificates and MOT certificates (if appropriate) should now do so, and thereafter ensure that appropriate processes are put into place for this check to be carried out on an annual basis.</p>						

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	<p>Departments should be reminded of the requirement of carrying out an annual check of driving documents. Claimants should be reminded that all claims must be authorised by a line manager/appropriate member of staff who is certified as an authorised signatory.</p> <p>Departments/Managers should be reminded of their responsibility in relation to excess travel where staff have been relocated. Claims for the extra mileage incurred must be considered in accordance with the Revised Excess Travel Scheme 2014.</p> <p>A review of the requirements to claim additional mileage for peripatetic employees should be undertaken by the employee's Manager and HR Business Partner per the requirements of the post.</p>						
<p><u>2. Issues Relating to Processes</u> Consider how payroll modernisation may assist in further streamlining processes for the payment of mileage and expenses</p>	<p>A process to collate and hold a full and comprehensive list of authorised signatories approved to authorise payroll documentation including travel &</p>			30-Jun-2015	30-Jun-2015	Graham Hawthorn	<p>The existing 'manual' authorised signatories file will be checked against the Workforce Management System expenses approver which is being populated and maintained to facilitate the</p>






Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
(Medium Risk)	<p>subsistence claims should be undertaken. Additionally, the listing should be reviewed periodically to ensure the list is appropriately.</p> <p>Claimants should be reminded that all claims must be authorised by a line manager/appropriate member of staff who is certified as an authorised signatory.</p> <p>Payroll team to refuse/reject claims for remedial action where they do not comply with any aspect of the policy (this applies even where the manager has authorised)</p>						<p>roll-out of online expenses submission and approval. An automated notification will be forwarded to Payroll advising of amendments to the expenses approver which will trigger an update of the manual file. Payroll will issue the sample signatory form as appropriate to maintain an updated manual file.</p> <p>A reminder that all claims must be authorised by a line manager/appropriate member of staff who is certified as an authorised signatory will be issued to all departments.</p> <p>Payroll staff have been reminded of expenses policy requirements relating to claims and will refuse/reject claims for remedial action where they do not comply with any aspect of the policy even where the manager has authorised.</p> <p>The key milestone to ensure successful completion of this task is to update REL (relationship field) fields in the Workforce Management System. This is being collated as part of the development of WMS.</p>

Appendix C


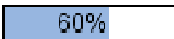
External Audit Reports

Generated on: 27 May 2015



Project 15. Annual Report on the 2012/13 Audit

Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
4. Financial Pressure: The Council currently has an assumed cumulative funding gap of £21.68 million over the period 2013/14 - 2016/17 and continues to face an increase in demand for services due to the current economic climate and changes in demography. Risk: The Council may not be able to generate efficiencies and savings to bridge the funding gap.		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.			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.			31-Aug-2016	Stephen West	All milestones are up to date, 2 milestones to complete action on annual update of long term finance strategy in 2015/16 and 2016/17

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>13. Disaster Recovery Plan (R)</u> The ICT department has produced a high level disaster recovery plan however further work is required to complete the supporting documentation which underpins the overall plan.</p> <p>Risk: The Council might not be able to protect and/or recover their ICT infrastructure in the event of a disaster.</p>	Underlying technology at WDC is changing and the DR plan will be produced to reflect the changing environment.			30-Jun-2015	30-Jun-2015	Brian Miller	May 15 - Three of the five milestones are complete. Further revision of document undertaken incorporating Utilities actions such as Power and UPS. Staff assigned to work on individual work instructions for sites, systems and servers. The milestones for critical systems and urgent systems will remain in place until individual work instructions for each are in place

Project 17. Annual Report on the 2013/14 audit

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>4. Sickness Absence</u> The council are continuing to focus on improvement attendance at work and have set challenging targets to be achieved by 2017. Whilst there has been some improvement in teacher attendance in the past 12 months there has been no clear improvement in local government employee attendance.</p> <p>Risk The Council are not achieving best value from</p>	<p>Work is currently ongoing within all council departments to ensure that the attendance management policy is consistently and effectively applied and that good practice in relation to improve levels of attendance is shared.</p> <p>The Attendance Working Group consider the effectiveness of current activity and continue to seek new approaches to</p>			31-Mar-2017	31-Mar-2017	Paul McGowan	Revisions have been made to Attendance Management Policy and discussions have been ongoing with Trade Unions in relation to changes since January 2015. Report has been submitted to June JCF for discussion and onward submission to Corporate Services Committee. A retendering exercise is also ongoing with regard to Occupational Health Services and as part of this exercise the full scope of current provision has been reviewed to ensure that OH Services

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>the staff resources available to them.</p> <p>Recommendation The council should consider the effectiveness of current activity and continue to seek new approaches to decrease absenteeism.</p>	<p>support managers and decrease absenteeism.</p> <p>Workforce Management System functionality will be enhanced to provide more detailed recording and reporting of absences and of management actions taken.</p> <p>A renewed communications campaign will be launched to increase awareness amongst staff.</p>						<p>fully support the Councils objectives in relation to attendance.</p> <p>There are seven milestones, three of which have been completed to date.</p>

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 10 June 2015

Subject: Code of Good Governance

1. Purpose

- 1.1** The purpose of this report is to advise Committee of the outcome of the annual self-evaluation undertaken of the Council's compliance with its Code of Good Governance.

2. Recommendations

- 2.1** The Committee is asked to note:

- the outcome of the recent self-evaluation process in considering how the Council currently meets the agreed Code of Good Governance; and
- the issues identified and improvement actions.

3. Background

- 3.1** In 2004, the Independent Commission on Good Governance in Public Services published a set of common principles that it wanted all public sector organisations to adopt. The Commission, set up by CIPFA in conjunction with the office for Public Management, advised that there should be a common governance standard for public services similar to the private sector's Combined Code.

- 3.2** The Good Governance Standard for Public Services builds on the Nolan principles for the conduct of individuals in public life by setting out six core principles that it says should underpin the governance arrangements of all bodies:

- a clear definition of the body's purpose and desired outcomes;
- well-defined functions and responsibilities;
- an appropriate corporate culture;
- transparent decision making;
- a strong governance team; and
- real accountability to stakeholders.

- 3.3** For the purposes of developing *Delivering Good Governance in Local Government*, the six core principles from the good *Governance Standard for Public Services* have been adapted for the local authority context.

- 3.4 In order to demonstrate a commitment to sound governance, local authorities are encouraged to publish a governance statement.
- 3.5 The annual governance statement is the formal statement that recognises, records and publishes a Council's governance arrangements as defined in the CIPFA/SOLACE Framework. The statement requires to be signed off by the most senior officer [Chief Executive] and the most senior member [Council Leader]. Clearly the signatories must be satisfied that the document is supported by reliable evidence.

4. Main Issues

- 4.1 A local code was developed for West Dunbartonshire Council and agreed at the Audit and Performance Review Committee on 10 November 2010. This described the expectations as to what good governance is and how it can be evidenced.
- 4.2 A Governance Report was produced and provided for the first time within the Council's annual accounts for 2012/13 and this practice is continuing for 2014/15. In order to prepare such a report, it is necessary to undertake an annual self-evaluation of compliance against the Council's Code of Good Governance.
- 4.3 An annual self-evaluation review for 2014/15 has recently been carried out by a group of Officers. This has identified that current practice is mainly compliant against our Code of Governance, while identifying some areas for improvement. These areas for improvement are detailed on the attached Appendix A.

5. People Implications

- 5.1 There are no personnel issues.

6. Financial Implications

- 6.1 There are no financial implications.

7. Risk Analysis

- 7.1 There is a risk that a failure to maintain a local code and develop a framework to support the gathering and updating of the necessary evidence will leave West Dunbartonshire Council unable to produce a Governance Statement.

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 all five of the Council's Strategic Priorities.

.....
Angela Wilson
Executive Director of Corporate Services
Date: 26 May 2015

Person to Contact: Stephen West, Head of Finance and Resources
Telephone (01389) 737191
E-mail: stephen.west@west-dunbarton.gov.uk

Appendix A: Code of Good Governance - Improvement Action Plan

Background Papers: Report to Audit and Performance Review Committee
(10 November 2010) - Local Code of Good Governance

Report to Audit and Performance Review Committee
(22 May 2013) - Code of Good Governance

Report to Audit and Performance Review Committee
(11 December 2013) - Code of Good Governance

Report to Audit and Performance Review Committee
(11 June 2014) - Code of Good Governance






Wards Affected: All Wards

Appendix A





Code of Good Governance - Improvement Action Plan




Generated on: 26 May 2015



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

Improvement Actions for 2014/15

Recommendation Title	Recommendation Detail	Status	Progress Bar	Action Due Date	Assigned To
1. Response to complaints within service planning process	Ensure customer feedback, including complaint information is embedded in the planning process		<input type="text" value="0%"/>	31-Mar-16	Amanda Coulthard
2. Focus on common improvement areas	Ensure a focus on joint improvement and scrutiny across Community Planning West Dunbartonshire (CPWD)		<input type="text" value="0%"/>	31-Mar-16	Suzanne Greer
3. Outcome based PI's	Increase focus on outcome based indicators to assess performance		<input type="text" value="0%"/>	31-Mar-16	Amanda Coulthard
4. Embedding of quality standards	Ensure customer service quality standards are embedded across the organisation		<input type="text" value="0%"/>	31-Mar-16	Stephen Daly

Recommendation Title	Recommendation Detail	Status	Progress Bar	Action Due Date	Assigned To
5. Community engagement strategy	Develop a strategic engagement model		<input type="text" value="0%"/>	31-Mar-16	Suzanne Greer
6. Continuous improvement strategy	Ensure a continuous improvement focus on reporting and benchmarking of performance		<input type="text" value="0%"/>	31-Mar-16	Valerie McIhatton
7. Succession planning	Develop and implement a succession planning process within the Workforce Planning Framework.		<input type="text" value="0%"/>	31-Dec-2015	Angela Terry

WEST DUNBARTONSHIRE COUNCIL**Report by Executive Director of Corporate Services****Audit and Performance Review Committee: 10 June 2015**

Subject: Strategic Risk and Resilience**1. Purpose**

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

2. Recommendations

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

3. Background

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

4. Main Issues**Strategic Risk**

- 4.1** In line with the framework, a review of strategic risks has taken place as detailed within Appendix 1. Each risk is managed through internal controls, linked actions and associated milestones with the objective being to reduce or stabilise the level of risk through completion of linked actions over a period of time and / or ensure mitigation factors are adequate should the risks actually materialise.

Department / Service Risk

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

Resilience

- 4.3** The Council's Resilience Group, chaired by the Executive Director of Corporate Services, continues to meet quarterly as the governance board for contingency planning across the Council. The Corporate Contingency Plan, and top-level Business Continuity documentation (Policy, Strategy and Corporate Plan) are due for review in June 2015, with their annual publication thereafter.
- 4.4** The Resilience Officer continues to represent the Council at Local and Regional Resilience Partnership (LRP/RRP) meetings. Multi-agency arrangements proved to be adequate for winter weather and recent local events such as "the Kiltwalk". An on-going project is the integration of CONTEST (Counter Terrorism) "Prepare activity" into the LRP work plan. Given the progress made to date, the Resilience Officer has also accepted the invitation to continue chairing the LRP in Dunbartonshire (at the tactical, working group level).

Business Continuity Planning

- 4.5** The Business Continuity (BC) lifecycle remains operational. The Resilience Officer continues to undertake 1-2-1 annual review meetings with the managers responsible for the 24 critical service plans. The move to Aurora House and associated ICT modernisation project has enhanced Service resilience. Recovery workspace is now immediately available in any networked Council location for services operating out of Aurora House and the Garshake 4th floor. An overview of all plans is available at Appendix 2.

Awareness, Testing and Exercises

- 4.6** An unplanned decant of Kilbowie Court, Clydebank, on 29 December 2014 was managed via Housing and the Duty Resilience Officer who assisted with mobilisation of multi-agency support resources. The decant and subsequent recant on 31 December 2014 were effectively managed and a debrief of the incident identified a number of recommendations to improve future response. Implementation of the recommendations is ongoing and overseen by the Resilience Group.
- 4.7** The Resilience Group was convened in accordance with our severe weather protocols on 8 January 2015 ahead of an amber wind warning. This proved the

concept of our response arrangements and assisted the delivery of a coordinated and proactive response. Housing were able to make additional staff available to support the out of hours controller and Corporate Communications proactively kept communities informed of local disruptions and the schools status (with no closures required).

4.8 There is a planned annual cycle of exercising, testing and reviewing existing plans. The Council have tested the following aspects of its BC arrangements in the past six months:

- 12 January 2015: Council Incident Officer (CIO) Training was provided to the Strategic Leader Group (SLG) in order to support their role as CIO's as identified in the Corporate Contingency Plan.
- 26 March 2015: Educational Services Table Top Exercise. A Table Top exercise considered scenarios affecting the Educational Estate and resulted in a number of recommendations that are being progressed by the Educational Services DMT and the Resilience Group where appropriate.

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

- August 2015: Council Cyber Exercise, a council-wide exercise to explore response arrangements and wider resilience to the cyber threat.
- October 2015: Exercise Silver Swan, a Multi-agency exercise primarily involving CHCP and the Registrars / Burials and Cremations services to determine response arrangements in relation to a pandemic influenza scenario.
- November 2015: Regulatory Services Human and Animal Health Framework Response Plan, a seminar is planned to inform other Council departments of the implications and requirements of human and animal health notifiable disease outbreaks.
- February 2016: A statutory top-tier Control of Major Accident Hazards (COMAH) Exercise for the Chivas Whisky sites in Dalmuir and Dumbuck. Planning for this exercise will begin in June 2015.

Community Resilience

4.10 The Resilience Officer met with Dumbarton Central and East, and Silverton and Overtoun Community Councils to explore local community resilience plans. These meetings were supported by the Local Resilience Partnership and were attended by Police, Council Neighbourhood Services and the Scottish Flood Forum, with the response being generally positive. The Resilience Officer followed this up with a paper and presentation to the Community Alliance on 15 April 2015 which was well received. In addition the Resilience Officer met with the West Dunbartonshire Community Volunteering Service (WDCVS) to discuss the subject of Community Resilience. The Resilience Officer remains available

for any community group that wishes to discuss and progress Community Resilience planning.

5. Personnel Implications

5.1 There are no personnel issues.

6. Financial Implications

6.1 There are no financial implications.

7. Risk Analysis

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

- Understanding risk and its potential impact on the Council's priorities
Reducing insurance premiums by recognising that a mature approach to risk management will contribute to a reduction in the number and value of claims across a range of insurance classifications;
- Assisting with establishing priorities;
- Contributing towards incident prevention based upon post-incident investigation;
- Meeting statutory / regulatory requirements;
- Contributing to a better understanding and assessment of major project activity; and
- Ensuring better partnership working.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues identified.

9. Consultation

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

10. Strategic Assessment

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

Angela Wilson
Executive Director of Corporate Services
26 May 2015

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

Appendices: Appendix 1 – Strategic Risk Report

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


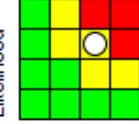
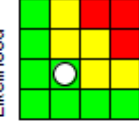
Background Papers: Risk Management Strategy and Methodology
Business Continuity Policy, Strategy and Corporate Plan



Wards Affected: All Wards


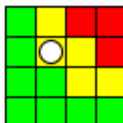
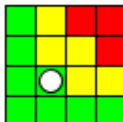
Appendix 1









Strategic Risk Report 2015-16


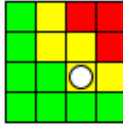
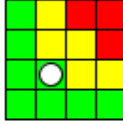
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	SR105 Failure to deliver strong financial governance and sustainable budget management	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council fails to deliver strong financial governance through either its budgetary preparation and management processes or maintaining adequate reserves.		9	11-May-2015
Potential Effect	Shortfall in finances and therefore the Council is unable to provide all services as intended or fund improvements to services through "spend to save" schemes.		4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Additional burdens (e.g. general inflation, tax increases, fuel cost increases, superannuation, high level care costs) - Actual level of Savings achieved in comparison to level of savings agreed by Council - Reduction in government grant - Demographic shifts - Significant overspends - Savings required - Debt collection statistics - Adverse level of capital receipts (planned v actual) - Underutilised assets / occupancy levels - Does the Council have a 10 year Financial Strategy? Yes / No - Procurement Capability Assessment (PCA) 	Latest Note		
Risk Factors	<ul style="list-style-type: none"> - Level of government grant - Lack of time to plan for changes in the level of grant funding - General inflationary factors - Significant additional burdens (see further under "Measures of Impact") - Poor budgetary control arrangements - Ineffective debt collection (e.g. Council Tax, Housing Rents, sundry debtors) - Capital receipts - Welfare Reform - Health and Social Care integration - Implications from the uncertainty of the Referendum on Treasury Management operations 			
Internal Controls	<ul style="list-style-type: none"> - 10 year Financial Strategy subject to regular review - Financial planning - Monitor and maintain General Services and Housing Revenue Account prudential targets - Reporting and monitoring of Treasury Management Strategy - Budgetary control process - Regular budgetary control and savings monitoring reports provided to CMT and Council / committees - Rigorous debt collection processes - Annual Internal Audit Plan - Work of External Auditors (external control) - Annual Governance Statement - Procurement Improvement Plan - Development of controls for Health and Social Care integration 	Managed By	Angela Wilson	
		Assigned To	Gillian McNeilly; Stephen West	
Risk	- Annual exercise to identify efficiencies			


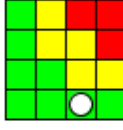
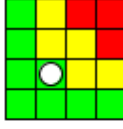


Opportunity	<ul style="list-style-type: none"> - Major projects within the revenue benefits programme (e.g. sales, fees and charges; travel; overtime; training) - Enhance the reputation of the Council as an organisation which manages its finances soundly - Rationalisation of office accommodation 			
Progress of Linked Actions	CS/15-16/FAR/04 Review the corporate budget process		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/FAR/05 Explore opportunities for decreasing corporate debt		<input type="text" value="0%"/>	Corporate Services


	SR106 Council estate and facilities are not fit for purpose		Current Risk Matrix	Current Rating	Last Review Date
Description	The Council's assets and facilities are not fully fit for purpose with consequent adverse impact on our ability to deliver efficient and effective services. Included in this assessment is Council's property portfolio, housing stock, roads and lighting, fleet and open space	 Likelihood Impact	6	20-May-2015	
		Target Risk Matrix			Target Rating
Potential Effect	<ul style="list-style-type: none">- Assets are not utilised in the most effective and efficient manner- Service cannot be properly delivered to the satisfaction of service users- Service users seek alternative service provision, either locally or by moving to another Council area- Roads assets in poor condition	 Likelihood Impact	4	31-Mar-2018	
Measures of Impact	<ul style="list-style-type: none">- Condition surveys- Suitability surveys- Road Condition SPI- Customer perceptions of service delivery- Investment levels in upkeep and improvement of asset base and facilities-Staff satisfaction-Operating costs and savings	Latest Note	We are now commencing year 2 of the 10 year capital plan and projects have been identified which will begin to address the "fit for purpose" criteria.		
Risk Factors	<ul style="list-style-type: none">- Adequacy of funding available to improve asset base- Adequacy of staff resources allocated to the area of asset management- Council buildings deemed to be unfit for existing purpose- Economic conditions may reduce level of potential capital receipts from surplus property sales- Increased public liability claims due to poor condition of roads network		We completed the delivery of condition surveys for the whole operational estate and developed and introduced a scoring matrix which is informing project priorities going forward.		
Internal Controls	<ul style="list-style-type: none">- Corporate Asset Management Strategy- Schools Estate Strategy-Capital Investment Team- Existence of Asset Management Group with meetings held on a regular basis- Asset management plan- (HRA) Asset Management Group/Plan- Capital plan- Roads and Lighting Asset Implementation Plan- Fleet Asset Implementation- Open Space Asset Implementation Plan- Detailed asset database that shows relevant information on a property by property basis- Sustainability Policy- Housing Performance Improvement Board- Housing Improvement Plan - Housing Asset Management Strategy	Managed By	Richard Cairns		
		Assigned To	Ronnie Dinnie; Jim McAloon; Helen Turley		
Risk Opportunity	<ul style="list-style-type: none">- Enhance reputation of Council by being able to improve Council estate and service delivery (e.g. new school buildings, Garshake				


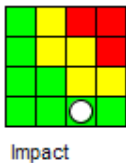
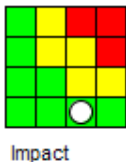


	replacement and meeting SHQS)) - Enhance employee "feel good" factor by providing modern office accommodation equipped with up to date IT facilities - Secure external funding for development of assets (e.g. EC, lottery) - The acquisition of assets previously owned by Clydebank Rebuilt could allow for improved service delivery for the Council overall -The implementation of the energy efficient street lighting project will both improve the asset and reduce costs significantly through reduced maintenance, energy consumption and carbon output.			
Progress of Linked Actions	H/2015/CAM/02 Continue to monitor and reduce energy consumption (DP)		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/CAM/04 Deliver HRA Capital Projects		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/CAM/07 Deliver £100,000 savings through effective Asset Management		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/CAM/15 Develop and implement Community Asset Transfer Policy		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/GS/07 Deliver on HLF - Levensgrove Park		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/HCS/11 Implement HRA Capital Plan 2015-2020 Year 1 (2015-16)		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/RT/02 Implement the introduction of energy efficient street lighting		<input type="text" value="0%"/>	Housing, Environmental and Economic Development
	H/2015/RT/05 Implement, report on actions and continually develop the Roads Asset Management Plan		<input type="text" value="0%"/>	Housing, Environmental and Economic Development


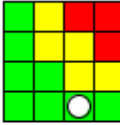
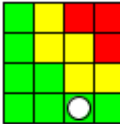







	SR107 Failure to develop or implement innovative use of Information Technology	Current Risk Matrix	Current Rating	Last Review Date
Description	The risk is that the Council's Information Technology is not sufficiently modernised / brought up to date to enable the delivery of sustainable ICT services to support and enhance the delivery of front line services to the community.	 Likelihood	6	28-Apr-2015
Potential Effect	A lack of consistent, sufficiently robust planning in respect of ICT arrangements is likely to result in the Council being ill prepared to meet future demands in key service areas and lacking the capacity to respond effectively to changing need.	 Impact	4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Extent of wireless connections in the Council network – April 15 - implementation of wireless in all schools complete. Garshake and Townhall now wireless. Introduction of segregated network traffic 50% complete for schools. - Number of ICT Help Desk calls resolved at the first point of contact. April 15 SOCITM Benchmark survey indicates target is set too high and WDC IT service not meeting the current target. Review is currently in progress and new target in line with SOCITM benchmark will be implemented for 2015-16. - Extent of functionality development in key Council systems (i.e. lack of development beyond base system leading to ineffective management information) April 15 – several channel shift projects are in progress Workforce mgnt self service, website and intranet redesign, online school payments, P2P, document management and rota scheduling for home care are all contributing to Channel shift. - Fit for purpose Council website, delivering information and services to a significant percentage of the Council's customers. April 15 - Website was redesigned and relaunched in 2013. Intranet redesigned and relaunched in March 2015. - Provide efficient desktop services to meet changing workforce flexibility and property rationalisation requirements. April 15 - ICT Modernisation project implementation in progress and incorporates new desktop delivery which is at user testing stage. - Implementation of mobile and flexible working, enabling a downsizing of required office accommodation through enabling people to work more efficiently and to adopt a more flexible policy towards office accommodation and desk provision. April 2015 - WoTF delivered in Sept 13, Aurora move delivered Feb 2015; issue of tablet devices to SMT and Members complete April 15. - Broadband speed in the Council area - Aug 14 WDC has 2nd highest broadband speeds in Scotland. 	Latest Note	April 15. WDC has made substantial investment in underlying IT infrastructure (ICT Modernisation Project) to support Council-wide changes and projects. This is at implementation stage and has reduced the likelihood of this risk occurring. Several service transformation projects are in progress with improvements to project governance needed to support these.	
Risk Factors	Insufficient resourcing of ICT developments so that benefits and opportunities identified are not realised - Poor project and programme change management arrangements - April 15 - WDC has introduced new Project Management standards and a Strategic Change Board to address this - Poor quality of mobile communication provision - ICT Modernisation investment of £4M agreed and project at implementation stage. Two of the five workstreams are complete and the other three are well established.			
Internal Controls	<ul style="list-style-type: none"> - Information & Communication Technology (ICT) Policy - Governance structures to support integrated planning and decision making in relation to ICT - Use of both internal IT resources from across the Council and skilled specialist advisers in key areas - Fit for purpose data centre (with remote back up site). New shared data centre went live in Dec 2014 and further IT services 	Managed By	Angela Wilson	
		Assigned To	Patricia Kerr	






	at testing stage. WDC and EDC are taking a lead role on data centre sharing across Scotland			
Risk Opportunity	<ul style="list-style-type: none"> - Provide 21st century state of the art technology for employees and service users - Rationalise IT systems - P2P, replacement IHMS and Work force management projects underway. New Scheduling system for HomeCare at implementation stage. - Use of innovative IT linked service delivery models to effect change - share data centre with EDC live and operational and further sharing projects at test stage - share IT Helpdesk system and thin client. New backup solution implemented in March 14 to support changes to departmental service delivery. - Provide Council employees with secure access to email and supporting systems at times and locations of choice – April 15 – new ICT Mod design has provided opportunity to deliver a secure platform – solution via Netscaler and Citrix thin client technologies are currently at test stage. <p>New tablet devices and new Windows mobile phones deployed.</p> <ul style="list-style-type: none"> - Provide self service style systems to employees and the local community - Aug 14 - WDC website updated in 2013 and employee self service project implemented- staff now having access to online payslip, expenses, leave applications, PDP recording. - Increase the use of electronic document storage and workflow across the Council - Aug 14 - EDRMS framework contract in place since 2010 for departments to call off when reviewing their service and implementing service improvements. WoTH and Aurora projects utilised EDRMS technology to support the move to more flexible working and CHCP homecare implementation in progress. 			
Progress of Linked Actions	CS/15-16/PAT/06 Ensure property and resource optimisation projects are supported by robust ICT infrastructure action		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/PAT/07 Extend the scope of the shared data centre		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/PAT/08 Ensure robust ICT input to transformation change agenda		<input type="text" value="0%"/>	Corporate Services

	SR108 Lack of strategy / plans / vision to ensure a committed and dynamic workforce	Current Risk Matrix	Current Rating	Last Review Date
Description	There is a risk that the Council fails to develop and implement a flexible, strategic structured approach to workforce and capacity planning	 Likelihood Impact	3	30-Apr-2015
		Target Risk Matrix	Target Rating	Target Date
Potential Effect	<ul style="list-style-type: none"> - Low staff morale - Inability to deliver services effectively - Reduced level of service - Lack of improvement or increase in staff absences - Council underachieves as an organisation - Employee conflict 	 Likelihood Impact	4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - Access to and participation of employees in learning and development activities - Absence rate and trends - Employee turnover - Grievance, discipline and other monitoring information - Employee survey results and associated actions - Reports from external scrutiny bodies and award bodies - Benchmarking with appropriate comparators 	Latest Note	14/15 has again seen a strong focus across this area with a number of the linked actions now complete or underway. Despite improved performance in attendance in 13/14, 14/15 statistics are disappointing. Re-focus of efforts will be progressed through (Attendance Working Group) AWG in the first instance. Emphasis on enabling workforce for change and transformation; supporting progression and alternative employment opportunities.	
Risk Factors	<ul style="list-style-type: none"> - Lack of appropriate development / shortage of skills may pose a risk to new models of service delivery - Lack of capability to deliver - Workforce unable to adapt to change 			
Internal Controls	<ul style="list-style-type: none"> - HR processes designed to meet service delivery needs - Develop new structures to reflect strategic priorities and aligned to Future Operation Model (FOM) - Align workforce plan to the Council's strategic planning processes (i.e. have the right people available at the right time with the right skills to fulfil properly all of the Council's strategic priorities) - Incorporation of succession planning into workforce planning framework - Identify training programmes to reskill staff as identified by training needs analysis - Effective use of SWITCH to support alternative careers - Flexible HR policies, in particular recruitment & selection, learning & development (including elearning), continuous improvement / development flexible working, attendance management, employee wellbeing related policies - Flexible HR policies, in particular recruitment & selection, learning & development (including elearning), continuous improvement / development flexible working, attendance management, employee wellbeing related policies - Effective use of Occupational Health Service - Robust PDP process - Effective leadership and management behaviours and practice - Maintain the Council's Healthy Working Lives Gold Award 	Managed By	Angela Wilson	
		Assigned To	Vicki Rogers	
Risk Opportunity	<ul style="list-style-type: none"> - Identity previously unknown skills and talents in the workforce - Realise the potential of staff 			
Progress of Linked Actions	CS/15-16/PAT/02 Deliver an employee development framework for all employees		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/PAT/05 Promote a workplace culture that articulates and promotes behaviours from all employees		<input type="text" value="0%"/>	Corporate Services

	ODC/SP/1516/001 Enhance leadership effectiveness at all levels through development opportunities		<div><div></div></div>	Corporate Services
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	SR109 Failure to embrace opportunities which can be derived from constructive partnership working and joined-up service delivery	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council fails to engage adequately with partnership bodies		3	21-Apr-2015
		Target Risk Matrix	Target Rating	Target Date
Potential Effect	<ul style="list-style-type: none"> - Use of public sector resources not optimised in local area - Council has financial exposure if a partnership relationship fails 		3	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none"> - No of shared service arrangements made by the Council - Partnership arrangements go off on tangents not related to the original purpose 	Latest Note	CPWD has been strengthened over the last year, with a new robust SOA in place and membership revised. The introduction of community empowerment legislation places a statutory duty on all partners to work jointly to deliver improved outcomes in the area. this further reduces the likelihood of this risk occurring.	
Risk Factors	<ul style="list-style-type: none"> - Reduction in control through partnership arrangements - Council's reputation is adversely affected through a failed partnership arrangement 			
Internal Controls	<ul style="list-style-type: none"> - Ensure that partnership opportunities are considered as an option across all Council services - Robust partnership arrangements (e.g. legal documents, service level agreements) - Align the Council's strategic plan with the Single Outcome Agreement (SOA) - Ensure that partners have signed up to deliver on the outcomes and targets set in the SOA - Develop data sharing protocols with partner agencies - Participate in shared service agenda where it is evidently of benefit to the Council - Participate in reform agenda as it impacts on Council area - Develop code of practice for partnerships which would assist in ensuring consistency across the Council 	Managed By	Angela Wilson	
		Assigned To	Amanda Coulthard	
Risk Opportunity	<ul style="list-style-type: none"> - Position West Dunbartonshire as a modernising Council - Police and Fire Reform - Shared Services options 			Corporate Services
Progress of Linked Actions	CS/15-16/CCS/01 Develop a new, fully integrated Working 4 U Service that improves customer experience and supports organisational needs		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/06 Implement the neighbourhood management approach across West Dunbartonshire		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/10 Strengthen our approach to community empowerment through engagement and involvement of communities		<input type="text" value="0%"/>	Corporate Services

	SR110 Failure to ensure positive dialogue with local citizens and communities	Current Risk Matrix	Current Rating	Last Review Date
Description	The risk is that the Council does not establish or maintain positive communications with local residents and the communities it represents	 Likelihood Impact	3	21-Apr-2015
Potential Effect	- Tensions develop with individuals and local community groups	 Likelihood Impact	3	31-Mar-2017
Measures of Impact	- Responsiveness to communities PI measures	Latest Note	The establishment of the new communities team places emphasis on a corporate and consistent approach to engagement and involvement, responding in part to local demand and in part to future requirements of community empowerment legislation. The recently agreed neighbourhood management model 'your community' ensures local representation and involvement in decision making and design of services.	
Risk Factors	Lack of appropriate staff development / skills may be lacking to support new model of service delivery inequity of engagement across the partnership on key local issues council seen as unresponsive to community if feedback from engagement not acted upon apathy within communities leads to little or no engagement some community groups feel their voices are not being heard - Council's reputation is adversely affected through a failed partnership arrangement			
Internal Controls	- Ensure robust mechanisms for public feedback - roll out 'your community' model to ensure local priorities are addressed - Annual budget consultation events - Citizens Panel - Community Council arrangements - Open Forum questions at Council meetings			
Risk Opportunity	- Community Empowerment and Renewal Bill - Council seen as being open, honest and transparent with the local community	Managed By	Angela Wilson	
		Assigned To	Amanda Coulthard	
Progress of Linked Actions	CS/15-16/CCS/05 Implement a single approach to performance management		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/06 Implement the neighbourhood management approach across West Dunbartonshire		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/07 Implement an accessible and customer focused model of customer service		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/09 Improve complaints processes and responsiveness leading to an outcome focused service		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/CCS/10 Strengthen our approach to community empowerment through engagement and involvement of communities		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/COMS/02 Provide an effective press office service that promotes Council achievements and protects the organisation against unfair criticism		<input type="text" value="0%"/>	Corporate Services
	CS/15-16/FAR/07 Ensure structures and processes best meet customer needs and are consistent with the customer service's strategy		<input type="text" value="0%"/>	Corporate Services

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

Appendix 2

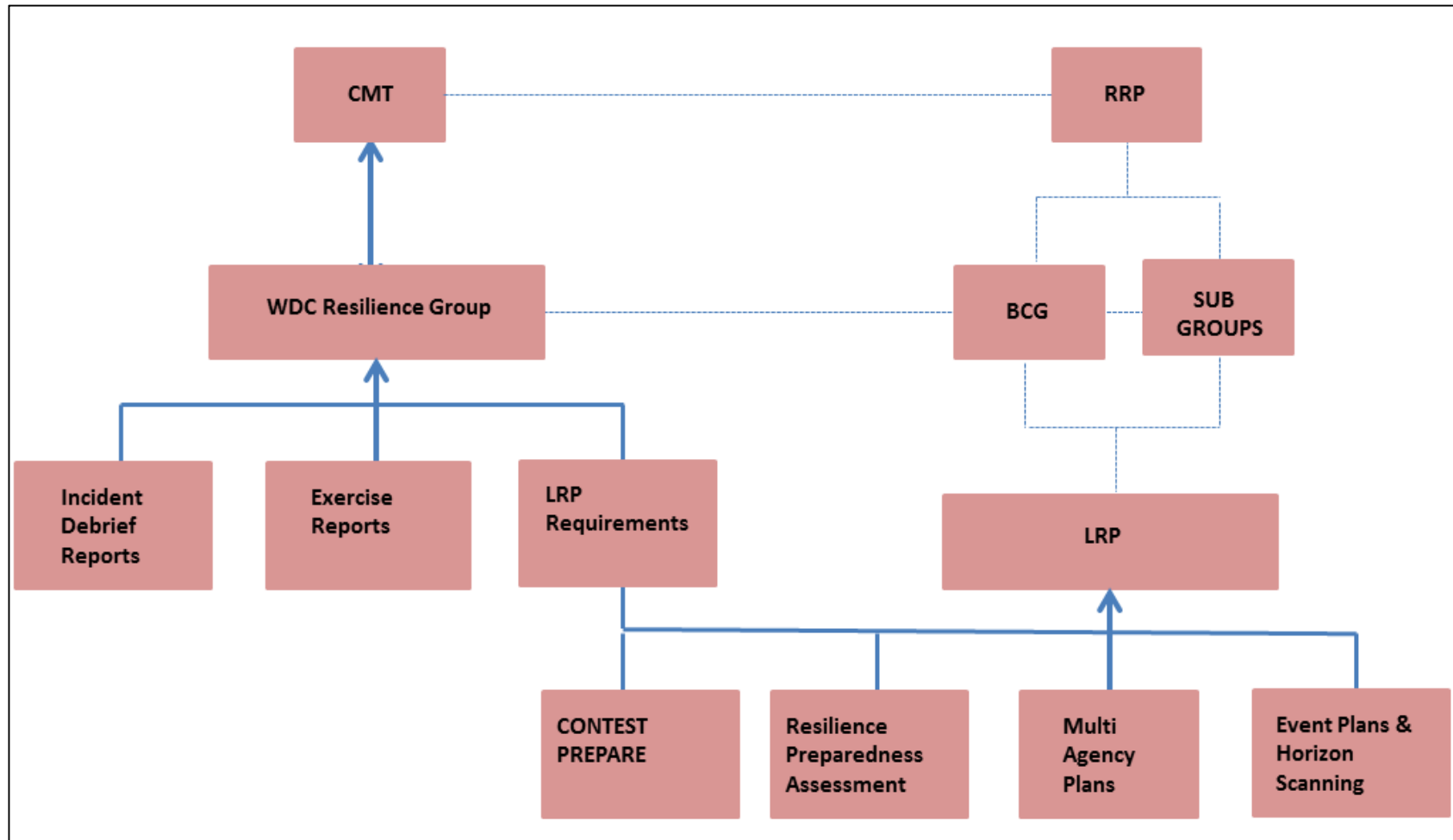
West Dunbartonshire Council Resilience Plans Review and Exercise Schedule

Serial	Level	Plan	Owner	Review Frequency	Last Updated	Last Exercise and type	Comments
STATUTORY HIGHER TIER COMAH OFF SITE MULTI AGENCY PLANS AND MULTI AGENCY INCIDENT RESPONSE GUIDES (MAIRGS)							
1	RRP	Dalmuir Warehouses	WDC	3 Yearly	Jul 13	Feb 13 Table Top (TT)	Chivas/LRP desire to attempt CP Ex at Scottish Fire & Rescue Service (SFRS) College at Cambuslang for Dalmuir/Dumbuck sites in Feb 2016.
2	RRP	Dumbuck Warehouses	WDC	3 Yearly	Jul 13	Feb 13 (TT)	
3	RRP	NUSTAR Energy Depot	WDC	3 Yearly	Jun 14	Jan 14 (TT)	
NON STATUTORY LOWER TIER COMAH OFF SITE MULTI AGENCY MAIRGS							
4	LRP	Loch Lomond Distillery	WDC	3 Yearly	Dec 14	N/A	
5	LRP	Auchentoshan	WDC	3 Yearly	Draft	N/A	Awaiting Site to return invitation
6	LRP	Dillichip Warehouses	WDC	3 Yearly	Mar 15	N/A	
NON STATUTORY CONTEST MULTI AGENCY MAIRGS							
7	LRP	Cameron House	WDC	Annual	N/A	N/A	To be produced in 2015
8	LRP	Lomond Shores	WDC	Annual	N/A	N/A	To be produced in 2015
9	LRP	Balloch Nightclubs	WDC	Annual	N/A	N/A	To be produced in 2015
10	LRP	Cheers Nightclub	WDC	Annual	N/A	N/A	To be produced in 2015
11	LRP	Clyde Shopping Centre	WDC	Annual	N/A	N/A	To be produced in 2015
12	LRP	Empire Cinema	WDC	Annual	N/A	N/A	To be produced in 2015
13	LRP	Golden Jubilee Hosp	WDC	Annual	N/A	N/A	To be produced in 2015
STATUTORY REGIONAL PLANS [Pipeline Safety Regulations (PSR) and Radiation Emergency Preparedness and Public Information Regulations (REPPIR)]							
14	RRP	Response Arrangements (part 1 & 2)	RRP	Annual	May 14	N/A	Regularly activated for severe weather.
15	RRP	PSR (part 1 & 2)	RRP	3 Yearly	Apr 15	2011 (TT)	
16	RRP	Clydespill	RRP	3 Yearly	Ongoing	N/A	Review Ongoing
17	RRP	Mass Fatalities (Intensive)	RRP	3 Yearly	Nov 14	N/A	Upcoming Exercise Silver Swan in August 2015.

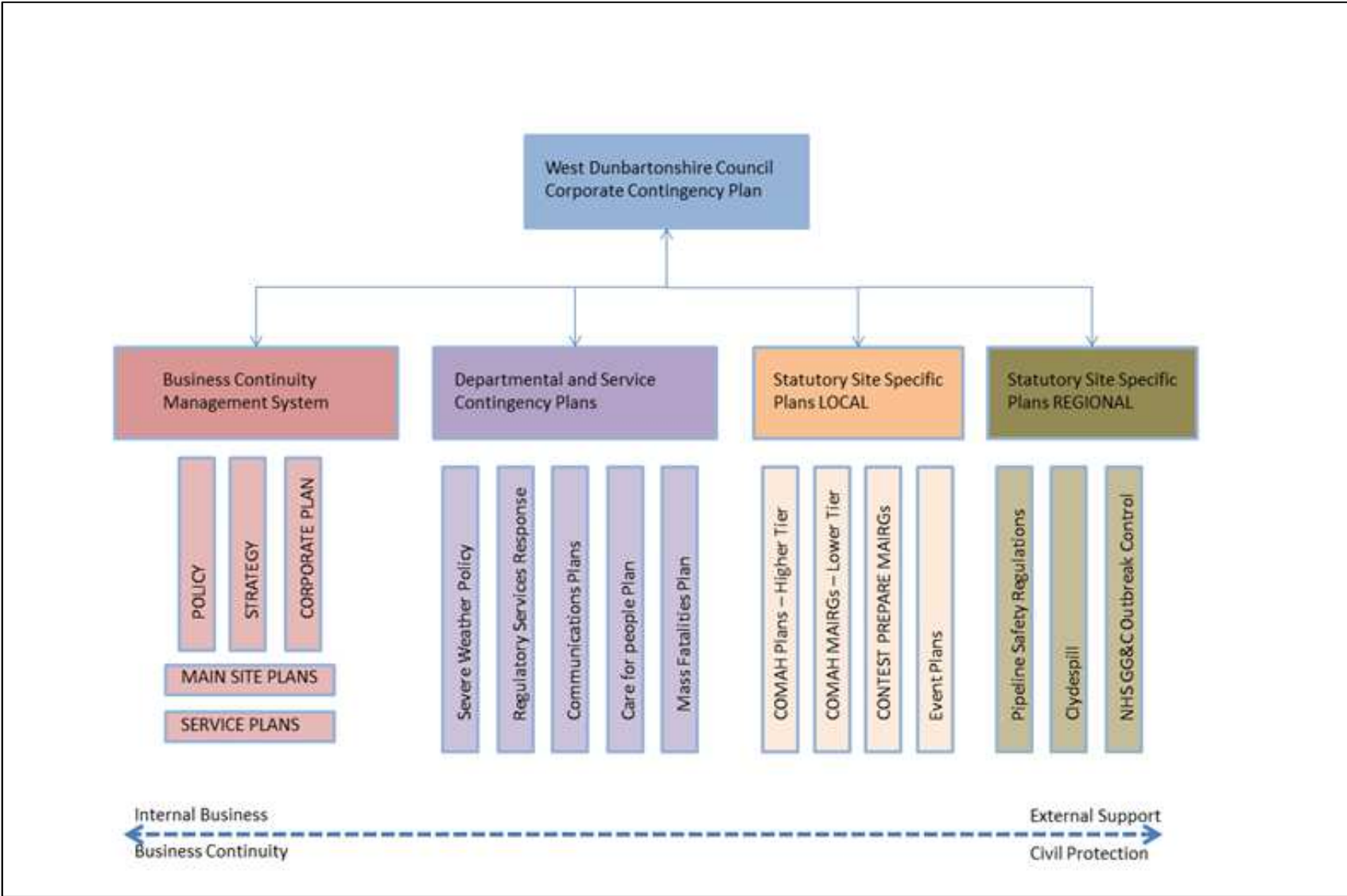
DEPARTMENTAL CONTINGENCY PLANS							
18	WDC	Corporate Contingency Plan	Resilience Officer	Annual	Jul 14	Sep 14 (TT)	
19	WDC	Regulatory Services Animal & Public Health	Reg Serv Manager	Annual	Jan 15 Draft	N/A	Awaiting completion and will follow with awareness session.
20	WDC	Care for People	Resilience Officer	Annual	Jul 14	N/A	Ongoing review post Kilbowie Court decant.
21	WDC	Winter Maintenance Strategy	Roads Manager	Annual	Oct 14	Oct 14 (TT)	Activated regularly for snow/ice and flood seminar held in Oct 14.
22	WDC	Mass Fatalities (Extensive)	Resilience Officer	Annual	Jan 15	N/A	Ongoing review following 19/12/.
23	WDC	Emergency Communications	Corporate Comms Manger	Annual	Ongoing	N/A	Action with Corporate Comms to develop.
BUSINESS CONTINUITY PLANS							
24	WDC	Corporate BCP	Resilience Group	Annual	Aug 14	Jan 15	CIO Training 1 week in June scheduled for review/update
25	WDC	Bridge Street BCP	Paula Godfrey	Annual	Nov 14		
26	WDC	ICT	Patricia Marshall	Annual	Jan 15		
27	WDC	Contact Centre	Stephen Daly	Annual	Apr 14		Follow Up Required
28	WDC	Home Care	Lynne McKnight	Annual	Aug 14		
29	WDC	Regulatory Services	Graham Pollock	Annual	Apr 15		
30	WDC	Homelessness	Janice Lockhart	Annual	Feb 14		Review scheduled May 15
31	WDC	Emergency Repairs	Martin Feeney	Annual	Jan 15		
32	WDC	Roads	Jack McAuley	Annual	Nov 14		
33	WDC	Criminal Justice	Norman Firth	Annual	May 14		Emailed 23/4/15.
34	WDC	Children's Services	Ian Smith	Annual	Feb 14		Follow Up Required emailed 23/4

35	WDC	Care Home (elderly)	Managers	Annual	Jun 14		Follow Up Required
36	WDC	Care Home (young persons)	Managers	Annual	Jul 14		
37	WDC	Consultancy Services (asbestos register)	John Corcoran	Annual	Jan 15		
38	WDC	Audit & Risk (Civil Contingencies)	Colin McDougall	Annual	Nov 14		
39	WDC	Business Support (Payroll / SWF)	Arun Menon	Annual	Nov 14		
40	WDC	Educational Services	Laura Mason	Annual	Nov 14		
41	WDC	Building Control	Pamela Clifford	Annual	Apr 15		
42	WDC	Learning Difficulties Supported Accom	David Elliot	Annual	May 14		Follow Up Required
43	WDC	Democratic Services and Elections	George Hawthorn	Annual	Apr 15		Elections Updates / Dem Serv follow up email on 23/4
44	WDC	Corporate Comms	Malcolm Bennie	Annual	Apr 14		Follow Up Required
45	WDC	Finance (municipal bank)	Gillian McNeilly	Annual	Jun 14		

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



Hierarchy of Contingency Plans within West Dunbartonshire Council.



WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 10 June 2015

Subject: The Accounts Commission Report: *Overview of local government in 2015*

1. Purpose

- 1.1** The report is to provide Members with information regarding a report recently published by the Accounts Commission.
- 1.2** The report provides the Accounts Commission's perspective on local government in Scotland based on recent audit work. It builds on previous reports (also reported to this Committee) and focuses on how Councils are responding to the pressures which were identified in the previous reports.

2. Recommendations

- 2.1** It is recommended that Members consider the attached Accounts Commission report and the recommendations contained therein.

3. Background

- 3.1** The Accounts Commission is interested in the impact of various pressures on local government and in how Councils are dealing with these pressures.
- 3.2** Over the last few years the Accounts Commission has provided an overview report which concentrated on the pressures that local government is facing and this year's report continues the series.
- 3.3** These two reports have been prepared in the context of providing elected members with some information and linking the challenges identified to the role of the Councillor.

4. Main Issues

- 4.1** The report highlights a number of key messages for local government, summarised as follows:
 - 4.1.1** Funding Pressures
Councils have seen reduced spending power between 2010/11 and 2013/14 whilst demand for services has increased.
 - 4.1.2** Funding Gaps between Income and Cost of Service Provision
Many councils are projecting funding gaps over future years and therefore will face tough decisions in order to balance their budgets. In order to make informed decisions Members must have a clear understanding of the current

and projected position and of the longer-term impact of decisions on services and finances to ensure financial sustainability.

4.1.3 Successful Financial Management

The view is that Councils have been successful in managing financial pressures so far with Performance Information showing services being wither maintained or improved. Public performance reporting is getting better, though in general Members need better financial and service information to allow them to set budgets and scrutinise performance.

4.1.4 Councils reducing staff numbers

Most councils have reduced staff numbers to make savings, but the report suggests that this is not sustainable. Councils are considering new ways of service delivery to allow further efficiencies to be generated and are considering how better information and wider community views on options to improve services and save money can be provided. Councils need to implement the planned changes quickly to achieve their required savings.

4.1.5 Good Governance

With significant changes being made it is important that good governance arrangements remain in place. There is a view that not all Councils systematically review governance arrangements and changes to community planning and health and social care integration require an ongoing focus on governance particularly in partnerships working where there is a shared responsibility for good governance and a dependency in mutual trust.

4.2 The report makes a number of recommendations for elected Members to consider, as follows.

4.2.1 Assess whether they have appropriate knowledge and expertise in areas such as assessing financial and service performance to carry out their role effectively; and consider their training needs in this regard.

4.2.2 Ensure that officers provide high quality financial and performance information to support effective scrutiny and decision-making. This includes whether there is effective and up-to-date information and good use of benchmarking information.

4.2.3 Ensure they consider all practical options for service delivery to meet needs of service users and communities – within the resources available. Members should consider carefully the benefits and risks relating to each option and ensure they have sufficient information as to the potential impact of each option.

4.2.4 Ensure that Council has financial plans which cover the short, medium and longer term. The plans should set out the council's financial commitments, challenges around affordability and set out how the Council ensures a financially sustainable future over an extended period.

4.2.5 Review governance arrangements following significant changes in staff, management or political structures. This should include ensuring that the management teams have sufficient capacity to provide effective leadership and management of finances, services and improvement programmes with an approach to succession planning for senior posts.

4.2.6 Ensure that the council has a comprehensive workforce strategy to help manage planned staffing reductions while ensuring appropriate capacity to manage change and has capacity to meet increased service demands.

4.3 At Appendix 1 of the report there is a set of action points for councillors to consider as a focus for improvement.

5. People Implications

5.1 There are no personnel issues.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

7. Risk Analysis

7.1 The report from the Accounts Commission highlights the important role of councillors in financial planning and financial governance. The continued input of councillors in these processes going forward is necessary in order to provide leadership to the community and to ensure effective financial governance within the Council.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues.

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 delivering Fit for Purpose Services as the main thrust of the report considers how best to prepare and support Elected Members to undertake their role in the decision making of the Council.

Angela Wilson
Executive Director of Corporate Services

Date: 20/05/2013

Person to Contact: Stephen West, Head of Finance and Resources, Council Offices, Garshake Road, Dumbarton. Telephone 01389 737191, Email: stephen.west @west-dunbarton.gov.uk

Appendix: The Accounts Commission's overview of local government in 2015: *Responding to challenges and change*

Background Papers: Report to Audit and Performance Review Committee 29 August 2012: *An overview of local government in Scotland – Challenges and change in 2012*

Report to Audit and Performance Review Committee 22 May 2013: The Accounts Commission's overview of local government in 2013: *Responding to challenges and change*

Report to Audit and Performance Review Committee 11 June 2014: The Accounts Commission's overview of local government in 2014

Wards Affected: All wards affected.

An overview of local government in Scotland 2015



Prepared by Audit Scotland
March 2015


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

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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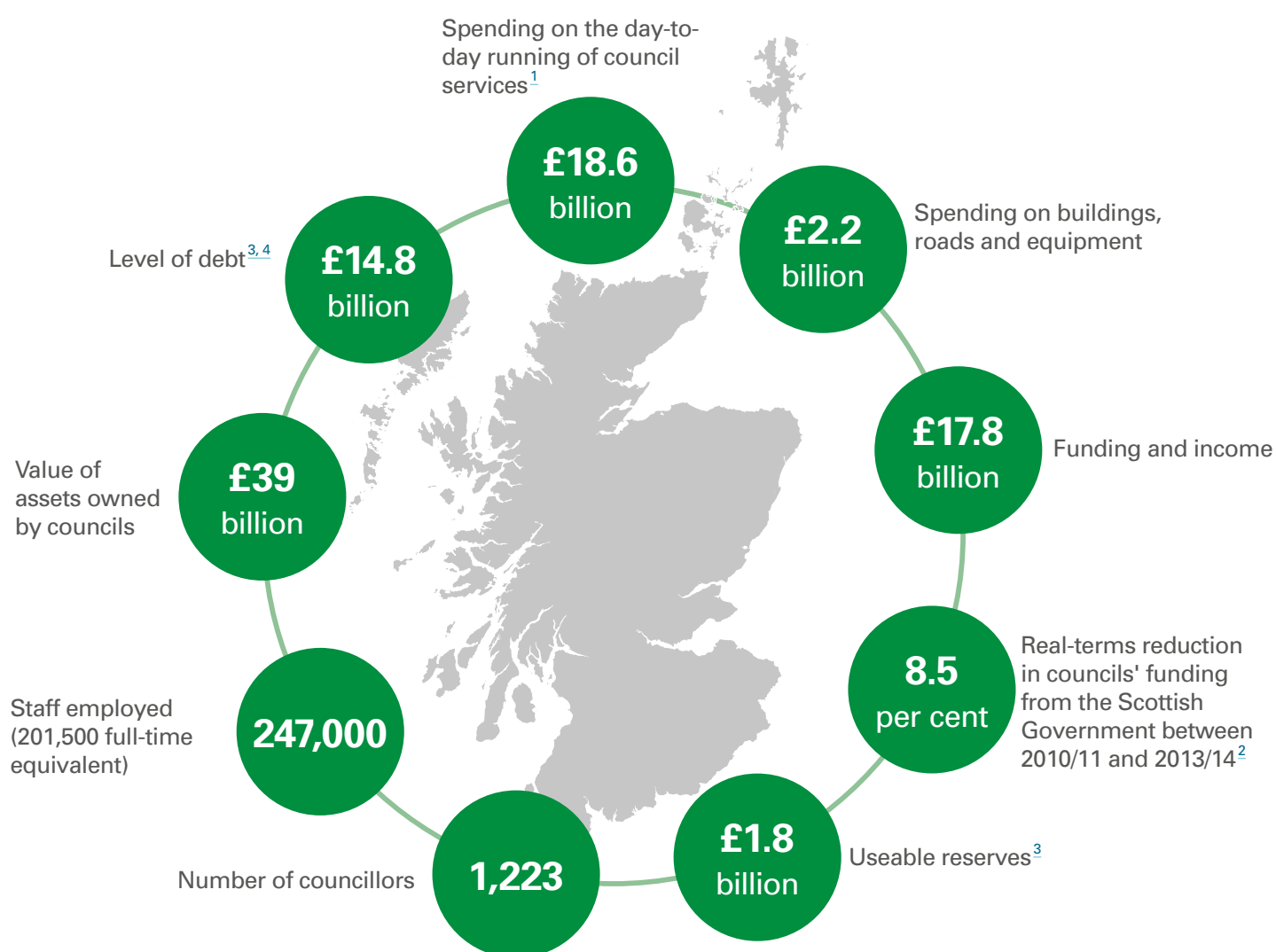
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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Key facts



Councils' accounts showed an aggregate deficit on the provision of services of £0.8 billion in 2013/14. After making adjustments, mainly to reflect the accounting rules for pensions and capital, the aggregate amount held by councils in usable reserves was almost the same as it was at the end of 2012/13. Unuseable reserves fell by £0.8 billion.

Notes:

- 1: The Police and Fire Reform (Scotland) Act transferred responsibility for police and fire and rescue services from councils to the Scottish Government, creating new national services from April 2013. We have excluded police and fire data from figures prior to 2013/14 but some expenditure cannot be separately identified so trend information should be treated with caution.
- 2: This figure is in real terms, that is, taking inflation into account. We note in the report wherever we have adjusted figures to reflect inflation, particularly when stating the percentage increase or decrease compared with previous years.
- 3: Reserves and debt figures exclude Orkney and Shetland Islands councils, which hold large reserves and balances arising mainly from harbour and oil-related activities.
- 4: Total level of debt includes £12.1 billion of borrowing for investment in councils' assets, eg buildings, roads and equipment, and £2.7 billion of other debt (ie, Private Finance Initiative (PFI) and Non-profit Distributing (NPD) contracts) for investment in capital projects, mainly schools.

Chair's introduction



For the last five years councils have had to cope with managing austerity, reducing resources, increasing demand for services, and ever increasing public expectations. The Accounts Commission recognises the achievements of councils – both councillors and officers – in meeting these challenges to date.

Councils tell us that they should manage budgetary pressures in 2015/16 but the years beyond that pose a level of challenge not previously experienced. That is why the Commission expects councils to plan now for the period to 2017/18 and beyond, not least because of the lag time between planning and delivering. Longer-term planning is crucial in building a shared understanding among councillors of the financial position. Comprehensive and accessible financial information helps identify what needs to be done now to avoid storing up problems for the future. It also helps inform local and national discussions about the options for council services. Councils are consulting with communities and service users but the challenges ahead make it all the more important to involve communities more in planning and delivering services.

Added to financial pressures is the challenge for councils in establishing effective health and social care partnerships with their health colleagues. This is the most significant change in the public service landscape in Scotland in recent years. There are clear lessons to be learned from our audit of community planning partnerships about the importance of councils and health boards investing time in building mutual trust and leadership capacity if these partnerships are to be successful from the outset.

In last year's overview report, the Commission said that in this complexity of change the foundation stones of good governance and accountability remain constant. Good governance concerns taking informed and transparent decisions which are subject to effective scrutiny. It also involves managing risk – the scale of the challenge means that councils cannot afford to be risk averse, so the focus is on being risk aware.

The public rightly expects scrutiny to be both effective and transparent. The Commission remains of the view that this will be best achieved where: the chair of the scrutiny or audit committee is not a member of the political administration; the committee has clear terms of reference, adequate support and access to independent advice; and members of the committee have the necessary skills and training to do their job. This may seem no more than an obvious statement of good practice. But where these characteristics are not in place scrutiny fails and the public interest is not met. Effective scrutiny is not just in the public interest, it is as much in the interest of the administration of a council.

In this quickly changing and challenging environment, systems and processes must be kept up to date and fit for purpose. Councillors also need to assure themselves that there is sufficient capacity within their councils to deal with day-to-day business as well as manage improvement and change. The role of chief executives, for example, is increasingly demanding. The political environment is complex, often involving coalitions, and they need to balance the task of supporting the administration and their responsibilities to the council as a whole. And because not all services are within the council's direct control, for example, where services are provided by arm's-length external organisations (ALEOs) and with the integration of health and social care services, chief executives need to build strong working relationships with partner organisations.

As with councils, the work of the Commission has evolved; for example our community planning partnership audits with the Auditor General and our new responsibility to audit health and social care partnerships. But our core role, on behalf of the public, of holding councils to account and, by doing so, helping them to improve will continue to be at the heart of our work. The Commission strongly believes that Best Value is as relevant and vital today as it was when it was introduced. The values and principles are essential to delivering the effective, high-quality public services that people expect. Councils that place Best Value at the centre of all they do are best placed to deal with pressures in 2015 and beyond.

The Commission expects councillors to use this report to assess the progress their councils are making with partners to improve outcomes and value for money for local people. We look forward to continuing to work with and support local government in meeting the challenges it faces.

Douglas Sinclair

Chair of the Accounts Commission

Summary



Key messages

- 1** Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms (allowing for inflation) to £10.3 billion. At the same time, demand for council services has increased, largely due to population changes.
- 2** Many councils are now reporting gaps between their income and the cost of providing services. With further funding reductions expected, councils face tough decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances. However, there is limited evidence of longer-term financial planning, which is critical in providing that understanding.
- 3** Councils have managed the financial pressures well so far. Available performance information indicates that services have been improved or maintained. Public performance reporting is getting better but councillors need better financial and service information to help them set budgets and scrutinise performance. All councils prepared their annual accounts on time and met the required accounting standards.
- 4** Almost all councils have reduced staff numbers to help make savings but this is not sustainable. Councils are considering ways of delivering services more efficiently and need to get better at using local data and involving service users and local communities in developing options to improve services and help save money. They must implement planned changes quickly to achieve their required savings.
- 5** Councils need to ensure that the way they manage and control their work keeps pace with the quickly changing circumstances in which they operate. There can be no compromise on the importance of good governance, particularly where there are significant changes in personnel and systems. Not all councils systematically review governance when, for example, they change staff, management or political structures, or develop new ways of financing and delivering services. Community planning and health and social care integration require an ongoing focus on governance in partnership working, where the responsibility for good governance is shared and depends on a culture of trust.


Recommendations

We make a number of recommendations intended to help councillors. With the support of council officers, councillors should assess the position in their council and, where they decide action is required, ensure the recommendations are implemented successfully.

Councillors should:

- assess whether they have appropriate knowledge and expertise, in areas such as assessing financial and service performance, to carry out their role effectively. They should review their training needs and request the training and support they require to help them consider options, make decisions and scrutinise performance
- ensure that council officers provide high-quality financial and performance information to support effective scrutiny and decision-making. This includes having relevant and up-to-date performance data and making good use of benchmarking. Performance information should also be clearly reported to the public to help them understand their council's performance
- ensure that councils, when developing their priorities, use local socio-economic data and work with service users and local communities to understand their needs and explore ways of meeting them. Council budgets should then be targeted towards agreed priorities, including those designed to prevent or reduce service demand in future
- ensure that they consider all practical options for delivering services to meet the needs of service users and local communities, within the resources available. They should consider carefully the benefits and risks related to each option and make sure they receive information about the impact of the option they choose, including monitoring the risks associated with change
- ensure that their council has financial plans covering the short term (1-2 years), medium term (3-5 years) and longer term (5-10 years). These plans should set out the council's financial commitments, identify any challenges with the affordability of services and set out clearly how the council ensures its financial position is sustainable over an extended period
- review their council's governance arrangements following significant changes in staff, management and political structures. This includes ensuring their current management teams have the skills and capacity to provide effective leadership and management of finances, services and improvement programmes, and having succession plans for when senior managers retire or leave the council
- ensure their council has a comprehensive workforce strategy to help manage the impact of staff reductions. The strategy should ensure that the council retains the ability to make changes and improvements, and is equipped to meet increased demand for services in the context of financial pressures

About this report

1. This report draws on the findings from local government audit work in 2014 and provides a high-level, independent view on how councils are managed and perform. This includes audits of financial statements, Best Value, community planning partnerships (CPPs) and performance. Reports on individual councils' 2013/14 audits are available on [Audit Scotland's website](#) .

2. The report is primarily for councillors, as a source of information and to support them in their complex and demanding role:

- **Part 1** reviews the financial context in which councils are operating. It highlights the overall financial position and pressures on budgets.
- **Part 2** looks at how councils are managing the financial challenges. It highlights what councils and their partners need to do to help deal with the ongoing and increasing pressures they will face in 2015/16 and following years.

3. Exhibit 1 (page 10) provides a summary of the main issues covered in this report.



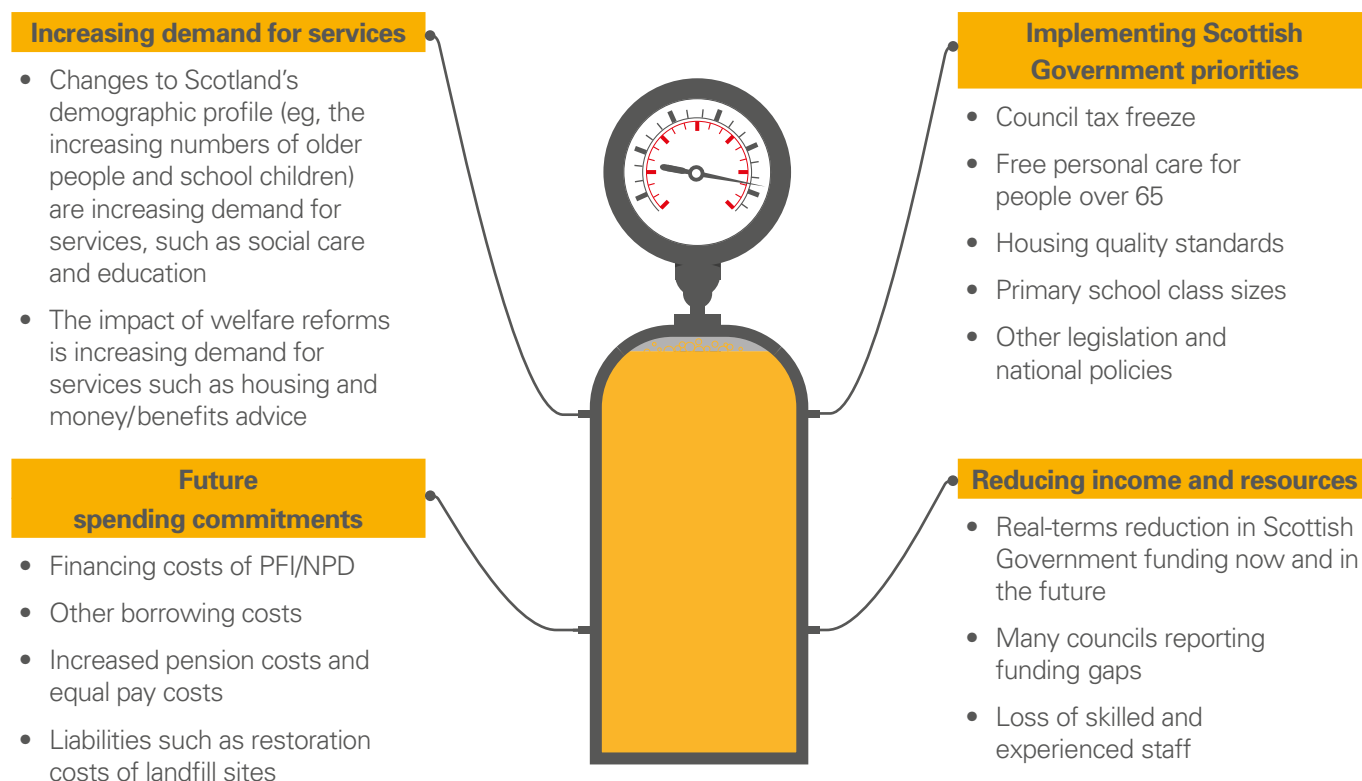
4. Our website contains a [Supplement: Self-assessment tool for councillors \[PDF\]](#)  to help them implement the recommendations we make in this report. We have also provided [a map \[PDF\]](#)  showing the 32 councils and key facts about each.

Exhibit 1

Local government overview 2015

Councils face increasing demand and resource pressures. They need to have the right information, skills and processes to help deal with the pressures in the future.



Points for action for councillors in 2015/16

Having the right information

Councillors should ensure that:

High-quality financial and performance information is made available to support effective scrutiny and decision-making and to report to the public

Their council uses local socio-economic data and involves service users and local communities to understand their needs and explore ways of meeting them. Council budgets should be targeted towards agreed priorities

Their council has a long-term (5-10 years) financial plan and plans covering the short (1-2 years) and medium (3-5 years) term, setting out financial commitments and how the council ensures its financial sustainability

Their council has a comprehensive workforce strategy to help manage the impact of staff reductions

Having the right skills and processes

Councillors should:

Review personal training needs and, where necessary, request training and support to develop knowledge and expertise in, for example, assessing financial and service performance

Consider all practical options for delivering services to meet the needs of service users and local communities, within the resources available. Consider carefully the benefits and risks and the full impact of each option

Review governance arrangements following significant changes in staff, management and political structures and when working with partners

Satisfy themselves that their council's management team has the skills and capacity to provide effective leadership and management of finances, services and improvement programmes

Part 1

The financial context



Key messages

- 1** In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms (allowing for inflation), to £10.3 billion. Further reductions in the Scottish budget are likely, particularly in 2016/17 and 2017/18.
- 2** Councils deliver a wide range of local services. Demand is rising because of population changes, in particular demand for services for older people. Alongside this, councils deliver national policies such as those relating to school class size targets and housing quality standards and by deciding to freeze council tax levels.
- 3** There are other matters which potentially place pressures on councils' finances for example, increasing borrowing costs, equal pay claims and welfare reforms. Almost all councils are now predicting a gap between their income and the cost of providing services.

Councils' funding is decreasing in real terms, so it is important that they consider options to increase their income

4. Scottish councils' total income in 2013/14 was £17.8 billion. The majority of this comes from Scottish Government funding and the rest comes from council tax, fees for services they provide and housing rents ([Exhibit 2, page 12](#)). Councils' share of the Scottish budget has remained relatively constant over the last few years. However, in the context of overall reductions in public sector budgets the amount of funding that councils receive from the Scottish Government has gone down. In 2013/14, the Scottish Government allocated £10.3 billion to councils. This is 8.5 per cent lower, in real terms, than in 2010/11.

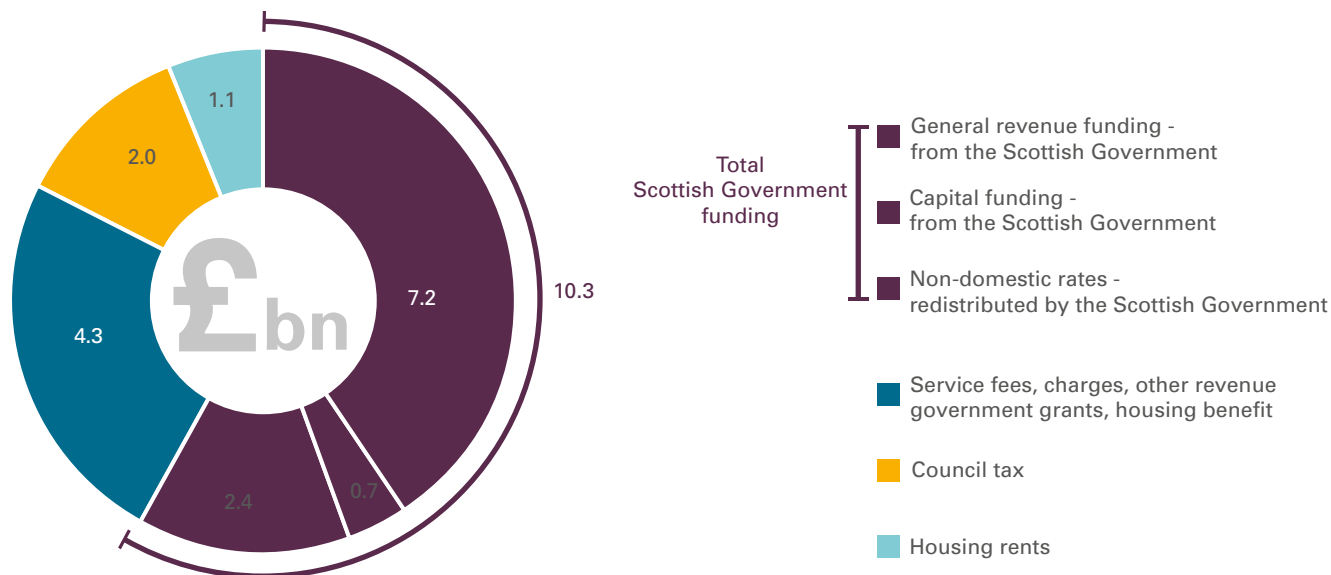
5. Due to differences in services and funding, direct comparison with the position in England is not possible. However, it is clear that councils in England have faced more severe cuts; between 2010/11 and 2015/16 the UK Government will have reduced its funding to English councils by 37 per cent, in real terms.

**councils
continue
to face
increasing
challenges to
their financial
sustainability**

Exhibit 2

Council income in 2013/14 (£ billion)

Funding from the Scottish Government totalled £10.3 billion.



Notes:

1: Figures add to £17.7 billion, rather than £17.8 billion, due to rounding.

2: For the first time in 2013/14, councils received the council tax benefit element of their council tax income directly from the Scottish Government as part of the general revenue funding. This amounted to £351 million, effectively bringing the total income from council tax to £2.4 billion.

Source: Councils' audited annual accounts, 2013/14

6. Most of the 2013/14 Scottish Government funding (£9.6 billion) was for the day-to-day running of council services, including staff salaries. This is known as revenue funding. This is distributed to councils based on a range of indicators, including population, deprivation and pupil numbers. The remainder (£0.7 billion) was to buy, build or refurbish assets, such as buildings, roads and equipment. This is known as capital funding. Between 2010/11 and 2013/14, budgeted revenue funding from the Scottish Government decreased by seven per cent and capital funding by 33 per cent, both in real terms ([Exhibit 3, page 13](#)).¹ Capital funding is set to rise again in 2014/15 and 2015/16.

Councils have relatively limited scope to increase their income

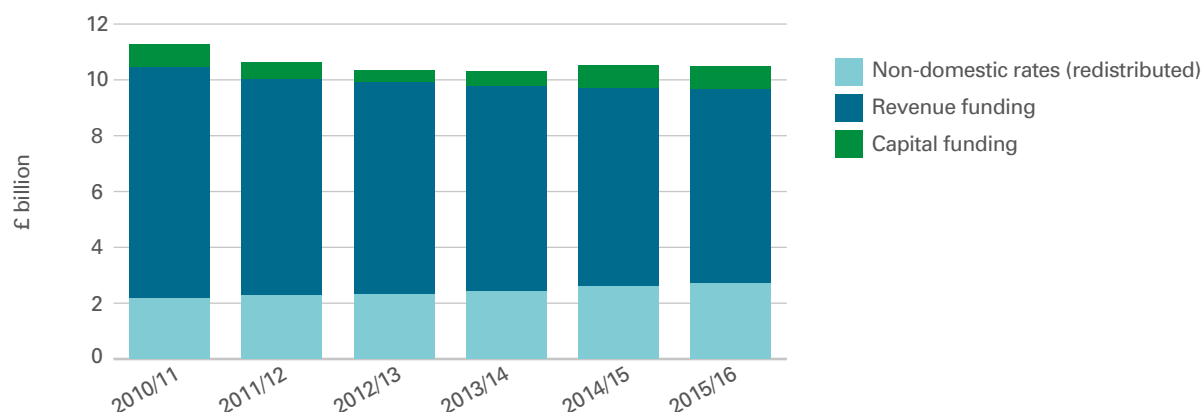
7. Less than a third of councils' total income is within their direct control. They must set the rate of council tax, determine rent levels for council tenants and decide whether, and how much, to charge for specific services, such as some social care services and parking. However, there are limitations. For example, councils have agreed to freeze council tax in exchange for additional funding from the Scottish Government. Councils improved their council tax collection rates to over 95 per cent in 2013/14, increasing council tax income by nearly one per cent since 2012/13 (in real terms).

8. Councils also have relatively little control over local business tax income, known as non-domestic rates (NDR). The Scottish Government sets the annual business tax rate, councils collect the money from local businesses and the Scottish Government redistributes the money as part of its funding allocation to councils.

Exhibit 3

Trend in budgeted revenue and capital funding from the Scottish Government (real terms)

Total funding from the Scottish Government has fallen by 8.5 per cent in real terms between 2010/11 and 2013/14, seven per cent in revenue funding and 33 per cent in capital funding.



Notes:

- 1: Budgeted figures differ slightly from the actual amount of funding received, due to adjustments made during the year.
- 2: All figures exclude funding for police and fire and rescue services. The budgeted revenue funding was decreased slightly in 2013/14 because councils were allowed to keep 49 per cent of reserves for police services and 100 per cent of reserves for fire and rescue services.
- 3: For the first time in 2013/14, revenue funding included the council tax benefit element of council tax income, amounting to £351 million.

Source: Local Government Financial Circulars, Scottish Government, 2009-15

9. Councils have more control over the income they receive from service fees and charges. Charges serve different purposes:

- They are a vital source of income for councils.
- They are used to influence behaviours – for example, low gym charges can be used to encourage exercise or car parking charges can be used to discourage people from taking their cars into city centres.

10. In the last few years, some councils have increased or introduced new service charges. However, councils have to consider the benefits that the extra income brings alongside the impact that higher charges have on the people using the services and the administrative cost of collecting these charges. Councils' income from fees and charges was an estimated £1.3 billion in 2012/13.²

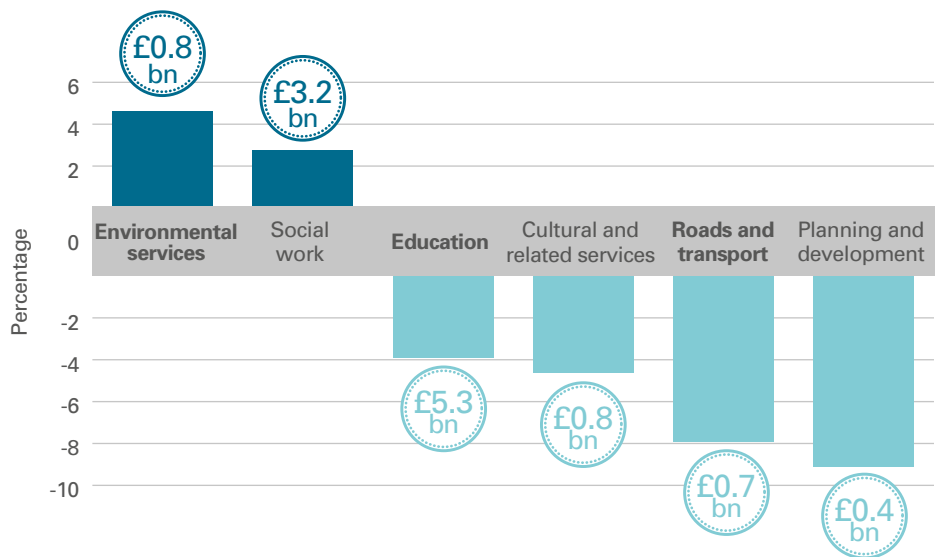
Councils have many commitments to manage within reduced budgets

Over half of councils' spending is on education and social work

11. Councils spent a total of £18.6 billion on delivering services in 2013/14. This was a slight increase, in cash terms, compared to 2012/13 (£18.5 billion), but a real terms decrease of one per cent. The largest proportion of this spending was on education (30 per cent), followed by social work services (22 per cent).

Spending on most of the main services has fallen since 2010/11, except on social work and environmental services ([Exhibit 4](#)). Some of the smaller services, in terms of net spending, have generally experienced a higher percentage of budget reductions. The increase in social work spending is due in part to increased spending on care for older people, reflecting the population trend. The net increase in environmental services is due mainly to changes in the way that some trading activities are reported in councils’ accounts, and a new accounting requirement to plan for the costs of restoring landfill sites.

Exhibit 4
Percentage change in net spending per service, between 2010/11 and 2013/14 (in real terms)
Percentage changes in spending vary between services.



Note: Figures in circles show net spending per service in 2013/14 before accounting adjustments are made.

Source: Councils’ audited annual accounts, 2013/14

12. Councils deliver a wide range of public services. Some of these services and functions are more prescribed in legislation than others, but councils generally have discretion on the level of services they provide and how they provide them. For example, legislation states that councils must provide education for all children aged between five and 16 years old, and sets rules and targets about teacher numbers, their professional qualifications, class sizes and the curriculum. However it does not prescribe, for example, how many hours of education children must receive or how many days they should be in school; councils have the discretion to decide this.

Councils' decisions about how they deliver national and local policies affect their financial commitments

13. The Scottish Government depends on councils to implement a number of its national policies, including:

- reducing the number of pupils in each primary school class
- delivering free personal care for older people
- maintaining the freeze on council tax
- meeting the Scottish Housing Quality Standard ([Exhibit 5](#)).

Exhibit 5

The Scottish Housing Quality Standard (SHQS)

Councils expect to spend over £850 million to bring their houses up to standard.

The Scottish Government introduced the SHQS in February 2004 and it is the principal measure of housing quality in Scotland. It has set a target for landlords, including councils, to bring the quality of their housing stock up to the standards described in the SHQS, where it applies, by April 2015. In 2012/13, councils brought 13 per cent of their houses up to the standard but 22 per cent of houses still did not comply, mainly because the houses did not meet energy efficiency standards. Councils predict that it will cost a total of £853 million to bring all their housing stock up to standard.³ This includes £302 million already spent in 2012/13 and predicted spending of £551 million between April 2013 and March 2015.

Source: Audit Scotland

14. National policies commit councils to spending in these areas although, in some cases, the Scottish Government provides extra funding for councils to help them implement the policies. For example, since 2011/12 the Scottish Government has made available an additional £70 million a year to councils if they decide to maintain council tax at the same level it was in 2007/08.


15. As well as national policies, councils make local commitments that they must also manage within their budget. For example, some councils have policies against compulsory redundancy. This restricts their ability to manage changes or reductions to their workforce and make associated savings. Councils also have to deal with commitments from past decisions, such as equal pay claims. In 2013/14, 20 councils settled claims worth £73.2 million. This is more than in 2012/13 (£32 million). The cumulative amount paid in equal pay settlements to March 2014 is £580 million. Councils have set aside a further £108 million to meet expected future claims.

16. In addition to upgrading their housing stock to meet the SHQS, councils need to ensure that other assets used to deliver services are fit for purpose. They do this through a programme of capital investment. This includes spending money on new buildings, such as schools, and on maintaining and repairing existing assets, including local roads. Improving facilities, buildings and other assets can help councils deliver services more efficiently and effectively and enhance people's experiences of council services. Councils' capital spending in 2013/14 was £2.2 billion, with £0.7 billion coming from Scottish Government funding and the remaining £1.5 billion funded mainly by borrowing.

17. Twenty-six councils reported that they had underspent against their 2013/14 capital budgets. The level of underspend varied widely, from around one per cent of budget in the City of Edinburgh Council to 45 per cent in Aberdeen City Council and 46 per cent in East Dunbartonshire Council. Reasons for the underspend in Aberdeen City Council include unexpected withdrawal of, or delays caused by, external partners in projects to develop new waste management facilities, build a new bypass (the Western Peripheral Route) and introduce hydrogen-powered buses. In East Dunbartonshire Council the main reason for the underspend was a decision not to proceed with building new office and depot accommodation when further investigation at the chosen site found it to be unsuitable. There are many other reasons why councils spend less than planned on their capital programmes, including delays in starting or progressing projects. Ongoing underspending may mean that councils do not have the most appropriate assets in place to deliver services effectively.

Most councils are reporting funding gaps

18. Financial sustainability is about balancing spending and income over time. Growing demand for services and expected reductions in funding have led many councils to report a funding gap in 2015/16 and beyond. The funding gap means that, to pay for services, councils will have to increase their income, improve efficiency, divert money from lower priority services, or a combination of these. If they are unable to do this they will have to use some of their reserves, although this is a short-term option. Many councils have reported funding gaps, but over different time periods. For example, North Lanarkshire Council predicted a gap of £62.4 million over three years to 2015/16 and Fife Council predicts a gap of £77.2 million in 2017/18.

19. It is not clear if councils' planned savings will be enough to cover the reported gaps in funding or if they will need to make more savings. This is the case, for example, for the City of Edinburgh Council. Our [Best Value report \[PDF\]](#)  found that the council needs to make recurring annual savings of £138 million by 2017/18. It also highlighted that there is a gap of £67 million between the savings the council needs to make in 2017/18 and those it has already identified in its financial plans.⁴ At the start of 2015 the council was considering options to bridge the £67 million gap, including working with voluntary groups to save £10.8 million a year and reducing its workforce by 1,200 staff (full-time equivalent (FTE)).⁵

20. The challenge for councils is to implement strategies that bridge the funding gaps. Almost all councils' auditors have indicated risks to councils' financial positions in the medium to long term. Specific risks identified by auditors include councils:

- spending more money than they planned
- not making the savings they planned
- having to compromise unexpectedly on the quality of services they deliver, without having worked with service users to review and evaluate other options
- being unable to meet the increasing demand for services
- not having enough money in their reserves that they can use, if required.

Service users and local communities will suffer if important services are affected because councils fail to secure financial sustainability over an extended period of time.

Reserves are available but councils can only use this money once

21. Councils hold useable reserves to help them manage unpredictable financial pressures and plan for their future spending commitments. Councils had a total of £1.8 billion of useable reserves at 31 March 2014. This was a small decrease of two per cent in 2013/14, a change in the trend of increasing reserves in recent years ([Exhibit 6, page 18](#)).

22. Useable reserves are made up of different funds, including general, capital, housing etc. In 2013/14, general funds accounted for over half (£1.03 billion) of councils' total useable reserves. Councils allocated most of their general funds (£0.71 billion or 69 per cent) for specific purposes, such as modernisation initiatives and local development projects. The remainder (£0.32 billion or 31 per cent) of councils' general fund reserves was unallocated. Councils usually hold unallocated reserves as a contingency to help deal with unforeseen events such as rising interest rates, delays in receiving payments, relieving the pressure on demand-led services, or other unplanned spending.

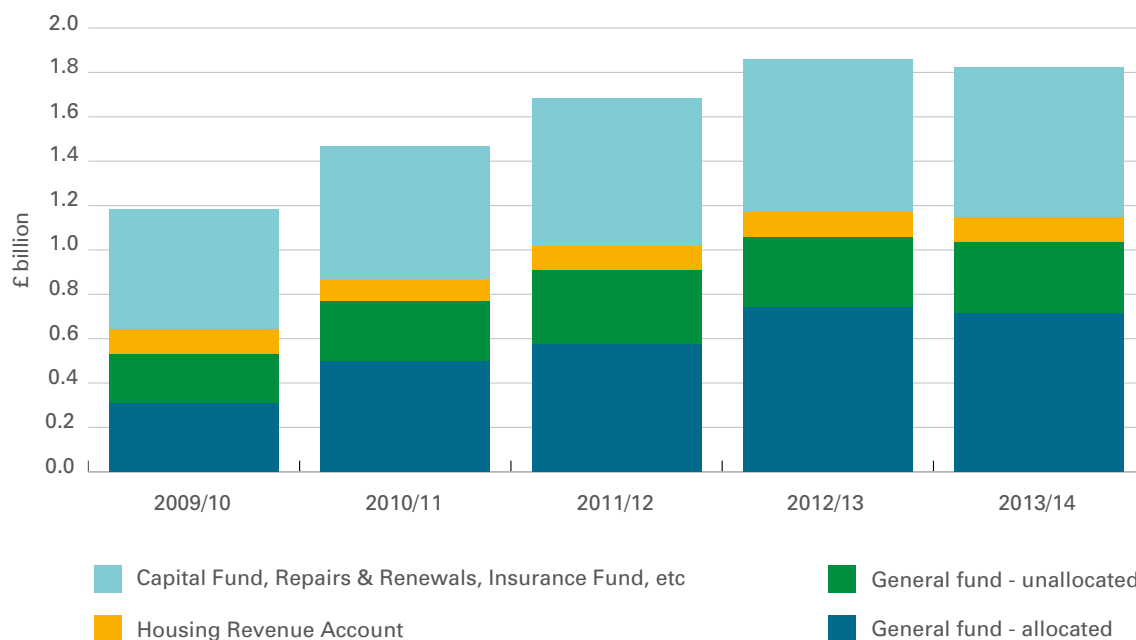
23. Councils need to consider both their level of reserves, and how they plan to use them, when developing financial plans and setting annual budgets. The chief financial officer (see [paragraph 77](#) for more information about this role) is responsible for advising the council on the level of reserves it should hold and ensuring that there are clear procedures for keeping and using reserves.

24. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the chief financial officer should take account of the strategic, operational and financial risks facing the council, when deciding the appropriate level of unallocated reserves.⁶ Auditors reported that not all councils carried out a formal risk analysis to determine the appropriate level of reserves. Most councils had a policy to maintain unallocated general fund reserves at around two to four per cent of their net spending on services.

Exhibit 6

Councils' useable reserves from 2009/10 to 2013/14

Usable reserves stopped increasing in 2013/14 after three years of growth.



Note: Figures exclude Orkney and Shetland Islands councils, which hold large reserves and balances arising mainly from harbour and oil-related activities.

Source: Councils' audited annual accounts, 2009/10 to 2013/14



25. Councils can use their reserves to help deliver services. But they can only use them once. Reserves cannot help councils deal with budget gaps in the longer term. Twenty councils reduced their level of useable reserves in 2013/14, 11 councils increased their level and one council's level remained the same.

26. Councils also have other reserves that are not available to spend on providing services (known as unuseable reserves). These are the result of accounting practice to comply with financial reporting standards. Unuseable reserves increase and decrease to reflect updated estimates of the current value of certain council's assets and liabilities, including the value of pensions that the council will have to fund in future.

Further budget reductions are expected and demands for services are increasing

27. The Scottish Government's funding for councils in 2014/15 is £10.8 billion. This is an increase of 2.1 per cent in real terms, compared to 2013/14. In 2015/16, funding is expected to increase by a further 1 per cent in cash terms to £10.9 billion. This is a decrease of 0.5 per cent in real terms. Councils expect further reductions in funding from the Scottish Government, particularly in 2016/17 and 2017/18. The UK Office for Budget Responsibility indicated that UK expenditure could be cut by 6.4 per cent in 2016/17, 4.9 per cent in 2017/18 and 1.9 per cent in 2018/19 and 2019/20 (in real terms).⁷ If this is reflected in the UK Government's budget allocation to Scotland, the Scottish Government faces further difficult decisions about how much funding to allocate to councils alongside its other responsibilities and priorities.

28. In addition to reduced funding, councils face other pressures as demand for services continues to increase. The increasing demand for services is largely due to changes in the population, which is increasing by about 0.2 per cent a year. People are also living longer; the percentage of people aged 65 or over is projected to increase from 17 per cent in 2012 to 25 per cent by 2037 ([Exhibit 7, page 20](#)). An older population has implications particularly for social care and housing services. For example, analysis by Midlothian Council suggests that without a significant shift in the way services are provided there will be a need for an estimated 300 additional care home places, at a cost of £6 million a year, due to its increasing older population.

29. The growing population can also affect councils' education services. The number of children aged 0-15 years across Scotland is predicted to rise by 5.5 per cent by 2037. Between 2014 and 2018, the number of primary school pupils is expected to go up by 3.9 per cent. The position across Scotland varies widely. For example, Aberdeen, Glasgow and Dundee City councils have predicted increases of 20, 13 and 11 per cent respectively. Clackmannanshire, East Renfrewshire and Stirling councils have predicted decreases of between three and four per cent.⁸ For those councils most affected by the increasing number of pupils there are pressures on:

- revenue budgets, for example paying for teachers' salaries
- capital budgets, for example building and refurbishing schools.

In council areas where numbers are falling, councils must monitor the impact of this on their required resources, such as staff, buildings, facilities and transport.

An increasing proportion of councils' budgets will be required to repay debts and other financial commitments

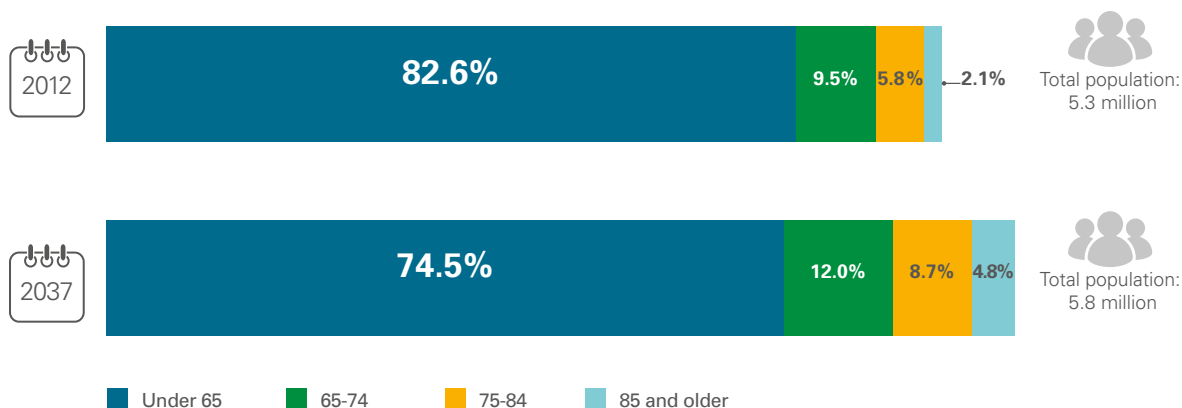
30. As councils make decisions on how to allocate their reduced budgets, they need to be clear about both their short and long-term liabilities. For example, since 2000/01 councils have financed around £4 billion of capital projects using Private Finance Initiative (PFI) and Non-Profit Distributing (NPD) contracts, mostly for new and refurbished schools. Capital projects funded through PFI and NPD generally do not involve using a council's capital budget. Instead, the project costs are met upfront by private sector contractors and the council meets the cost of this, typically over 20 to 30 years, through ongoing revenue payments. Payments to the contractor include repaying the cost, plus interest, of building the asset along with any related services, such as ongoing maintenance and service management costs. Under these contracts councils are committed to paying nearly £17 billion in total. Councils have paid £3.4 billion already and must pay a further £13.4 billion between 2014/15 and 2041/42 ([Exhibit 8, page 20](#)).

31. In addition to PFI and NPD, councils have borrowed £12.1 billion to finance investment in assets. The current value of councils' assets is £39 billion. Borrowing helps councils spread the cost of building and refurbishing their assets over a number of years. However, it means that councils commit a proportion of their future budgets to financing charges, that is repaying debt and interest. Annual interest and debt repayments on borrowing have increased from £946 million in 2009/10 to £1.5 billion in 2013/14. Repayments for current PFI and NPD contracts totalled £488 million in 2013/14 and are predicted to peak at around £600 million a year between 2024/25 and 2027/28. Higher financing commitments leave councils with less money available to spend on the other day-to-day costs of running services.

Exhibit 7

Scotland's population is changing

The percentage of the population aged 65 and over is expected to increase considerably.

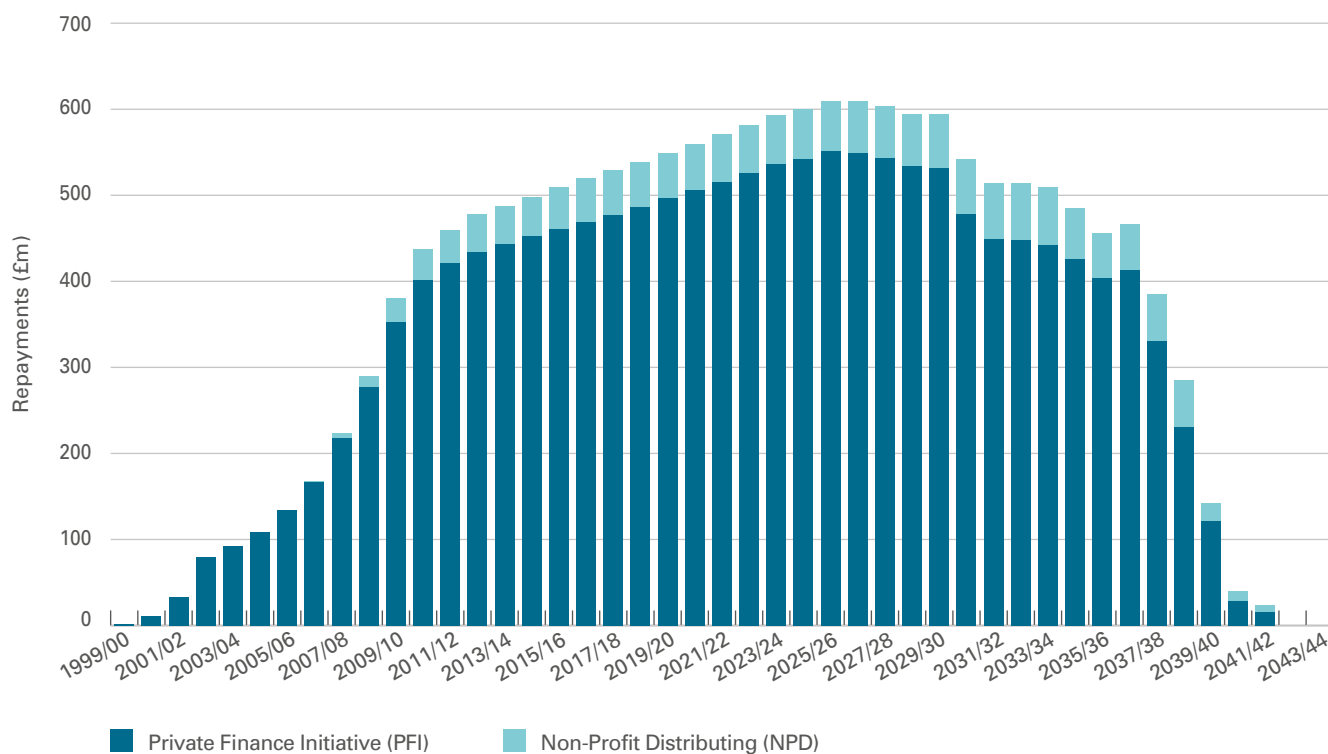


Source: *Projected Population of Scotland (2012-based), National Records of Scotland, 2013*

Exhibit 8

Private Finance Initiative (PFI) and Non-Profit Distributing (NPD) payments, 1999/00 to 2043/44

Councils' committed payments on current PFI and NPD contracts continue to rise until 2026/27.



Note: These figures do not take inflation into account.

Source: Audit Scotland, from HM Treasury (2014) Private Finance Initiative Projects: current projects as at 31 March 2014



32. Population projections indicate that there will be increasing demand for council services at the same time as financing charges are anticipated to peak. These longer-term challenges further support the case for longer-term financial planning ([paragraph 69](#)). Our report on borrowing and treasury management, which we will publish in March 2015, will consider whether councils can demonstrate that their borrowing is affordable and sustainable in the long term.

There are a range of other matters affecting councils' finances

33. The Welfare Reform Act 2012 is the biggest reform of the UK welfare system for 60 years and is expected to have significant implications for households and councils. The reforms include introducing a cap on the amount of benefits that people can claim. The impact on people's ability to pay what they owe in housing rent, council tax and other fees and charges is not yet clear. Councils paid £29.4 million in government-funded Discretionary Housing Payments to people who needed help to pay their rent in 2013/14. However, housing rent arrears also increased by 24 per cent between 2012/13 and 2013/14 and this may, in part, be a result of welfare reforms. The full impact of welfare reforms will not be known for some time. The reforms may create greater demands on services if more people are in debt or in need of suitable council homes.

34. Auditors report that, so far, councils are managing the impact of welfare reform and many are spending money on support for people affected, including:

- establishing working groups to coordinate help and support
- creating specific funding pots to help people in need
- setting up telephone hotlines to deal with queries and offer advice
- providing information on their websites.

35. Councils face increased costs when they implement some national policies and legislation, such as self-directed support and the Children and Young People (Scotland) Act 2014.⁹ The Scottish Government includes additional costs in the general funding it gives councils. For example, the costs associated with implementing the Children and Young People (Scotland) Act 2014 are estimated at £79.1 million in 2014/15. These are expected to rise to £138.9 million in 2016/17, and then decrease to £108.9 million by 2019/20.¹⁰ The estimated costs largely relate to two of the proposals, both of which are mainly councils' responsibility to implement:

- providing a single point of contact (a named person) for every child in Scotland
- increasing the amount of free early learning and childcare.

36. Councils are also facing other potential financial liabilities. For example, councils must pay the costs of restoring landfill sites used for waste disposal; some may have to pay for restoring open cast mines previously owned by companies that no longer exist; or spend money they did not plan to on paying staff for underpaid holiday pay.

Further changes are expected that may affect councils' finances

37. Councils are likely to face increased costs due to changes in pension schemes. These changes mean that members of workplace pension schemes and their employers no longer pay reduced National Insurance contributions from April 2016. Councils need to be sure that their pension funds are sufficient and well managed so that there is enough money to pay current employees' pensions when they retire.

38. There are potential changes to both the council tax and NDR systems which may affect councils' income. The Scottish Government and the Convention of Scottish Local Authorities (COSLA) have set up an independent commission to examine alternatives to the existing council tax system. The commission is expected to consult with communities before recommending how to develop a 'fairer system of local taxation' to help pay for council services. The commission will report in the autumn of 2015.¹¹ In addition, the Community Empowerment Bill proposes to give councils some flexibility to control their NDR income along with the ability to set local rates to attract businesses to their area or encourage existing businesses to grow.

39. More generally, the overall environment for public finances in Scotland is changing substantially. From April 2015, new taxes on land and buildings transactions and disposing of waste to landfill come into force. The Scottish Government will also have new borrowing powers. From April 2016, the Scottish Parliament must set a new Scottish rate of income tax. In addition, the recent Smith Commission report sets out proposals by Scotland's main political parties to provide more powers to the Scottish Parliament. The proposals are extensive and include further changes to the welfare system and more financial responsibilities.¹²

Part 2

Dealing with pressures in 2015/16




Key messages

- 1** Councils have reduced staff numbers to help make savings. They have paid out £352 million in voluntary severance since 2010/11. There is an increasing risk that reductions in staff numbers, and the associated loss of skills and experience, will affect essential support services, such as HR and finance.
- 2** Despite reductions in funding, available data indicates that councils have continued to improve or maintain services. However, sustaining improvement is becoming more challenging and councils face increasingly difficult decisions about providing services.
- 3** Effective financial and performance management help councils relieve pressures through, for example, targeting resources (such as money and staff) at their priority areas, and identifying better ways to provide services. Councils need to take more account of service users' priorities and get better at using local data and involving communities in planning and delivering services.
- 4** Effective planning and budgeting help councils target resources, but there is limited evidence of longer-term financial planning. Eighteen councils do not have long-term financial plans covering a period of five or more years. This can limit how well they understand the full implications of their spending and borrowing.
- 5** Governance needs to keep pace with changes in staff, management and political structures. This applies within councils and in joint working between councils and their partners, particularly in community planning. Health and social care integration, which councils and health boards are working to implement fully by April 2016, requires effective governance arrangements for the new joint bodies.
- 6** Councillors need clear information to help them scrutinise services and make effective decisions. Good information helps councils demonstrate that they use public money properly and effectively. There has been an improvement in councils' public performance reporting. Councillors should also make sure they get the training and support they need to help them fulfil their demanding roles.

**strong
financial
management
and good
governance
are critical
to making
changes
successfully**

Savings plans are in place but councils will need to consider more fundamental changes

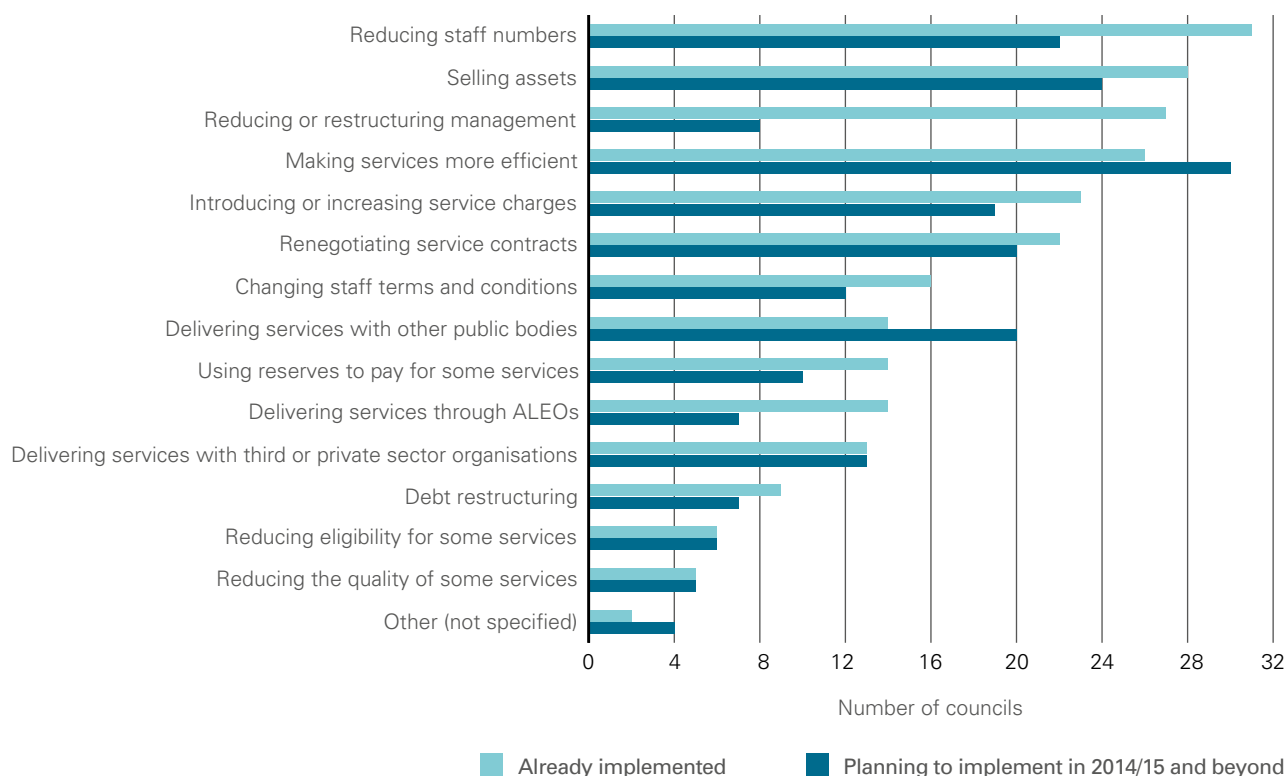
40. Councils have made savings in the last few years through various initiatives, mainly by reducing staff numbers, restructuring and reducing management, and disposing of assets such as buildings and equipment ([Exhibit 9](#)). Other sources of savings include improvements in the way councils purchase the supplies and support they need to deliver services. [Procurement in councils \[PDF\]](#)  for example, found that councils had identified procurement as a source of significant savings.¹³ During 2013/14, 23 councils reported that they were planning to make £27 million of savings from procurement. This was 13 per cent of their overall savings targets at the time.

41. To make further savings in 2014/15, most councils were planning to make their services more efficient. They were also considering new service delivery models, including working with other public bodies and setting up arm's-length external organisations (ALEOs). ALEOs are separate companies or trusts set up and fully owned by councils, but with separate financial and governance arrangements. Whatever the delivery model, councils retain responsibility for public money and the quality of services delivered.

Exhibit 9

Actions taken and planned to make savings

The three most common actions councils have taken to make savings are reducing staff numbers, restructuring and reducing management, and disposing of assets.



Source: Audit Scotland survey of council auditors, 2014


Almost all councils have reduced staff numbers to help deliver savings

42. Councils have reduced their workforce by 12 per cent since 2008, from around 228,700 to 201,500 (FTE).¹⁴ This reduction includes staff now working in ALEOs and so the actual reduction in staff providing council services will be smaller than 12 per cent. For example, 7,759 facilities management and social care staff in Glasgow City Council transferred to one of its ALEOs, Cordia. Only Aberdeenshire Council has increased its workforce since 2008, from 9,200 to 10,000 (FTE). The council attributes this to growth in demand for services as a result of a five per cent increase in the population between 2010 and 2013, and to the fact that it has not outsourced any services. At least half of councils intend to make further staff reductions in 2014/15 and beyond. For example, East Renfrewshire Council's three-year savings plan proposes a reduction of 200 posts to help close a £22 million funding gap.


43. Staff reductions have cost councils £352 million in voluntary severance payments and associated costs over the last three years (2011/12 to 2013/14). Each council produces estimates of the savings it expects to achieve from reducing its workforce. For example, North Lanarkshire Council estimated that deleting 237 staff posts in 2013/14 would cost £4.1 million for voluntary severance and early retirement, but would save £7.4 million from its staff costs each year.

44. In 2014, nearly half of councils restructured their management to save money. For example:

- Scottish Borders Council restructured its management to help bridge a £28.7 million funding gap over five years. This included appointing two new deputy chief executives and reducing the number of heads of service from 19 to 12.
- Midlothian Council reviewed its leadership and middle management structures to deliver savings of £1.3 million. This included reducing the number of heads of service from ten to eight and considering reductions in the number of middle managers, from 162 to 143.
- Highland Council has reduced the number of service directors from seven to five to help save £0.35 million a year on senior management costs from 2014/15 onwards. Since 2007, the council has reduced the number of managers by 44 posts to make annual savings of £3.25 million.

45. Although councils have reduced their staff numbers to make savings, it is crucial that they understand and manage the effect of these reductions and continue to improve or maintain the impact their services have on people's lives. Councils tell us they have tried to protect front-line staffing and concentrate the reductions among support staff and management. Our [School education \[PDF\]](#)  report found that councils' spending on education fell by five per cent in real terms between 2010/11 and 2012/13, largely as a result of employing fewer staff.¹⁵ Teacher numbers (FTE) were reduced by two per cent between 2010 and 2013. They fell further in 2014, to 50,824, which is the lowest number in the last ten years. This coincides with pupil numbers increasing since 2012 and, in the last year, the total pupil-teacher ratio increased from 13.5 to 13.6. The primary school pupil-teacher ratio increased from 16.5 to 16.7. We recommended that councils need to fully assess the potential longer-term impact of staff reductions on pupil attainment and wider achievement, and they need to be alert to the potential impact of increased

workloads on remaining staff. Teacher numbers and related funding have been the subject of recent discussion between the Scottish Government and councils.

46. Where further staff reductions are planned, it is important that councils have comprehensive workforce plans and strategies to help manage the impact of significant staff reductions. Our [Best Value report on the City of Edinburgh Council \[PDF\]](#)  highlighted the crucial role of a workforce strategy in enabling councils to plan and manage required savings and to ensure that councils:

- have sufficient capacity for change and improvement
- can meet increased demand for services in the context of financial constraints.

Available data indicate that councils maintained or improved service performance in 2013/14 but pressures on services are increasing

47. Councils have generally managed workforce reductions well while maintaining or improving their performance indicators in most service areas between 2010/11 and 2013/14 ([Exhibit 10, page 27](#)).

Decisions on how to reduce spending are becoming even tougher

48. Faced with increasing demand and reduced budgets, councils are finding it harder to continue to improve or maintain the level and standard of services. Councils and their partners need to make sure they are targeting their resources (that is, money and staff) in the right way. To date, councils have relied mainly on staff reductions to achieve the savings they require, but this approach alone is not sustainable.

49. To help manage further budget reductions, Scottish councils need to continue:

- reviewing how they deliver services
- assessing whether what they are doing is the most efficient and effective option, both in the current circumstances and in the future. If this is not the case, councils need to consider fundamental changes.







50. There are a number of actions that councils should take to help them identify how best to target their resources. These include making better use of local socio-economic data and involving service users in deciding their priorities ([Exhibit 11, page 28](#)).

51. There is also an increasing need, and expectation, that councils and their partners deliver more integrated services. This will help councils to make best use of their resources, achieve value for money and improve outcomes for people and communities. Community planning involves councils, NHS boards, other public sector bodies, businesses and voluntary groups, working together with local communities to deliver better services. All councils have established a community planning partnership (CPP) in their area. CPPs are required to identify local priorities and set these out in a Single Outcome Agreement (SOA). The Community Empowerment (Scotland) Bill proposes to give the public bodies involved in CPPs a legal duty to work in partnership to plan and improve outcomes for their area.

Exhibit 10

Improving service performance in 2013/14

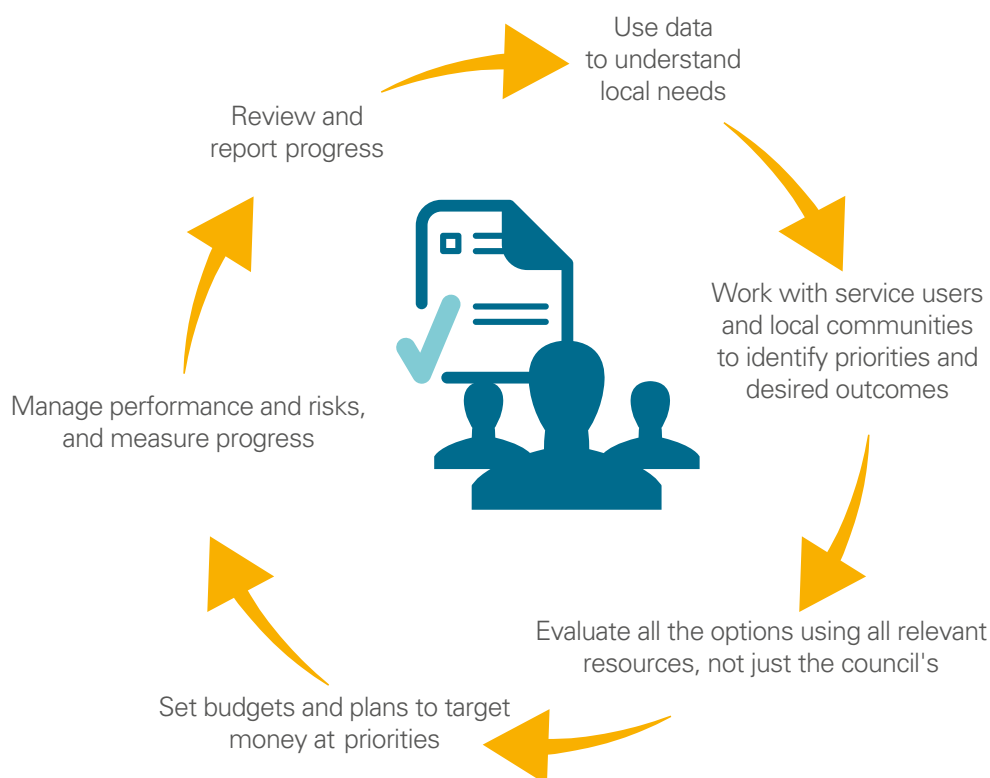
Performance indicators in most service areas show improvements since 2010/11.

Education 	Culture and leisure 	Environmental services 
<ul style="list-style-type: none"> The proportion of secondary school pupils achieving five or more SQA Level 6 awards has increased from 23 per cent to 28 per cent. The proportion going on to positive destinations has risen from 89 per cent to 92 per cent. The cost per secondary school pupil has fallen by 3.6 per cent, while the number of pupils decreased by 3.9 per cent. The cost per primary school pupil has fallen by 7.4 per cent, while the number of pupils has increased by 3.3 per cent. The cost per pre-school place has fallen by 15.3 per cent, while the number of places has gone up by 11.8 per cent. 	<ul style="list-style-type: none"> Visitor numbers for sports have increased by 17.3 per cent, reported to be the result of significant capital investment across Scotland ten years ago. The number of library visits has increased by 26.6 per cent, boosted by numbers of virtual visits, use of public access computers and adjusting opening hours to better suit user demand. Museum visits have gone up by 25.8 per cent. The increase in numbers has helped to reduce the costs per visit. 	<ul style="list-style-type: none"> Recycling rates increased to 42.2 per cent of household waste being recycled, as councils work towards Scotland's Zero Waste 60 per cent target in 2020, while costs per premise have reduced by 3.2 per cent. Street cleaning costs per thousand population have fallen by 25.4 per cent and roads maintenance costs per kilometre have fallen by 21.2 per cent. Waste collection costs crept up slightly between 2012/13 and 2013/14, suggesting that there may be few savings left to find now that councils have already introduced 'route optimising' systems, changes in working practices and collecting bins less frequently.
Adult social care 	Housing 	Economic development 
<ul style="list-style-type: none"> The hourly cost of homecare for older people has fallen by 4.6 per cent. The percentage of people with intensive needs cared for at home has increased from 32.2 per cent in 2010/11 to 34.7 per cent in 2013/14. 	<ul style="list-style-type: none"> Levels of rent lost due to houses sitting empty after a tenant has left have remained unchanged at 1.3 per cent. 	<ul style="list-style-type: none"> The percentage of unemployed people helped into work by their council has risen from 9.6 per cent to 12.6 per cent.
Public satisfaction		
<ul style="list-style-type: none"> Public satisfaction with councils' services has increased for waste collection, decreased for schools, social work and libraries and remained static for leisure, museums, parks and street cleaning. 		

Source: *National Benchmarking Overview Report 2013/14*, Improvement Service, January 2015

Exhibit 11

Actions councils should take to effectively target their resources



Source: Audit Scotland

52. More recently, health and social care integration under the Public Bodies (Joint Working) (Scotland) Act 2014 will bring about the most significant change in public services in Scotland in recent years. Councils and NHS boards have a major opportunity to add value to people's lives through improved, coordinated services.

Councils need to have good information for decision-making

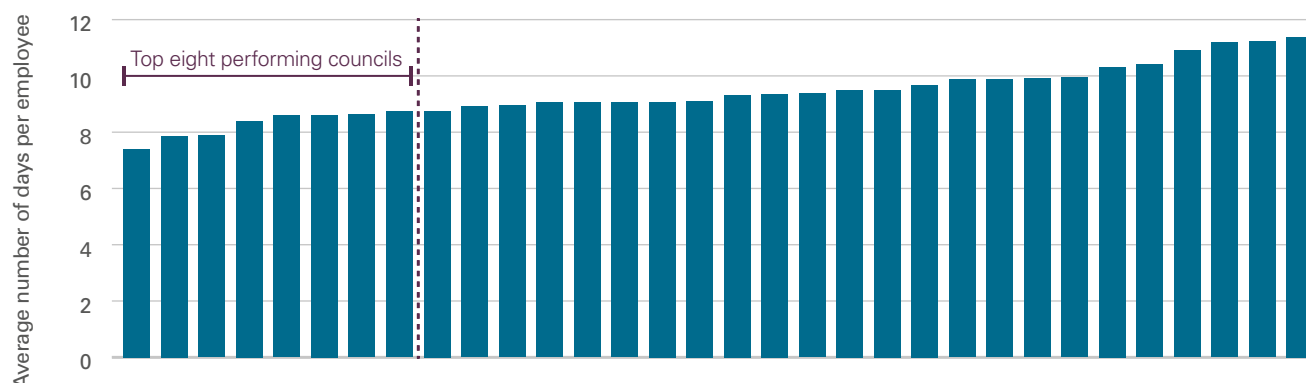
53. The Local Government Benchmarking Framework (LGBF) allows councils to assess and compare their performance and costs across all major service areas. The Improvement Service publishes the LGBF data by theme and by council. Councils can compare how much they spend, and how they perform, with other similar councils. This allows them to identify their strengths and areas where they could improve and to learn from good practice in other councils. For example, sickness absence varies across councils from an average of 7.4 days to 11.4 days per employee per year ([Exhibit 12, page 29](#)). If councils with high absence levels could lower this to match the top eight performing councils (lower than 8.8 days), that would gain the equivalent staff time of 450 full-time employees across Scotland. Councils have already saved the equivalent staff time of around 500 employees by improving sickness absence from an average of 9.8 days in 2010/11 to 9.2 days in 2013/14.

54. Our overview report on community planning found that councils and their partners need to get better at using data to understand local areas if they are to maximise their impact. It found that the more developed SOAs used data at a neighbourhood level to help target CPPs' activity and spending.¹⁶

Exhibit 12

Sickness absence in councils, 2013/14

Sickness absence in the top eight performing councils was less than 8.8 days per employee.



Source: *National Benchmarking Overview Report 2013/14*, Improvement Service, January 2015




55. West Lothian CPP, for example, has recognised that using data effectively is important to develop a successful CPP. The council recruited a data analyst to develop local profiles for areas in West Lothian. The CPP aims to use this data to better understand its communities so that it can target resources, such as funding and staff, to where they are most needed. Ultimately, the CPP aims to predict local needs, and then prevent specific issues, such as high rates of teenage pregnancies. Similarly, Glasgow's CPP used available data to select three key priorities in its SOA, providing it with a clear strategic direction for the next ten years.

Councils are consulting with service users and communities but need to involve them more in planning and delivering services

56. To target their limited resources effectively, councils need to work with local people to understand what their needs are and what services will have the best and most sustainable impact on their lives. Local people can bring insights and experiences to planning, developing and delivering services, complementing those of council staff.

57. Many councils and CPPs do not draw on the results of consultation activity when making decisions and setting priorities. There is significant potential for councils to improve how they involve the public. For example:

- Comhairle nan Eilean Siar brought together views of communities and used them to influence decisions and develop services.
- Falkirk CPP is involving older people in developing new ways of providing services to help them remain independent for as long as possible.
- Perth and Kinross Council is facilitating work in communities where people who need social care services and their families are developing local services to meet their shared needs.

58. While CPPs continue to improve how they consult with local people, they are not yet working with them to improve local services.¹⁷ Our report on [Self-directed support \[PDF\]](#)  found that genuinely involving users in decisions about how services are delivered, sometimes called co-production, is typically not happening.¹⁸

59. In June 2014, the Scottish Government introduced the Community Empowerment (Scotland) Bill to the Scottish Parliament. It includes proposals for:

- providing greater rights for communities to plan and manage public services
- placing CPPs on a statutory basis, by putting a legal duty on a range of public sector bodies to work together in partnership with communities to plan and improve outcomes for their areas.

60. While this should help improve communities' involvement in decisions about local services, councils will have to adopt fundamentally different ways of working with communities to enable them to participate effectively.

61. The Bill also contains provisions to improve access to information about the common good assets in each council area. These are properties and other assets that are held by a council on behalf of its residents. The total value of these in Scotland was £0.3 billion as at 31 March 2014.

Councils are reviewing and changing the way they deliver services

62. As budgets are cut, councils need to review thoroughly how they deliver services and identify new, more efficient or better ways of delivering them. They need to act on the results of the reviews, which should be informed by better use of data and user views, to improve services.

63. Councils are considering, and consulting on, areas of potential service reductions, such as closing, or reducing opening hours for, libraries or other leisure facilities. As they consider proposals to reduce or stop services, councils need to identify the benefits and risks associated with each option. These include the implications for how services perform, the impact on service users and the effect on longer-term outcomes for people and communities. For example, reducing services to older people that help them live independently at home may produce savings in the short term but may result in people needing more intensive, expensive support sooner than would otherwise have been the case.

64. A number of councils have reviewed and changed the way they deliver services ([Case study 1, page 31](#)). It is important that councils monitor how their services are performing so they can understand whether they are making the anticipated improvements and savings. They should also review the process of making the changes and apply lessons learned to future changes.

65. There is limited evidence of councils moving towards preventative services. These services help prevent or delay people's need for a service, for example an older person requiring a place in a care home. In a climate of reduced resources it is difficult for councils and their partners to divert money from delivering existing services to more preventative services. However, prevention is an important element in managing future demand for services, and is therefore an important


Case study 1

Examples of councils reviewing and changing services



- East Ayrshire and South Ayrshire councils jointly launched the Ayrshire Roads Alliance to deliver a range of roads services. These include roads maintenance, winter maintenance, design and infrastructure, traffic and transportation, and road safety. The councils expect the shared services arrangement to deliver more than £8 million in savings over the next ten years. The savings will be mainly from reduced management and administrative costs and from better deals on larger orders.
- Glasgow City Council partially funds the Social Care Ideas Factory, a voluntary organisation, to develop ideas for changing and improving social care services. The Ideas Factory gets social care providers, service users, carers and the council together to test ideas that help people with social care needs to regain or retain full lives at home and in their communities.

Source: Audit Scotland

element in securing financial sustainability. Our report on [Reshaping care for older people \[PDF\]](#)  found that more needs to be done to target resources on preventing or delaying ill health and on helping people to stay at home.¹⁹

66. Our [Community planning report \[PDF\]](#)  found that while CPPs are starting to focus more on prevention, much of this activity is on a small scale. It also acknowledged that moving resources towards preventative activity will be more challenging as financial and demand pressures increase. There are, however, some examples of councils and CPPs investing in prevention activity:

- Stirling Council's social work services propose to save £442,000 over five years by extending the current re-ablement services for older people. These will now include people under 65 with physical disabilities, learning disabilities and mental health problems. Re-ablement focuses on building people's skills, capabilities and confidence to enable them to retain, or regain, their independence living at home with little, or no, support.
- Perth and Kinross Council offers a support service to people who claim Discretionary Housing Payments and Scottish Welfare Funds. The council does this to try to understand the reasons for their difficulties and stop them from happening. Officers review claimants' finances with them and try to maximise their income wherever possible, for example, by identifying additional benefits they may be entitled to or how claimants can spend less money. The council anticipates that taking this approach will greatly reduce the number of people needing its help.
- West Lothian CPP has agreed a comprehensive ten-year prevention plan. It sets out 68 prevention projects and identifies a number of broad areas to focus on in the future, such as reducing reoffending and alcohol misuse by young people.²⁰

67. As the pressures on councils and their partners mount in the coming years, they may have to consider more fundamental changes. In England, councils have faced more severe budget cuts in the last few years. Between 2010/11 and 2015/16, the UK Government will reduce its funding to English councils by 37 per cent, in real terms.²¹ As with Scottish councils, cuts so far have been managed mainly through workforce reductions. English councils are now increasingly relying on new, untested ways of making savings. There is also evidence that core services, such as homecare and day care for adults, are being reduced. Birmingham City Council, for example, is now actively looking to stop some services to help achieve its required £72 million of savings in 2015/16, and is planning to:

- cut services for those with physical disabilities by 50 per cent
- contract out a range of care services, such as sheltered housing
- cut over half of its library staff
- increase parking charges and other fees, such as waste disposal for businesses
- remove subsidies for public events.

68. In these circumstances, where there are greater risks in using untested approaches, it is even more important that councils identify the risks and manage them carefully. Responding effectively to the current and continuing financial pressures means that councils will have to be bold and take risks. They cannot afford to be risk averse, so the focus is on being risk aware.

Effective planning and budgeting help councils target resources, but there is limited evidence of longer-term financial planning

69. It is important that councils develop and maintain long-term financial plans, looking five to ten years ahead, to direct and control their finances and set the context for annual budgets. Plans should also show whether the council's finances are sustainable over this period of time. They can help the council identify potential problems at an earlier stage, for example identifying significant demographic change or increasing costs for repaying debts. Long-term plans need to make assumptions about future funding, spending and activities, so they should set out different scenarios and their implications for the council's future budgets.

70. Plans should include both annual revenue spending on services and capital spending to invest in buildings and equipment, showing clearly how the two types of spending relate to each other. In the current financial environment, councils need to plan and budget in a way that focuses more on their priorities and links their planned spending more closely with the outcomes they want to achieve.

71. Eighteen councils do not have long-term financial plans covering a period of five or more years. This can limit how well they understand the full implications of their spending and borrowing. A long-term financial plan should include estimated income and costs, and the savings that may be required to bridge any gaps. It should provide councillors and senior managers with a good understanding of the financial health of the council, including anticipated pressures and options for addressing them ([Exhibit 13, page 33](#)).

Exhibit 13

Important features of long-term financial planning

Councils should have financial plans which cover a period of five to ten years.

Element	This should include:
Income 	An assessment of expected income, including projected changes to council tax income. It should set out options to increase income, for example policies on fees and charges
Costs 	A clear understanding of the council's costs, including those of individual services, borrowing costs etc. It should highlight future cost pressures and identify options for relieving these
Savings 	An analysis of required savings along with evidence-based options for achieving these. This should set out details of one-off and recurring savings and the risk of these not being achieved
Funding gaps 	Details of any funding gaps between projected income and the cost of providing services, including the reasons for these and how these will be managed
Assets, liabilities and reserves 	An assessment of assets and liabilities showing how these will change over time. There should also be a reserves policy, setting out details of adequacy, why reserves are held and what they will be used for
Scenario planning 	Different scenarios that show the best, worst and most likely financial positions. This should set out the assumptions used, and take into account long-term economic forecasts and interest rate projections
Capital investment activity 	Details of investment needs and plans and how these will be paid for. This should include details of estimated financing charges
Demand 	Analysis of demand for services, taking into account various population projections. It should also include the impact of demand on capital investment needs
Risks 	An analysis of significant financial risks, their implications and how these might be mitigated
Links 	Clear links to the council's corporate strategy and CPP objectives and to other relevant information, for example workforce and asset management plans

Source: Audit Scotland

Some councils are taking a priority-based approach to budgeting

72. Effective budgeting is an important part of good financial management because it:

- can help councils understand where best to direct their resources, such as money and staff, to achieve the greatest benefits
- sets out where and how much money will be allocated
- allows councils to monitor throughout the year the financial position against the budget.

73. It is important that councils are clear about local priorities and national policies and develop their budgets to target resources at these. One way of doing this is to use a priority-based approach to budgeting. There are some examples of councils using this approach to budgeting, for example Aberdeen City Council and Stirling Council, but many councils are not yet aligning their budgets with their priorities. Aberdeen City Council is now developing its approach to target resources at specific outcomes. There should be clear connections between the local priorities that the council and its partners have set out in their SOA and the way they target the combined money resources they have available for public services in the area.

Governance arrangements must be kept up to date and fit for purpose

74. There have been major changes to staffing and management structures as a result of workforce reductions and organisational changes. This affects existing governance arrangements, for example from losing people and posts that authorised or reported important financial and performance information. Governance arrangements include rules for authorising decisions and spending, systems for managing risks, processes for reporting and scrutinising financial and service performance, and standards for the way councillors and staff behave. It is important that councils review the core elements of governance by:

- creating and implementing a vision for the local area and focusing on outcomes for the local community
- councillors and council officers working together to achieve a common purpose, with clearly defined functions and roles
- promoting the council's values and upholding high standards of conduct and behaviour
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- developing the capacity and capabilities of councillors and officers
- engaging with local people and other stakeholders to ensure robust public accountability.²²


75. There is a risk that some councils' management teams may now be too small, or lack the skills and experience, to oversee and control their wide-ranging responsibilities. This can make effective leadership and management more challenging. Smaller management teams need to have clear arrangements for all the important functions they need to fulfil, including effective systems of control over finances and performance. Councils also need to ensure they have enough people with the right skills to deliver their ambitious change and improvement programmes, both now and in the future.

76. The chief executive role is crucial to the success of the council. The role is complex and demanding. It requires a good balance between responsibilities to the political administration and to the council as a whole, and the need to build effective relationships with people in organisations that work with or for the council to deliver public services, such as health and social care partnerships and ALEOs.

77. The chief financial officer, also known as the section 95 officer or proper officer for finance, has a crucial role in providing advice on all aspects of finance and is central to effective governance. Councillors should satisfy themselves that the chief financial officer has appropriate access to, and influence over, decision-makers to perform this role effectively. From 2014/15, councils' annual accounts must include a statement of responsibilities and this must accurately reflect the responsibilities of the chief financial officer.²³

78. Councillors also need to be aware of the important contributions provided by statutory officers who, similar to the chief financial officer, act independently to promote and enforce good governance ([Exhibit 14, page 36](#)). The chief financial officer and the monitoring officer in particular provide independent advice to the council on the affordability and legality of options for services and savings. Fuller information on the statutory officers and their roles, which are undertaken alongside their wider responsibilities for the management of the council, is available on the [Improvement Service website](#) .

There is an increasing risk that reductions in staff numbers will affect essential support services, such as HR and finance.

79. There is an increasing risk that reductions in staff numbers will affect essential support services, such as HR and finance. There are signs of pressure in councils' finance departments, such as delays in preparing annual accounts and supporting papers. We have asked Audit Scotland to examine the impact on finance departments of reduced staff numbers. We will report our findings in next year's overview report. Our [Scotland's public finances—follow-up audit \[PDF\]](#)  stressed the need for council leaders and senior managers to consider the ability of finance departments to supply councillors with clear information to allow them to scrutinise budgets.²⁴

80. There are similar concerns about reductions in skills and experience in internal audit and fraud prevention teams. The recently revised accounting regulations introduce the new requirement for an effective internal auditing service in accordance with recognised standards and practices set out in the public sector internal audit standards.^{25; 26} The regulations also require councils to assess the efficiency and effectiveness of internal audit.

Exhibit 14

Roles of statutory officers in councils

Statutory officers have an important role in promoting and enforcing good governance, alongside their wider responsibilities in the council.

Role	Established by	Statutory responsibilities
Head of paid service (chief executive)	Local Government and Housing Act 1989	Council staff structures and numbers; ensuring the work in different departments is coordinated
Chief financial officer (or section 95 officer or proper officer for finance)	Local Government (Scotland) Act 1973	Proper administration of the financial affairs of the council
Monitoring officer	Local Government and Housing Act 1989	Advising councillors about the legal position of proposed actions
Chief social work officer	Social Work (Scotland) Act 1968	Advising councillors and senior officers on the delivery of social work services

Source: Audit Scotland


81. Effective and transparent scrutiny is an essential component of good governance and, where issues have been identified, councils are taking actions to improve. For example, our [Best Value report on South Ayrshire \[PDF\]](#)  in February 2014 found that there were significant weaknesses in the way councillors scrutinised how the council and services performed.²⁷ We reported in December 2014 that the council had reviewed its scrutiny arrangements and implemented a new governance structure which appears to have a tighter focus on governance and service performance.

82. Our reports highlight the crucial role of effective leadership from councillors and senior managers:

- School education – found that effective leadership was crucial for improving educational attainment.
- Self-directed support – found that councillors and senior managers were not providing effective leadership in every council for implementing this important social care policy.

83. We reported last year that political tensions were getting in the way of effective leadership in some councils. There are signs that this continues. For example, our 2013 report on [Argyll and Bute Council \[PDF\]](#)  highlighted our serious concerns about substantial risks to the council caused by the instability of leadership by councillors since the last council election.²⁸ Our [follow-up report \[PDF\]](#)  in 2014 found that the political dynamics of the council were more stable than before, and new political management arrangements were in place, although some underlying tensions were still

evident.²⁹ Similarly, Falkirk Council's auditor noted that following the introduction of a new decision-making structure in May 2013, not all councillors were attending executive and scrutiny committee meetings and scrutiny and policy development panels.

84. Our 2014 report on [Community planning \[PDF\]](#)  found that CPP boards are not yet fulfilling their role effectively.³⁰ Strategic leadership, oversight and challenge (for example, of individual partners' contribution to the CPP's priorities) still tends to happen at a level, or at levels, below the CPP board.

85. Many councils have set up ALEOs as an alternative way of delivering council services. ALEOs most commonly provide culture and leisure services and property management, but also deliver social care, transport and other targeted community services. As more councils use ALEOs to save money or run more efficient services, they must satisfy themselves that arrangements are in place to ensure the new structures deliver good services within budget. In particular they must manage the financial risks to the council and service users if the ALEO fails. Councils should also regularly review existing, long-standing ALEOs to ensure their governance arrangements remain effective. Aberdeen City Council has plans to strengthen its governance arrangements for ALEOs ([Case study 2](#)).

Case study 2

Aberdeen City Council's new governance hubs



Following advice from its auditors to review its governance arrangements for ALEOs, Aberdeen City Council is creating three new governance hubs:

- Social Care, Wellbeing and Safety
- Enterprise, Strategic Planning and Infrastructure
- Education, Culture and Sport.

Each governance hub will consist of service representatives and officers from the council's finance, legal, human resources, risk management and procurement departments. Their role will be to scrutinise in detail each of the council's significant ALEOs. This will involve regularly meeting with the ALEOs and reviewing a range of risk and performance information.

The hubs will report to service committees twice a year on ALEOs' operational performance (including financial performance), people performance, risk management and service quality.

The hubs will also report quarterly to the Audit, Risk and Scrutiny Committee, which retains overall responsibility for scrutinising performance.

Source: Audit Scotland

Governance arrangements need to reflect changes in structures and services

86. Councils should review their governance arrangements whenever they make changes to the way they manage or deliver services to ensure they remain effective. They should also regularly review long-standing arrangements in case they have become less effective over time.

87. A crucial element of governance is audit committee arrangements, and these were the subject of consultations leading to the 2014 accounting regulations. The regulations do not make audit committees mandatory. However, it is clear that Scottish Ministers consider that councils should devote sufficient resources to enable the audit committee, along with other scrutiny functions, to carry out its role effectively. All councils have at least one audit committee. We believe that effective and transparent scrutiny is best achieved where:

- the chair of the scrutiny or audit committee is not a member of the political administration
- the committee has clear terms of reference that set out their role in independent scrutiny of council decisions and performance
- the committee has adequate support and access to independent advice
- members of the committee have the necessary skills and training to do their job.


88. Across Scotland, new service arrangements are being put in place. These include health and social care integration and the new single police service. There are also new local service arrangements, such as joint working between councils and making use of ALEOs. Councils should review governance arrangements when changes like these are introduced to make sure roles, responsibilities and accountabilities are appropriate to the new models.


89. Health and social care integration, which councils and health board partners are working to implement fully by April 2016, requires effective governance arrangements for the new joint bodies. Responsibility for setting up the new joint bodies and establishing good governance arrangements is shared between the two partners. In our report on community planning we said that effective leadership, challenge and scrutiny depends on a culture of trust between partners, in which there are not only good ongoing relationships but the ability to challenge and hold each other to account. The same applies to health and social care bodies. There are also changes to the governance arrangements for pension funds. From April 2015, the law requires that schemes have pension boards comprising employer and employee representatives; currently pension fund committees comprise councillors only.

Councillors need clearer information to help them scrutinise services more effectively

90. Councillors need good information to scrutinise services and make effective decisions. It also helps councils demonstrate that they use public money properly and effectively. Councils have a duty to report their performance publicly. There has been an improvement in councils' overall approach to public performance reporting. It is easier to find information and more councils

now have performance information clearly signposted on their websites.

Our [Best Value report on Comhairle nan Eilean Siar \[PDF\]](#)  found that the council improved its public performance reporting arrangements during 2013 when it introduced its public performance calendar.³¹ The calendar presents a range of information, structured around its SOA, as well as service-specific information. However, there is scope to improve performance reporting in some councils. The Improvement Service is developing guidance to assist councils in how they report their performance.

91. Our [SPF follow-up report \[PDF\]](#)  found that all public bodies, including councils, need to improve the level and consistency of information provided for scrutiny and decision-making. It reported cases where:

- reporting of financial information was limited in frequency and content
- actions, responsibilities, measurable outcomes or timescales were unclear
- scrutiny of plans and savings took place in private and the decisions were not reported.³²

92. Audited annual accounts are an important element of the public reporting of financial performance. Councils' accounts, for financial year 2013/14, were all completed on time and were signed off by auditors without qualified opinions (this means that the 2013/14 accounts present a 'true and fair' view of the financial position). Unqualified audit opinions were also issued for each of the 11 pension funds run by councils. We welcome this achievement by councils and the assurance it provides to the public and other stakeholders, including the Scottish Government. For the first time in 2013/14, a full audit of registered charities' accounts where a council or some council members are the sole trustees was required by regulation.

93. Financial reporting takes a number of forms, including the audited annual accounts, budget documents, published plans and council papers. Financial risks, uncertainties and the quickly changing context we outline in this report reinforce the need for comprehensive, transparent, reliable and timely financial reporting. An overall picture of the financial position which includes details of what is owned (assets) and what is owed (liabilities) along with annual income and spending levels is essential to understand the risk to financial sustainability.


94. Councils' accounts are complex and include technical accounting adjustments to meet statutory requirements. As a result, it is not always clear to those without a financial background how councils performed against their budgets, or the extent to which they anticipate future funding gaps.

95. It is also difficult to get a clear picture of the overall liabilities and the likelihood and timing of meeting the liabilities in future. For example, while accounting rules require disclosure of a council's involvement in an ALEO in its annual accounts, councillors may not have a comprehensive picture of the overall, potential liabilities associated with their council's involvement in ALEOs. If ALEOs experience financial difficulties, the council may be required to provide additional financial support beyond that included in the council's budget.

96. This is an area for further consideration and development. We therefore welcome recent changes to the accounting regulations which require councils to include a management commentary in their accounts. In addition, the CIPFA/LASAAC Local Authority Accounting Code Board is continuing to work on a project to simplify how councils should report their financial performance in the financial statements.³³

Councillors need training to help them set budgets and scrutinise performance

97. It is more important than ever that councillors have appropriate knowledge and expertise to carry out their role effectively:

- Our SPF follow-up report highlighted the funding arrangements for major capital investment, such as tax incremental financing and NPD, as an example of a complex area. Councillors and other public sector leaders may require help to ensure they are fully aware of the key issues, risks and impact of these financing models on public finances.
- Our [Procurement in councils report \[PDF\]](#)  emphasised the importance of councillors having a good knowledge of procurement rules. We recommended that councils should encourage councillors sitting on the main committee or committees dealing with procurement to complete specific training to help them perform their role more effectively.
- Our report on borrowing and treasury management, which we will publish in March 2015, will consider whether councillors have enough expertise to challenge decisions in this complex area.








98. Where necessary, councillors should seek advice and training to support them in their role and councils should assure themselves that they provide appropriate support. For example, North Lanarkshire Council produces an annual learning and development programme and runs training courses for councillors. Two-thirds of councillors attended at least one training session in 2013/14. For the last few years, the Improvement Service has offered a voluntary Continuous Personal Development (CPD) framework for councillors. Alongside SOLACE, the Improvement Service is developing a programme of training for council chief executives, senior managers and councillors.

99. In addition to reviewing their training needs, councillors should ensure the recommendations in this report are implemented, where appropriate. We have provided a self-assessment tool on our website to help them do this.

Endnotes



- ◀ 1 *Local Government Financial Circulars*, Scottish Government, 2012, 2013 and 2014.
- ◀ 2 [*How councils work: an improvement series for councillors and officers – Charging for services: are you getting it right?* \[PDF\]](#) Audit Scotland, October 2013.
- ◀ 3 *Scottish Housing Quality Standard Progress update 2012/13*, Scottish Housing Regulator, March 2014.
This figure excludes Stirling Council as they did not provide Regulator with data.
- ◀ 4 [*The Audit of Best Value and Community Planning. The City of Edinburgh Council. A follow-up report* \[PDF\]](#) Audit Scotland, December 2014.
- ◀ 5 *BOLD business cases - delivering a lean and agile council*, The City of Edinburgh Council Finance and Resources Committee, 15 January 2015.
- ◀ 6 *LAAP Bulletin 99: Local Authority Reserves and Balances*, CIPFA, July 2014.
- ◀ 7 *Economic and fiscal outlook*, Office for Budget Responsibility, December 2014.
- ◀ 8 *Pupils projections - 2012 based*, Scottish Government, August 2014.
- ◀ 9 *Self-directed Support: A National Strategy for Scotland*, Scottish Government and COSLA, 2010. Social Care (Self-directed Support) (Scotland) Act 2013.
- ◀ 10 Children and Young People (Scotland) Bill Financial Memorandum, 2013 and letter from Aileen Campbell MSP to Kenneth Gibson MSP, 12 September 2013.
- ◀ 11 *The Government's Programme for Scotland 2014-15*, Scottish Government, November 2014.
- ◀ 12 *Report of the Smith Commission for further devolution of powers to the Scottish Parliament*, The Smith Commission, November 2014. Note: The UK Government established the Smith Commission following the referendum on Scottish independence in September 2014. Its remit was to consider what further powers should be devolved to the Scottish Parliament.
- ◀ 13 [*Procurement in councils* \[PDF\]](#) Audit Scotland, April 2014.
- ◀ 14 *Public sector employment statistics*, Scottish Government, 2014. Figures exclude police and fire and rescue services.
- ◀ 15 [*School education* \[PDF\]](#) Audit Scotland, June 2014.
- ◀ 16 [*Community Planning: Turning ambition into action* \[PDF\]](#) Audit Scotland, November 2014.
- ◀ 17 [*Community Planning: Turning ambition into action* \[PDF\]](#) Audit Scotland, November 2014.
- ◀ 18 [*Self-directed support* \[PDF\]](#) Audit Scotland, June 2014.
- ◀ 19 [*Reshaping care for older people* \[PDF\]](#) Audit Scotland, February 2014.
- ◀ 20 [*Community Planning: Turning ambition into action* \[PDF\]](#) Audit Scotland, November 2014.


- ◀ 21 *Financial sustainability of Local Authorities 2014*, National Audit Office, November 2014.
- ◀ 22 *Delivering Good Governance in Local Government, Guidance Note for Scottish Authorities*, SOLACE/CIPFA, 2008.
- ◀ 23 *The Local Authority Accounts (Scotland) Regulations 2014*.
- ◀ 24 [*Scotland's public finances – a follow-up audit: Progress in meeting the challenges* \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 25 *The Local Authority Accounts (Scotland) Regulations 2014*.
- ◀ 26 *Public Sector Internal Audit Standards. Applying the IIA International Standards to the UK Public Sector*, Issued by the Relevant Internal Audit Standard Setters including the Chartered Institute of Public Finance and Accountancy, HM Treasury and the Scottish Government, June 2013.
- ◀ 27 [*South Ayrshire Council. Best Value Audit.* \[PDF\]](#)  Audit Scotland, December 2014.
- ◀ 28 [*Argyll and Bute Council. Statutory report* \[PDF\]](#)  Audit Scotland, October 2013.
- ◀ 29 [*The Audit of Best Value and Community Planning. Argyll and Bute Council. Follow-up audit* \[PDF\]](#)  Audit Scotland, July 2014.
- ◀ 30 [*Community Planning: Turning ambition into action* \[PDF\]](#)  Accounts Scotland, November 2014.
- ◀ 31 [*The Audit of Best Value and Community Planning. Comhairle nan Eilean Siar. A follow-up report* \[PDF\]](#)  Audit Scotland. May 2014.
- ◀ 32 [*Scotland's public finances a follow-up audit: Progress in meeting the challenges* \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 33 LASAAC - Local Authority (Scotland) Accounts Advisory Committee.

An overview of local government in Scotland 2015

This report is available in PDF and RTF formats, along with a podcast summary at:

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WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 10 June 2015

Subject: Audit Scotland Report: *Borrowing and treasury management in councils*

1. Purpose

- 1.1** The report is to provide Members with information regarding a report recently published by the Auditor General.
- 1.2** The report provides Audit Scotland's findings following an audit carried out in relation to council borrowing and treasury management practices; and it makes a number of recommendations for Councils to consider (both officers and elected members).

2. Recommendations

- 2.1** It is recommended that Members:
 - consider the attached Accounts Commission report and the recommendations contained therein;
 - note that officers are planning to undertake a review of the 10 year capital programme, as noted in the capital plan report to Council on 4 February 2015;
 - note that officers will, when developing future financial reports i.e. update on long term financial strategy; treasury strategy; and capital planning, implement the recommendations made within the Audit Scotland report; and
 - note that officers will programme appropriate training events for elected members in the lead-up and the development of the revised approach and will provide regular training updates every two years.

3. Background

- 3.1** Audit Scotland has undertaken an audit of council borrowing (traditional borrowing as opposed to other forms of external financing such as PPP, etc.) and produced a report which identifies a number of areas for improvement, making a number of recommendations.

4. Main Issues

- 4.1** The report highlights that borrowing in Scottish councils has increased significantly since the CIPFA Prudential Code for Finance in Local Authorities was published in 2004.

- 4.2** The report identifies a number of areas where better information could be provided to elected members to ensure that decisions made around capital investment levels are informed decisions. In the main these areas for improvement focus on ensuring longer term implications i.e. cost of borrowing is clear for members.
- 4.3** The report is clear that no Council is currently in breach of the Prudential Code and the recommendations made would be to implement practice which is enhanced practice over and above the Code's requirements.
- 4.4** The report recognises that treasury management is a specialist area of knowledge and that sometimes language used in reports can be complex and needs to be more user-friendly. It also suggests that more frequent training for elected members on this subject may be helpful.
- 4.5** In terms of the recommendations around governance/scrutiny West Dunbartonshire Council already reports as described in the recommendations and is mentioned in the report as doing so; even so this area will be reviewed by officers to ensure best practice is implemented.

5. People Implications

- 5.1** There are no personnel issues, other than officer time in revising approaches to the development of longer term approaches to the provision of information.

6. Financial Implications

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

7. Risk Analysis

- 7.1** The report from the Accounts Commission highlights the important role of councillors in financial planning and financial governance. The continued input of councillors in these processes going forward is necessary in order to provide leadership to the community and to ensure effective financial governance within the Council.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues.

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 delivering Fit for Purpose Services as the main thrust of the report considers how best to prepare and support Elected Members to

undertake their role in the decision making of the Council.

Angela Wilson
Executive Director of Corporate Services
Date: 20/05/2013

Person to Contact: Stephen West, Head of Finance and Resources, Council Offices, Garshake Road, Dumbarton. Telephone 01389 737191, Email: stephen.west @west-dunbarton.gov.uk

Appendix: The Accounts Commission's overview of local government in 2015: *Responding to challenges and change*

Background Papers: Report to Audit and Performance Review Committee 29 August 2012: *An overview of local government in Scotland – Challenges and change in 2012*

Report to Audit and Performance Review Committee 22 May 2013: The Accounts Commission's overview of local government in 2013: *Responding to challenges and change*

Report to Audit and Performance Review Committee 11 June 2014: The Accounts Commission's overview of local government in 2014

Wards Affected: All wards affected.

Borrowing and treasury management in councils



Prepared by Audit Scotland
March 2015


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

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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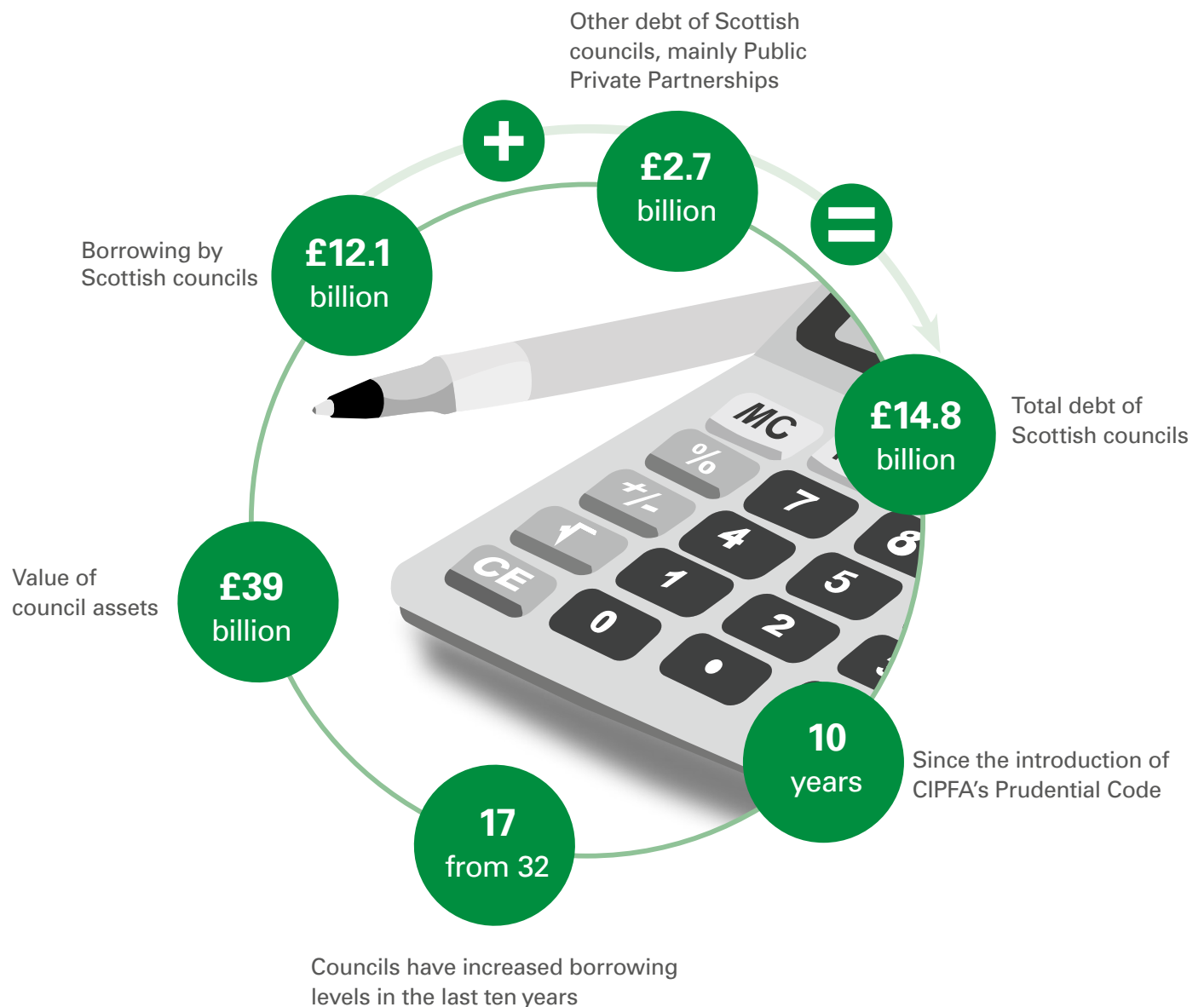
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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Key facts



Summary



Key messages

- 1** Councils have total debt of £14.8 billion of which £12.1 billion, 82 per cent, is from borrowing. Debt commits councils to charges over the long term. There are different types of debt with different features and varying degrees of risk.
 - 2** Borrowing is a key source of finance for councils to invest in vital public services. Overall borrowing has remained at around £12 billion for the last three years, with total assets of £39 billion. Councils have developed borrowing strategies to suit their own local priorities and needs, in response to the flexibility introduced by the Prudential Code in 2004. Seventeen councils have increased their borrowing levels, in real terms, over the last ten years.
 - 3** Councils are following the general principles of the relevant codes of practice in demonstrating short-term affordability, but they are not always highlighting the strategic importance of borrowing and treasury management or clearly analysing and reporting the long-term affordability and sustainability of their borrowing. Councils need to develop detailed analysis to support borrowing decisions and to demonstrate they represent best value for the council.
 - 4** Treasury management is a professionally run function in councils with appropriately qualified officers. Succession planning, ongoing training and the availability of appropriate professional qualifications are important. Councils have started to integrate their treasury management and capital investment functions which is a positive step.
 - 5** Councils need to improve scrutiny of borrowing and treasury management. This is a complex and technical subject and officers need to provide wider training and support to councillors, and also provide clearer, more accessible reports. The current governance structures in some councils could be improved to support more effective scrutiny.
-

Recommendations

These recommendations focus on the evidence gathered and our findings on borrowing within councils. We suggest councils consider the wider relevance of these to total debt.

Council officers should:

- use the treasury management strategy to present a wider strategic view of borrowing and treasury management. It should use clear and accessible language and be prepared for councillors as the key audience. It should include how the borrowing strategy is informed by corporate priorities and capital investment needs. The strategy should include:
 - links to capital investment plans and corporate objectives
 - all borrowing and other debt
 - prudential indicators as a core part of the strategy
 - a clear assessment of the affordability and the impact on revenue budgets both in the short and long term
- create more detailed and longer-term borrowing and treasury management analysis as informed by the council's financial strategy. It should include:
 - scenario planning to show the potential impact of different budget scenarios, income generation plans, and changes in external factors such as interest rates
 - analysis of capital financing options to compare affordability and sustainability between different debt and borrowing options
 - the use of indicators over a longer period than the minimum three years set by the Prudential Code
- share strategies with other councils to help inform good practice, and exchange of ideas
- carry out joint planning with other councils to identify future qualification and training needs and enhance their capacity, in order to negotiate with training providers
- review the content of year-end reports to ensure they provide an assessment of the effectiveness of the year's borrowing and treasury management activities and the performance of the treasury management function. This should include appropriate indicators, comparative figures, and appropriate explanations.

Council officers and councillors involved in treasury management should:

- review governance arrangements, and update as necessary, to ensure they provide:
 - the treasury management strategy, mid-year and year-end reports to the same council committee, and that the full council has access to them
 - councillors with mid-year reports by the end of December each year
 - councillors with the wider picture, that is, make the links to capital investment decisions and revenue budgets
 - councillors with access to all reports relating to borrowing and treasury management activity including risk registers
 - ensure scrutiny arrangements are robust by:
 - considering widening the range of training options to councillors on borrowing and treasury management activities and whether this training should be mandatory
 - considering whether training for councillors provides a balance of scrutiny skills and knowledge of treasury management.
-

About the audit

1. This audit assesses how councils show best value in borrowing and treasury management decisions. Its specific objectives are to answer:

- What is borrowing and treasury management in councils?
- To what extent do councils' borrowing and treasury management strategies meet good practice and contribute to corporate plans and priorities?
- Can councils demonstrate the affordability and sustainability of borrowing decisions? For example, can they show that borrowing will not adversely affect their financial position? Will that continue to be the case in future?
- How effective are the governance arrangements for borrowing and treasury management? Governance covers areas such as responsibility and accountability for borrowing and treasury management decisions, arrangements for reporting decisions and for scrutinising them.

2. Councils have total debt of £14.8 billion, of which 82 per cent (£12.1 billion) is as a result of borrowing ([Exhibit 1, page 9](#)). Total debt includes Private Finance Initiative/Non Profit Distributing (PFI/NPD) contracts, Tax Incremental Financing (TIF), the City Deal agreement, the Growth Accelerator Model (GAM) and borrowing. Each type of debt has unique features, is at different stages of development and implementation and has varying degrees of risk. This is the first report that we have produced on council debt with the focus specifically on borrowing. This allows us to focus on the arrangements that councils have in

place to assess the affordability of borrowing. We may propose further work on other elements of council debt in due course.

3. This report focuses on whether councils openly and clearly demonstrate the affordability and sustainability of borrowing decisions over the short term, ie the next couple of years, and long term, that is ten years onwards to cover the term of the borrowing. It also looks at whether councils' approach to borrowing, as outlined in their treasury management strategy, reflects their corporate priorities and aims. Councillors have a key role in holding officers to account and this report evaluates the councillor's role in considering borrowing and treasury management reports, including the strategy. We use the term borrowing to mean borrowing from a source outwith the council.

4. Our focus is on borrowing to fund capital expenditure, such as building schools or improving roads. We did not evaluate day-to-day cash, investment and borrowing transactions. We have not explored in detail other forms of debt. This includes the new capital financing options available to councils including TIF, or City Deal that may have an element of borrowing to them ([Exhibit 1, page 9](#)). These new options are just being introduced and are not yet fully operational. Although the messages in our report are based on current borrowing, they will apply equally to other forms of debt including these new financing options.

5. We gathered audit evidence from:

- published and unpublished data on borrowing and treasury management activity including audited accounts, Chartered Institute of Public Finance and Accountancy (CIPFA) statistics and Scottish Government data
- our review of the treasury management strategies of 12 councils
- fieldwork at six councils involving interviews with officers and councillors
- interviews with representatives from organisations including the Scottish Government, CIPFA, CIPFA Treasury managers' forum and the Society of Local Authority Chief Executives (SOLACE).

6. [Appendix 1](#) provides further details of our audit approach.

7. This report has three parts:

- [Part 1](#): setting the scene
- [Part 2](#): demonstrating the affordability and sustainability of borrowing
- [Part 3](#): effective management and scrutiny.

8. Our website contains a [Supplement: Scrutiny guidance and questions for councillors \[PDF\]](#)  to help them implement the recommendation we make in this report.

Exhibit 1

Borrowing is 82% of total debt

New capital financing method. Council borrows to invest in infrastructure projects which will deliver economic growth. Additional business rate income from the new business generated pays for borrowing charges.

Tax Incremental Financing

Public Private Partnership £2.7bn

Partnership where public and private sector partners agree a contract to build and maintain an asset for public sector use.

Public body pays an annual charge over the life of the asset to the contractor from its revenue budget.

Private Finance Initiative

Similar to PFI, but limits the profits that the private sector contractor may retain.

Public body pays an annual charge over the life of the asset to the contractor from its revenue budget.

Non-profit distributing contracts

City deal

Agreement signed with UK and Scottish Governments by the 8 Glasgow and Clyde Valley councils. Currently the only deal in Scotland.

The deal involves the councils investing an additional £130 million to unlock additional grants of £1 billion from the UK and Scottish Governments combined.

Investment by councils will involve additional borrowing, with charges covered by additional grant income.

Growth Accelerator Model

Public body borrows to invest in capital investment project.

Expected that additional business rates will accrue to Scottish Government owing to investment.

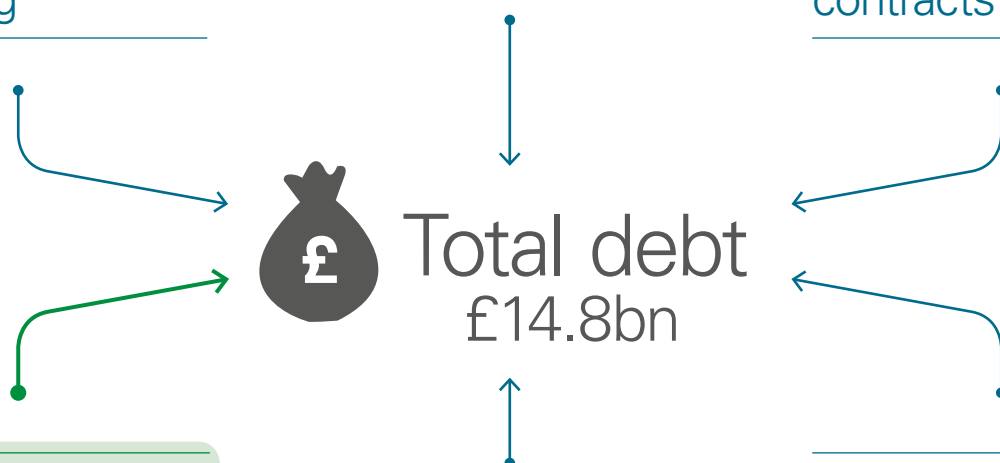
Scottish Government makes payment to public body, based on additional economic growth.

Borrowing £12.1bn

From Public Works Loan Board (public sector source of lending for public bodies)

From banks

Borrowing charges paid from revenue budget over life of loan.



Note: £2.7bn includes finance leases. TIFs, GAM and City Deal are just introduced and are not yet fully operational.

Source: Audit Scotland

Part 1

Setting the scene



Key messages

- 1** Councils' outstanding debt was £14.8 billion at 31 March 2014, with borrowing making up £12.1 billion, 82 per cent of this.
- 2** Councils use borrowing to pay for assets such as schools and roads to provide local services and meet local priorities. This has an impact on future revenue budgets, as the council needs to pay interest on the borrowing. Total assets were £39 billion at 31 March 2014.
- 3** The Prudential Code was introduced in 2004 to provide greater flexibility for councils to manage and control their own capital investment activity following a period of government regulation. Councils' borrowing strategies, levels of borrowing and debt profiles differ widely.

Councils invest in services for communities

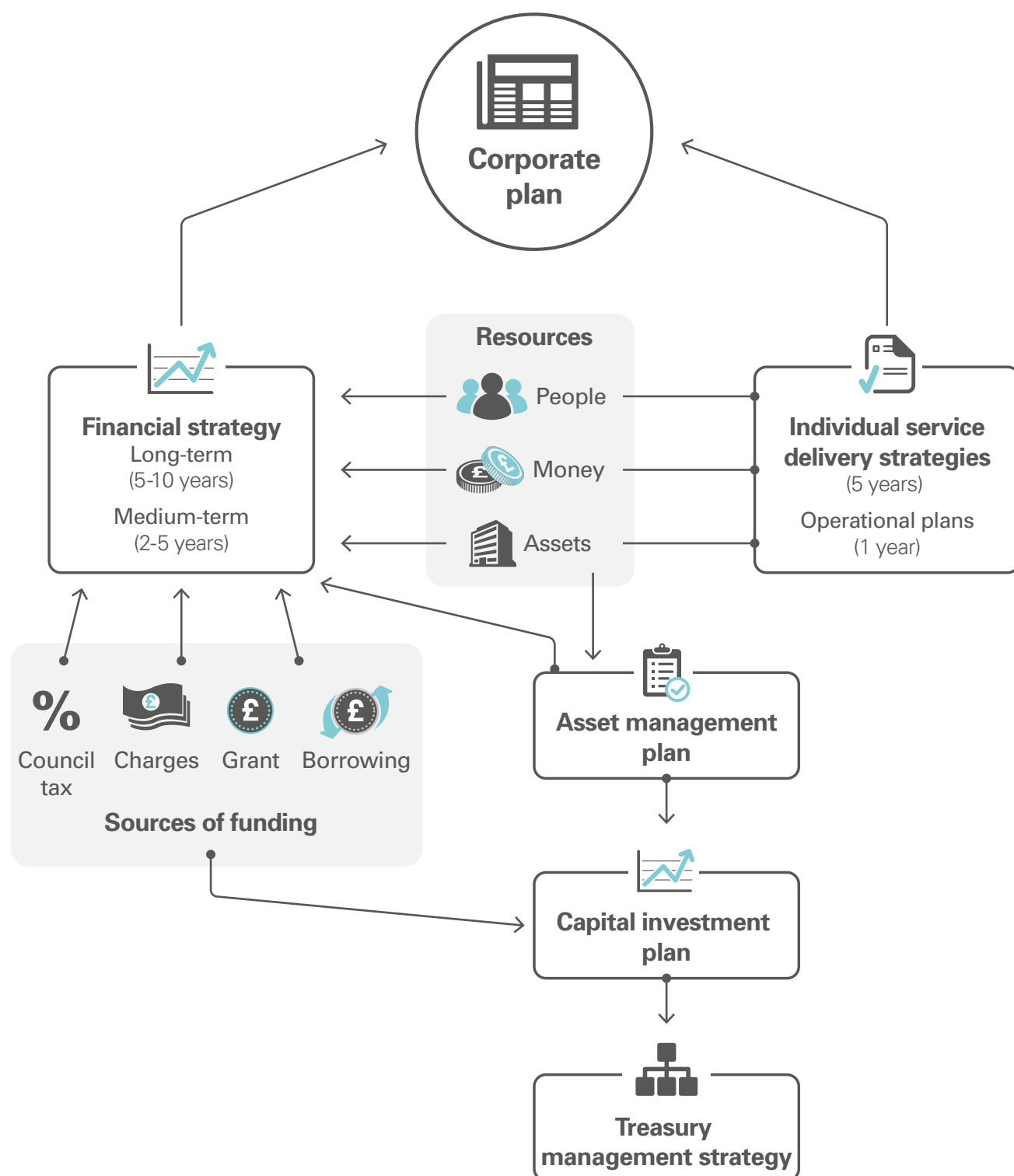
9. A council has a corporate plan setting out its priorities and objectives and how it plans to achieve them ([Exhibit 2, page 11](#)). This may, for example, include the priority to build a new school to deal with an expected increase in demand as a result of significant new housing. These plans are often over the medium term, typically three to five years, but may be over a longer term, ie up to 15 years. The council targets its resources, that is people, money and assets, at its priorities and objectives. The corporate plan should feed into the asset management plan to identify what assets are needed to achieve its objectives. For example, this could be building new housing. The council, through a capital investment plan, sets out how it will finance the spending on these assets. This may be by using cash resources, for example cash reserves built up over time or capital grants, or through external finance.

10. Methods of external finance include borrowing, PFI schemes and other mechanisms including NPD schemes, TIF schemes, or the new GAM. Entering into external financing arrangements will create debt for the council, and means that the council needs to pay financing charges each year over the life of the arrangement, which may be up to 50 years. It is important for a council to assess the affordability of decisions in the context of the financing charges of its total debt.

councils' ability to manage and control their own investment activity is reflected in borrowing levels and strategies

Exhibit 2

Corporate and strategic influences on treasury management strategy



Source: Audit Scotland

11. Councils should also have medium (two to five year) and long-term (five to ten year) financial strategies. The council will estimate future funding and income, costs and demand for services, and how much it will need to spend to achieve its future objectives. The strategy should identify how the council will make up any shortfall between estimated funding and projected costs and demand. The financial strategy should include the financing cost of borrowing and other debt. This is the annual repayment of interest charged on borrowing or other external financing and any other associated costs. Councils make this repayment out of future budgets, so it decreases the level of available budget remaining and reduces flexibility in future budget decisions.

12. Borrowing involves accessing finance and then repaying it over a longer period of time. These periods can be for up to 50 years, so today's decisions can have a sustained impact on future generations. Borrowing decisions involve a careful balancing act between prioritising investment, and making sure the council can:

- manage the consequences of its decisions over the whole life of the borrowing
- provide evidence showing how it will manage these long-term consequences.

13. Borrowing therefore is set firmly within the framework of wider council activity and should be driven by the corporate plan, capital investment plan and medium and long-term financial plans ([Exhibit 2, page 11](#)).

Borrowing is the main element of total debt

Councils' outstanding borrowing is £12.1 billion and has been between £10.5 and £12 billion for the last six years

14. Councils spend around £20.8 billion a year. Of this, £18.6 billion is for day-to-day expenses including salaries, and £2.2 billion on buying, building and maintaining assets such as schools, housing and care homes.

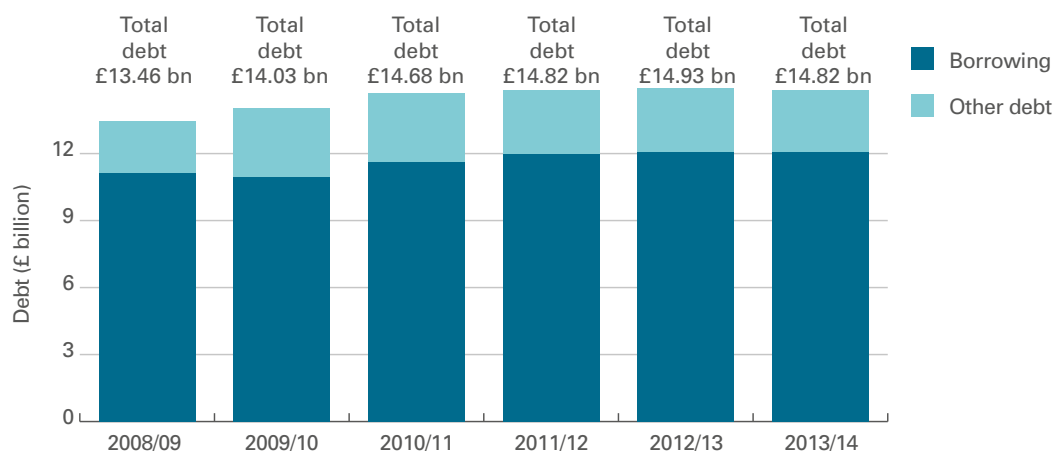
15. Councils' total debt at 31 March 2014 was £14.8 billion, with total assets of £39 billion. Borrowing is the main form of debt for Scottish councils ([Exhibit 1, page 9](#)). Councils had overall borrowing of £12.1 billion at 31 March 2014 and other debt of £2.7 billion ([Exhibit 3, page 13](#)). Borrowing has remained between £10.5 and £12 billion for the last six years. Other debt levels have fluctuated between £2.2 billion and £2.8 billion over the last six years. Other debt comprises both PFI and NPD schemes and the new financing methods, including TIF, GAM and City Deal that are just being introduced.

16. Comparing council borrowing levels over the last ten years, between 2003/04 and 2013/14, shows that 17 of Scotland's 32 councils have increased borrowing levels in real terms, that is, including the effects of inflation ([Exhibit 4, page 13](#)). Changes in borrowing levels over this period reflect differences in councils' corporate priorities, capital investment plans, levels of cash resources and other available financing options, amongst other factors.

17. Councils do not always need to increase debt or borrowing if internal sources of finance are available to them. This includes using cash reserves that have been built up over time or capital grants.

Exhibit 3

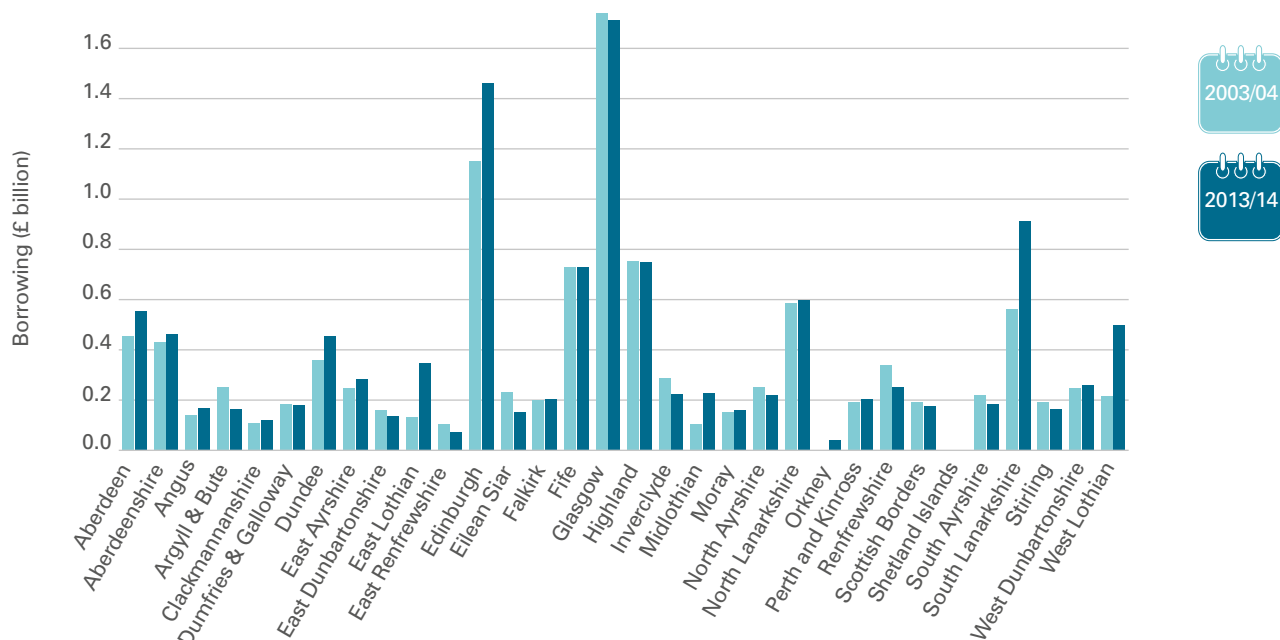
Total debt of Scottish councils (2013/14 real terms prices)



Source: Council audited annual accounts 2008/09 to 2013/14

Exhibit 4

Comparison of total borrowing by councils in 2003/04 and 2013/14 (2013/14 real terms prices)



Source: Council audited annual accounts 2003/04 and 2013/14

18. Current interest rates are low, which is an advantage to councils that need to borrow for capital investment as interest charges are cheaper than when rates are higher. Our analysis shows that two-thirds of councils are currently borrowing, although fewer councils are borrowing now than ten years ago. Councils are borrowing shorter term, typically for less than 15 years, at fixed rates, from government-backed institutions such as the Public Works Loan Board (PWLB), as this has offered the most competitive rates.

Borrowing is a long-term commitment, with a third of current borrowing due to be repaid in over 40 years

19. The repayment of a council's borrowing influences its long-term financial planning and its assessment of whether it will be able to afford its existing borrowing in the future. To manage levels of borrowing we would expect to see a spread of borrowing with different maturity periods so that it is more manageable. We would also expect councils to avoid periods when high levels of repayments may impact on money available for other priorities. On maturity, councils can either decide to repay borrowing, or take a new loan to replace the old borrowing. [Exhibit 5 \(page 15\)](#) shows the profile of borrowing for 2009/10 to 2012/13 and highlights:

- the profile of borrowing is evening out and the percentage of loans maturing in over 20 years has fallen. At 2009/10, over 61 per cent of borrowing would mature in over 20 years; this decreased to 52 per cent by 2012/13
- councils have increased short-term borrowing. At 2009/10, around five per cent of borrowing was for less than two years, increasing to 8.5 per cent at 2012/13
- around a third of councils' borrowing is due to be repaid in the next ten years (35 per cent)
- around another third of borrowing will be due for repayment in over 40 years (34.8 per cent).

Borrowing is a key part of treasury management

20. Treasury management is the process that councils use to ensure cash is available when needed. This includes day-to-day expenses like paying salaries or electricity bills, and building new assets, such as a new school, or improving existing ones, such as roads. It also involves ensuring that any temporary surplus cash is safely invested. Borrowing is one of the larger cash flows that a council needs to manage, so borrowing is a central part of treasury management. [Exhibit 6 \(page 16\)](#) shows examples of the typical cash flows in a council together with their timing.

21. Councils have two types of budgets to finance and to balance: revenue and capital. Revenue expenditure pays for daily activities like salaries or electricity bills. Capital expenditure is what councils spend on premises, equipment and vehicles; on improvements like roads repairs; and on providing new assets like schools or council houses. Councils can borrow to finance capital expenditure but not revenue expenditure, unless approved by Scottish ministers. Borrowing charges are revenue expenditure. Councils that own council houses must keep a separate budget and account for revenue and capital expenditure on the housing stock.

Exhibit 5

Scottish councils—maturity of total borrowing 2009/10 to 2012/13

Percentage of borrowing due to be repaid in the periods shown.



Source: *Capital Expenditure and Treasury Management*, CIPFA Statistics, June 2014

Borrowing to invest in housing must be repaid from the future housing budget, and therefore funded from future housing rental income.

Councils must comply with borrowing and treasury management rules and regulations

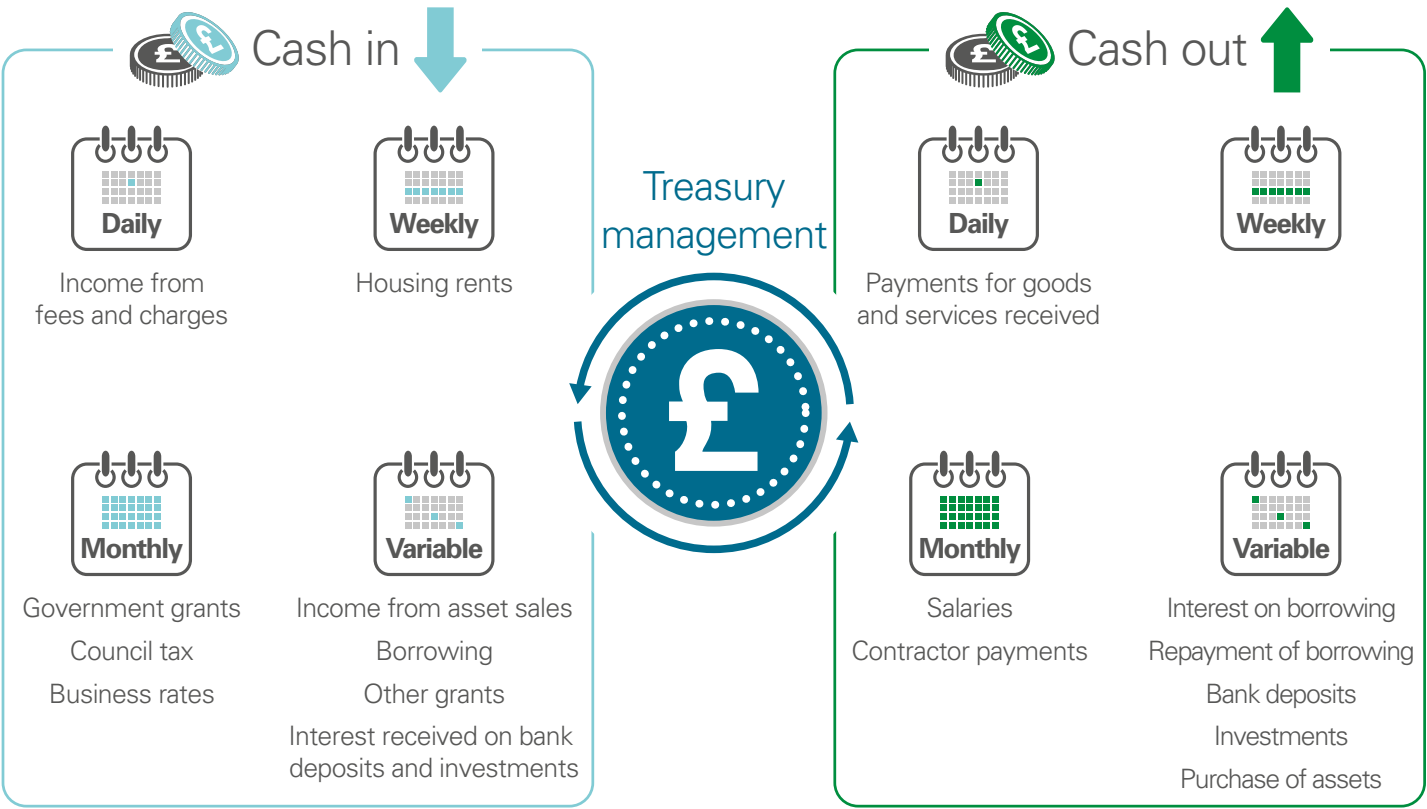
22. In recognition of the importance of capital investment in assets and treasury management to council activities, CIPFA and the Scottish Government set codes of practice and regulations for councils to follow. These ensure that councils have effective processes and practices in place to control, manage and govern capital investment decisions, that include borrowing, and treasury management practices ([Exhibit 7, page 17](#)).

23. The Prudential Code was introduced in 2004 as a framework to support councils and help them show effective control over levels of, and decisions relating to, capital investment activity, including borrowing. Before this, capital investment levels in councils were government-regulated.

Exhibit 6

Treasury management activities

An example of a council's cash flows with their timing to demonstrate their variability and predictability.



Source: Audit Scotland

24. This self-regulating approach has enabled councils to adopt borrowing and treasury management strategies that fit with their corporate plans and objectives. The framework allows for councils themselves to judge what is affordable and sustainable and will differ depending on local circumstances. The Prudential Code sits alongside CIPFA's treasury management code, which sets out the requirements for professional treasury management practice.

25. A key requirement of the codes is for councils to produce an annual treasury management strategy before the start of each financial year. CIPFA and the Scottish Government recommend that this is a single integrated strategy that combines plans for capital investment, including borrowing, treasury management, and investment. It also recommends that the strategy includes prudential indicators that are set out within the Prudential Code. These form a set of 12 limits and ratios that all councils must calculate and use to show to councillors and the public that capital investment plans are affordable and sustainable.

Exhibit 7

Codes of Practice and Regulations

The Prudential Code for Capital Finance in Local Authorities–CIPFA	A professional code of practice to help councils with capital investment decisions by providing a framework. The Prudential Code sets out indicators that councils must use to help demonstrate public accountability. It also recommends that councils have an integrated treasury management strategy within which its borrowing and investments are managed.
Treasury management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes–CIPFA ('the CIPFA treasury management code')	Adopting this code is a requirement of the Prudential Code. This makes recommendations to provide a basis for councils to create clear treasury management objectives and to structure and maintain sound treasury management policies and practices. A key recommendation is for a treasury management strategy before the start of the year, a mid-year report and an end-year review report.
Finance Circular 5/2010–The investment of money by Scottish local authorities	Provides Scottish ministers' consent for councils investing money and sets out the recommendations and requirements they must meet when making investments. It requires local authorities to 'have regard' to the Prudential Code and the Treasury Management Code and recommends that the strategy form part of a wider single annual strategy covering capital investment, treasury management and prudential information.
Local Government (Scotland) Act 1975	Sets out the statutory basis on which councils can borrow and lend.

Source: Audit Scotland

26. This report focuses on borrowing, to finance capital investment, and treasury management. Most of the indicators are not specific to borrowing but relate to total capital investment and are calculated using figures for total finance costs, total capital expenditure or total debt. This allows councils to assess the affordability of borrowing in the context of the total debt position of the council. The indicators relating specifically to borrowing are the estimated and actual capital financing requirement. This calculates the amount of capital investment that needs to be met from borrowing or other method of external finance.

27. The prudential indicators are designed to help councils make and record local decisions. They are not designed to be comparative performance indicators across councils as they are set according to the individual needs of each council. In particular, councils had widely different debt positions when the Prudential Code was introduced. These differences are likely to increase over time as councils' choices reflect local priorities. The system is designed specifically to help councils take local decisions in ways that are publicly accountable.

Our fieldwork sites reflect the variation in councils' borrowing and treasury management strategies

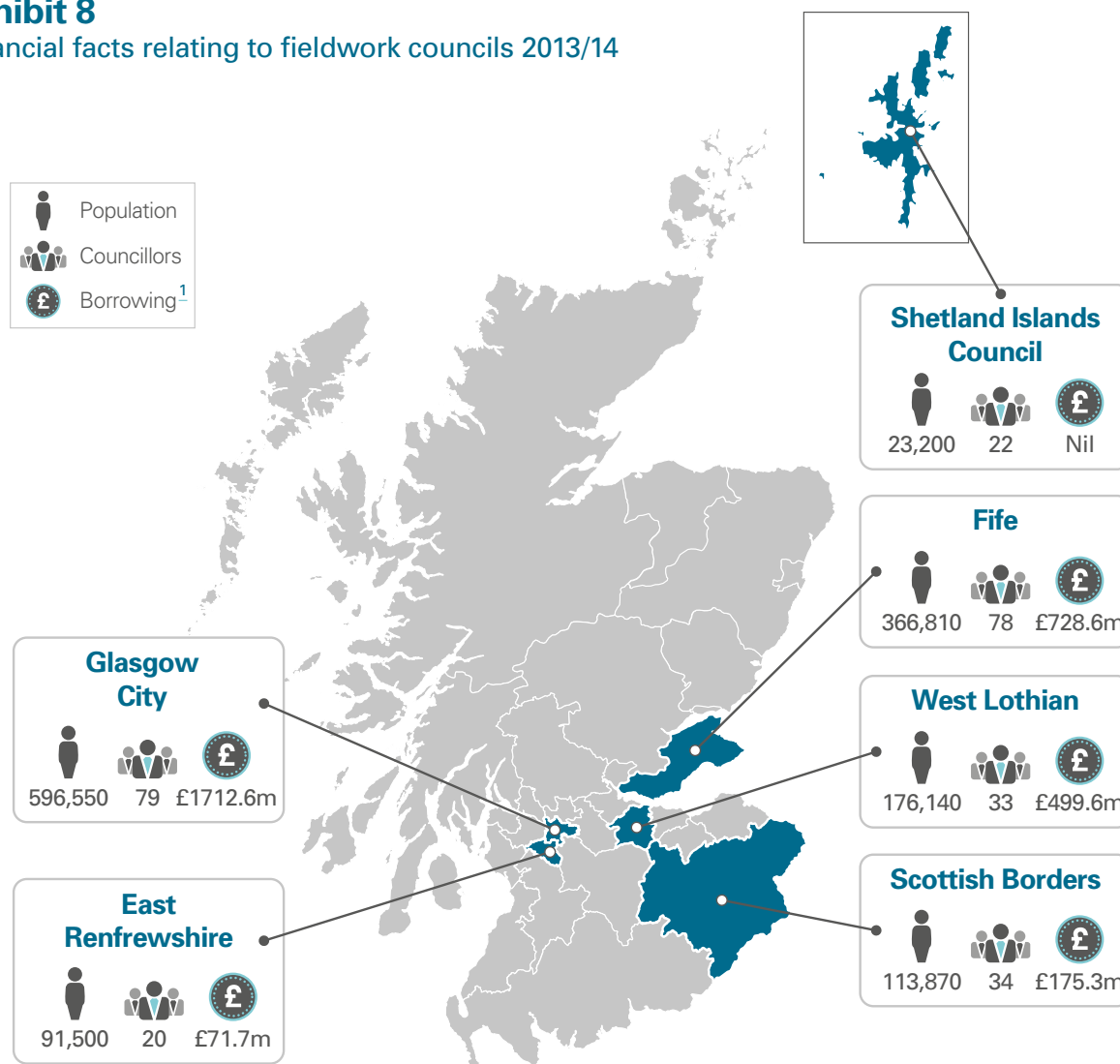
28. We reviewed the strategies of 12 councils to give us a better indication of the variation in local circumstances, the need for borrowing and the resulting treasury management strategy. We selected six councils out of the 12 to undertake more detailed fieldwork, including interviews.

29. Our six fieldwork sites reflect the level of variation in councils' borrowing and treasury management strategies, and therefore their levels of borrowing ([Exhibit 8, page 19](#) and [Exhibit 9, pages 20 and 21](#)). Although interest rates are currently low and expected to increase, not all councils have set their strategy to borrow for future capital investment. For example, East Renfrewshire Council has not borrowed externally for five years, but it has previously financed a higher proportion of investment through other methods of external financing such as the PFI scheme, and therefore has a higher proportion of other debt. Shetland Islands Council had never borrowed until July 2014. This change in strategy was as a result of appraising whether using internal cash reserves or borrowing at low interest rates represented the best value for the council.

30. Councils have different sizes of capital investment programmes to finance. Some councils have no housing stock to improve and add to, while others must consider how to invest in their housing stock without placing too high a burden on future housing budgets and rents. Councils must repay the borrowing and interest charges for investment in housing from the housing revenue budget; whereas investment in other assets must be repaid from the general budget.

Exhibit 8

Financial facts relating to fieldwork councils 2013/14



	Shetland Islands	East Renfrewshire	Scottish Borders	West Lothian	Fife	Glasgow City
Fixed assets ²	£406m	£770m	£416m	£1,346m	£2,151m	£4,367m
Investments ³	£211.4m	£45.1m	£13.7m	£117.1m	£3.1m	£136.5m
Cash reserves ⁴	£240.9m	£53m	£25.7m	£114.8m	£90.6m	£135m
General capital programme ⁵	£69.5m (2014-19)	£100.7m (2014-22)	£271.4m (2014-24)	£277.3m (2013-18)	£532.2m (2013-23)	£455.7m (2013-18)
Housing capital programme ⁵	£5.8m (2014-19)	£17.2m (2014-19)	No housing	£202.9m (2013-18)	£390.4m (2013-23)	No housing

Notes:

1. Borrowing is long and short-term borrowing from council audited accounts at 31 March 2014. 2. Fixed assets is the value of long-term tangible fixed assets, such as buildings and equipment, and long-term intangible assets such as software, from the audited accounts at 31 March 2014. 3. Investments includes long and short-term investments, investment property where relevant, and cash and cash equivalents from the audited accounts at 31 March 2014. 4. Cash reserves is the total usable reserves of the council, from the audited accounts at 31 March 2014. 5. The length of councils' capital programmes can vary and spending is phased over the length of the programme. The timeframe of each council's programme is given in brackets.

Source: Council audited annual accounts 2013/14; *Mid 2013 Population Estimates Scotland*, National Records of Scotland, June 2014

Exhibit 9

Key borrowing facts for our six fieldwork councils

Graph A

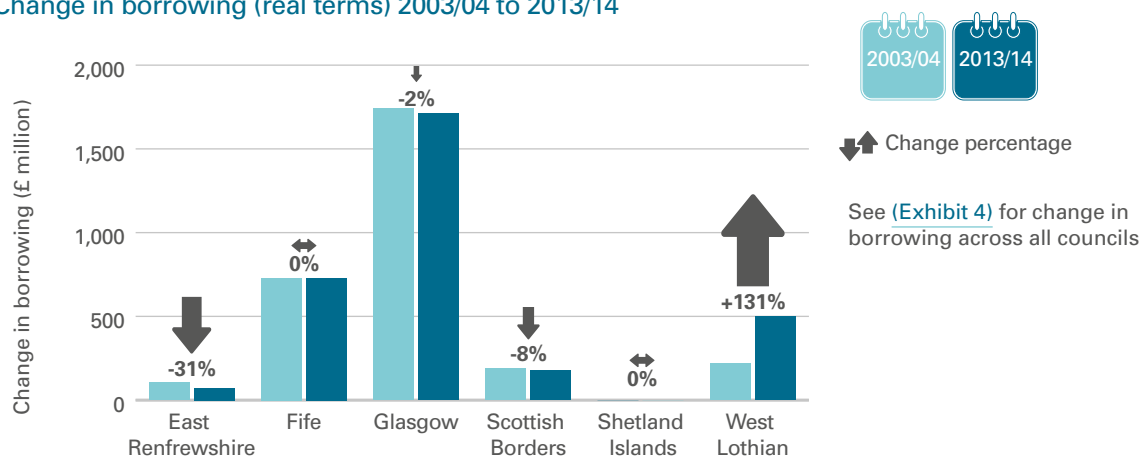
2013/14 debt levels



Source: Council audited annual accounts 2013/14; *Mid 2013 Population Estimates Scotland*, National Records of Scotland, June 2014

Graph B

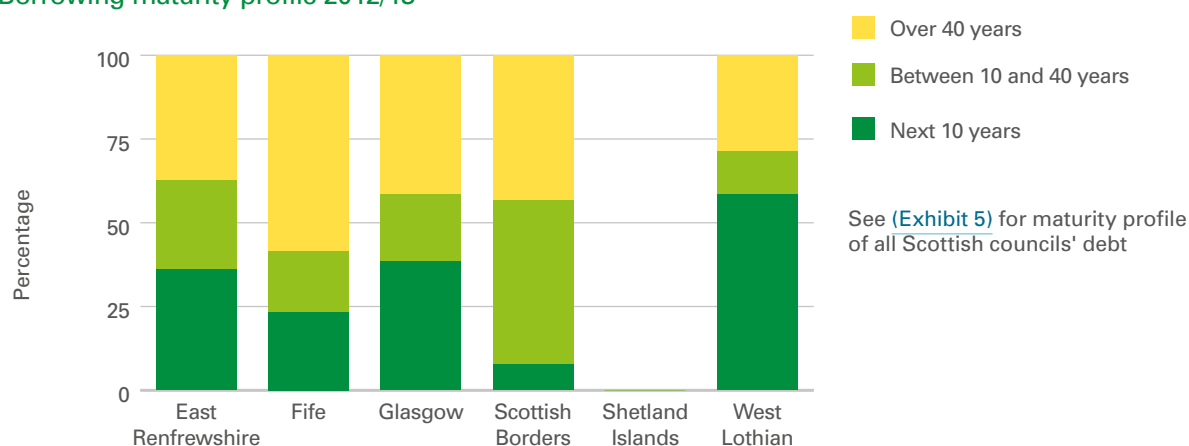
Change in borrowing (real terms) 2003/04 to 2013/14



Source: Council audited annual accounts 2013/14

Graph C

Borrowing maturity profile 2012/13



Source: *Capital Expenditure and Treasury Management*, CIPFA Statistics, June 2014

Exhibit 9 (continued)

East Renfrewshire Council

- Just over half of East Renfrewshire's debt relates to PFI/PPP schemes for schools and roads **(Graph A)**.
- The council has not undertaken any external borrowing since 2009/10. The overall level of borrowing has been reduced by 31 per cent compared to ten years ago **(Graph B)**.
- The borrowing maturity profile generally follows the national profile with approximately one-third of borrowing to be repaid in next 10 years and one-third over 40 years **(Graph C)**.
- Capital investment requirements are currently being met with cash from reserves, cash balances and cash flow.
- The council will need to borrow to participate in the City Deal project.

Fife Council

- Borrowing makes up 90 per cent of the council's total debt **(Graph A)**.
- The council has borrowed £165m since 2008/09. The level of borrowing has remained static compared to ten years ago **(Graph B)**.
- Almost two-thirds of borrowing needs to be repaid in 40 years or more **(Graph C)**.
- The council uses a combination of cash, council reserves and borrowing to meet capital investment requirements.
- The council is a pilot site for a TIF scheme which will involve an element of borrowing.

Glasgow City Council

- Borrowing makes up 90 per cent of the council's total debt **(Graph A)**.
- The council has taken out loans of £677m since 2008/09. The overall level of borrowing has decreased slightly, by two per cent, compared to ten years ago **(Graph B)**.
- The borrowing maturity profile is broadly aligned with the national profile **(Graph C)**.
- The council uses funds and reserves, and has a preference for cheaper short-term borrowing for capital investment purposes.
- The council will need to borrow to participate in the City Deal project.

Scottish Borders Council

- Borrowing makes up 75 per cent of the council's total debt **(Graph A)**.
- The council has taken out loans of £7.5m since 2008/09. Overall level of borrowing has fallen by eight per cent compared to ten years ago **(Graph B)**.
- It has a small proportion of borrowing maturing in the next ten years when compared to other councils **(Graph C)**.
- The council has been using reserves cash balances and cash flow for capital investment.
- It has received consent to borrow for lending to support the National Housing Trust and Registered Social Landlords.

Shetland Islands Council

- The council borrowed for the first time in 20 years in summer 2014. Borrowing is only planned to fund the new Anderson High School, the council is using cash balances or reserves to fund other capital expenditure.
- It will borrow for capital expenditure if interest rates are lower than average investment return.

West Lothian Council

- Borrowing makes up around 90 per cent of the council's total debt **(Graph A)**.
- Has taken out £371m in new loans since 2008/09. Overall level of borrowing has increased compared to ten years ago **(Graph B)**.
- Over half (59%) of the council's borrowing is due to mature in the next ten years **(Graph C)**.
- Will continue to borrow externally while interest rates remain low.

Part 2

Demonstrating the affordability and sustainability of borrowing



Key messages

- 1** The six councils in our sample are following the general principles and framework of relevant codes and regulations.
- 2** Councils are using the prudential indicators to demonstrate and monitor the short-term affordability of borrowing. But councils are not clearly analysing and reporting their assessment of the longer-term affordability and sustainability of borrowing. Officers present the repayment profile of borrowing to councillors, but are not presenting this together with other information such as different budget scenarios, interest rates scenarios, or capital investment strategies. This is important to inform councillors of the future risks to the affordability and sustainability of current and new borrowing.
- 3** Long-term financial planning will help councils develop more detailed analysis on the longer-term affordability and sustainability of borrowing.
- 4** Councils could present information more clearly to councillors. Some councils are not presenting councillors with all the relevant information at one time to support borrowing decisions, for example in the treasury management strategy. This is important to ensure that decisions made are based on an assessment of all the relevant analysis and risks.

clear reporting to councillors on affordability and sustainability is important for sound decision making

Councils assess the short-term affordability of borrowing

31. Councils should have short, medium and long-term financial strategies that include the financing cost of borrowing and other debt and show the impact on the revenue budget. Decisions on borrowing and other debt need to be taken on the basis of affordability.

32. Our evidence shows that councils demonstrate the short-term implications of borrowing and other debt financing on the revenue budget through use of the prudential indicators. There are 12 prudential indicators that councils must set for each year. Eleven of them must be set for a minimum of three years ahead. Two of these 11 indicators specifically highlight the affordability of capital investment decisions, including borrowing ([Exhibit 10, page 23](#)). These indicators cover all debt and are not specific to borrowing.

Exhibit 10**Affordability prudential indicators**

Indicator	What it means	What it is used for
Financing cost to net revenue stream: actual and estimated for next three years	The percentage of the revenue budget set aside each year to pay debt financing costs	<ul style="list-style-type: none"> Assesses the risk to future budgets, eg from changing interest rates Provides comparisons over time Measures the impact of changing financing costs on the financial strategy
Impact of capital investment decisions on council tax and housing rents	This estimates the impact of new capital investment decisions on council tax and on the average weekly housing rent	<ul style="list-style-type: none"> Allows councillors to consider all the council's plans at budget setting time Allows comparison of different capital financing options by assessing the potential impact on council tax or housing rents

Source: CIPFA Prudential Code

33. The Prudential Code requires councils to estimate the impact of capital investment on the budget for the next three years, as a minimum. No councils in our sample reported estimates for a longer timeframe, and no councils had developed their own indicators to assess affordability. The Prudential Code suggests that councils use their own additional indicators, and this would be a good option for councils to monitor an impact that was important and relevant to their strategy.

34. The indicator 'financing costs to net revenue stream' is used to show how much of council income would be used to pay borrowing and debt charges. For councils with housing, they must separately calculate this indicator showing how much of housing rents income will be required to finance housing-related borrowing and debt charges. [Exhibit 11 \(page 24\)](#) shows the data published by West Lothian Council to provide an example of how this indicator is used.

Exhibit 11

An example of a council's ratio for 'financing costs to net revenue stream'

West Lothian Council is planning to invest in its assets over the next three years, including a council house new build programme. This is shown by the increasing capital financing requirement. Its strategy is to borrow in order to finance this capital investment. The impact of this is to increase the ratio of 'financing costs to net revenue stream' for both the general revenue budget, and the housing budget. This example shows that there is an expected increase in the proportion of income used to finance capital investment over the next three years. It will increase from 7.3 pence of every £1 to 8.6 pence. In relation to investment in housing the expected increase is from 20.8 pence in every £1 of housing rent income to 31.2 pence.

	2013/14 actual	2014/15 estimate	2015/16 estimate	2016/17 estimate
Capital financing requirement				
General Fund	£438,788	£444,404	£446,834	£446,534
Housing	£148,885	£174,561	£200,871	£226,174
Ratio of financing costs to net revenue stream				
General Fund	7.3%	7.8%	8.3%	8.6%
Housing	20.8%	25.4%	28.9%	31.2%

Source: West Lothian Council treasury management annual and prudential indicator reports

Councils are not making good use of all prudential indicators

35. The indicator for the 'impact of capital investment decisions on the council tax/housing rents' is a good example of how councils demonstrate, to councillors and the general public, what the financial implications of council decisions could be for members of the public. This could be an increase or decrease in council tax or housing rents.

36. We found that all councils are reporting this indicator. Out of our sample, three of the 11 councils that we reviewed did not report any impact of capital investment on council tax.¹ The main reason for councils not doing this is that there is currently a freeze on councils' ability to increase council tax. We acknowledge that while the council tax freeze remains, council tax may not increase, but the indicator can still be used to demonstrate what the potential impact of capital investment plans would be. The council tax freeze makes it more important to show how much of the budget is being used to finance capital investment. Councils may also seek to reduce any impact on the budget through making savings. In these cases, we would expect this to be clear in the narrative to the indicator.


Councils are not clearly analysing and reporting the long-term affordability and sustainability of borrowing decisions

37. Councils face reducing revenue budgets and increasing demand for services. As a result many councils have projected funding gaps and need to generate recurring long-term savings. Councils' existing borrowing commitments extend for up to 50 years, and while any current decisions to borrow allow

the council to invest in services they also place more pressure on revenue budgets. Councils therefore need to clearly set out how current and past borrowing decisions impact on the future revenue budget over the life of the borrowing term. The Prudential Code sets out a minimum three years for reporting prudential indicators. Borrowing commitments can extend up to 50 years and, in our view, three years is inadequate to demonstrate to councillors the affordability of borrowing.

38. We found that, while councils were demonstrating the impact of borrowing decisions over a three-year period using prudential indicators, none of the councils in our sample presented councillors with a longer-term view. The Prudential Code provides a minimum framework for councils to demonstrate and monitor the impact of their capital financing decisions on their future budget and income streams. In our view councils could extend the use of the framework and provide an extended analysis to demonstrate the longer-term affordability of borrowing. Officers could provide us with: information on capital investment requirements for up to ten years, when borrowing is due to be repaid and what this will cost, and interest rate forecasts, but there was no analysis bringing this together with budget scenarios to assess affordability. Councillors are not therefore always provided with information on the future affordability of new borrowing and the potential risks. This analysis should bring together the financing charges for all debt, to consider peaks in charges, and the additional risks of new borrowing or debt to this affordability profile.

Demonstrating the affordability and sustainability of borrowing needs effective long-term planning

39. Our report on [Scotland's public finances: Progress in meeting the challenges \[PDF\]](#)  highlighted a lack of long-term financial planning. Long-term financial planning should include scenario planning to outline the different options available to the council based on a range of different assumptions about income, expenditure and activity. The borrowing and treasury management analysis could expand on this financial planning to look at the impact on affordability of using borrowing or different finance methods within each of the options. It could also add external assumptions including changes in interest rates to look at future risk factors to the affordability of borrowing. [Exhibit 12 \(page 26\)](#) highlights how the information in a long-term financial plan can be used to inform detailed analysis on borrowing and treasury management.

40. This more detailed analysis and scenario planning would allow officers and councillors to be clear about the evidence supporting decisions on borrowing. It would highlight all the financing options available and the risks and affordability of each option. Councillors would be aware of any risks when making a decision. As councils are required to produce an annual treasury management strategy, such analysis could be included in the strategy. The strategy would bring together all the key information and set out the supporting evidence. As a public document this would increase the transparency of council decisions.

Councils' treasury management strategies need to clearly demonstrate a more integrated approach

41. The treasury management strategy provides the council with an opportunity to set out its approach and rationale to borrowing, and to provide assurance on how borrowing and treasury management activity will help the council to meet its objectives. Strategies should clearly demonstrate the links to other council

Exhibit 12

The key components of long-term borrowing analysis

Components of long-term financial planning	Essential elements to inform a long-term borrowing analysis	Example
Scenario planning Scenario planning to outline the best, worst and most likely scenarios of the financial position and the assumptions used	<ul style="list-style-type: none"> • Projections for financial settlements, both revenue and capital • Long-term economic forecasts and inflation rates • Projections for interest rates 	The council develops scenario plans for the revenue budget based on a range of assumptions about future revenue streams. This is compared with projected borrowing charges to highlight potential periods of pressure on the revenue budget
Assets and reserves Details of assets and reserves and how these will change over time	<ul style="list-style-type: none"> • Borrowing profile and schedule of repayments • Future reserves policy and contingency levels • Projected reserve levels (based on scenario planning above) • Future impact of asset management plans 	A council is currently using reserves to finance capital investment. It could use different combinations of borrowing and reserves to finance projected capital investment needs. The council should model these different combinations to show the impact on reserve levels and the revenue budget. This would highlight the risks and benefits of each combination
Capital investment activity Details of investment needs and plans and how these will be paid for	<ul style="list-style-type: none"> • The impact of future service demands on capital investment needs. There may be a range of options • Estimated cost of the capital investment options • Future available funding options • Projected borrowing rates 	A council has a range of existing borrowing and wider debt, including PFI. The council should prepare analysis showing the combined financing charge to the revenue and service level budget over the life of the asset or borrowing term. This would be based on different scenarios of interest rates or inflation. If the council wants to invest in more capital, it can model the additional impact of borrowing or debt onto this analysis

Source: Audit Scotland

strategies and plans such as the capital programmes, short, medium and long-term financial strategies, reserves policies, etc. The strategy enables councils to bring together this key information and to show how borrowing decisions fit into this bigger picture.

42. We evaluated strategies against the requirements and good practice recommendations of the Prudential Code, Treasury Management Code and Scottish Government investment regulations. The codes and regulations largely cover operational practice, and councils generally met their requirements. We found the language of the codes and regulations difficult to interpret. Strategies that followed the good practice recommendations as well as the requirements were clearer and told a better story about the council's intended direction for borrowing and treasury management. Scottish Borders Council presents this wider story within its strategy and it is a good example of a clearer strategy.

Not all strategies clearly show the link to corporate and capital plans

43. None of the strategies of our fieldwork councils refers directly or provides links to corporate objectives. This is important to demonstrate how the proposed strategy will help the council to meet its overall aims and objectives and improve services to communities.

44. Councils' treasury management strategies link plans for future capital investment, the financing and affordability of those plans and how cash will be safely managed to meet a council's financial commitments. We acknowledge that there is a wider process within councils to consider and agree capital investment programmes and plans. This includes the use of capital working groups or committees, usually comprising a mix of officers and councillors. These are not usually public forums and the associated reports and papers are not usually public documents. As outlined at paragraph 41, the treasury management strategy is the public document that should bring together capital investment plans and the financing of those plans, including borrowing. In our view, it is the appropriate document for councils to use to demonstrate that other options have been considered. Some councils choose not to approve annual capital investment plans, for example Glasgow City Council approved a two-year capital plan for 2013/14 and 2014/15. It is important therefore for councils to reflect the links to capital investment plans in their annual strategy.

45. Councils do not borrow for specific projects but consider how to finance their whole capital investment programme each year. In identifying the capital expenditure for the year they identify internal sources available before considering borrowing. The Prudential Code requires councils to calculate their 'capital financing requirement', which is the capital expenditure that they need to finance from other sources, that is, through borrowing or other method of external finance.

46. References to the capital programme and capital investment plans vary in detail within strategies. Councils are making better links between treasury management and capital investment at operational level through closer working between treasury management and capital functions but this link is not always reflected in strategies. Glasgow City and East Renfrewshire councils refer to the capital financing requirement and prudential indicators within their strategy,

making the link to capital investment. The Scottish Borders Council strategy is clearer and provides a much wider perspective on its capital investment plans in the strategy including capital expenditure forecasts, capital financing assumptions, the predicted borrowing need and affordability. Relevant prudential indicators are used throughout the strategy.

47. We found little evidence of councils actively sharing strategies with each other to inform good practice, or different ways of presenting information. Some strategies, for example councils in the Lothian region, had similar sections and wording.

Councils are not always using the strategy to clearly explain the prudential indicators

48. We found variation in how councils link the prudential indicators with the treasury management strategy and how the strategy fits with the revenue budget setting process. Councils should use the prudential indicators to demonstrate affordability, prudence and sound treasury management in capital investment decisions. The local authority investment regulations recommend that the treasury management strategy will cover capital, investment and borrowing and the prudential indicators.

49. Only two of six fieldwork councils (Scottish Borders and Shetland Islands councils) included the prudential indicators as a key part of the strategy. Other councils included these indicators as an appendix, and East Renfrewshire Council reports the indicators separately in a different report.

50. We found that councils are setting and reporting on prudential indicators to the full council and appropriate committees but the level of commentary provided within reports is variable. References in reports to the indicators are based on the technical definitions, with few giving the overall context and implications. This is particularly the case where the prudential indicators are provided solely as an appendix to the treasury management strategy or a separate report. A lack of context means that the council is not providing an explanation of how it is actively using the indicators to measure and monitor the affordability of borrowing. Nor is it explaining what the indicators actually mean for the council and its communities, in terms of increasing or decreasing pressure on budgets, or any risks highlighted by the forecast indicators.

Recommendations

Council officers should:

- use the treasury management strategy to present a wider strategic view of borrowing and treasury management. It should use clear and accessible language and be prepared for councillors as the key audience. It should include how the borrowing strategy is informed by corporate priorities and capital investment needs. The strategy should include:
 - links to capital investment plans and corporate objectives
 - all borrowing and other debt
 - prudential indicators as a core part of the strategy
 - a clear assessment of the affordability and the impact on revenue budgets both in the short and long term
 - create more detailed and longer-term borrowing and treasury management analysis as informed by the council's financial strategy. It should include:
 - scenario planning to show the potential impact of different budget scenarios, income generation plans, and changes in external factors such as interest rates
 - analysis of capital financing options, to compare affordability and sustainability between different debt and borrowing options
 - the use of indicators over a longer period than the minimum three years set by the Prudential Code
 - share strategies with other councils to help inform good practice and exchange of ideas.
-

Part 3

Effective management and scrutiny



Key messages

- 1** Treasury management is a professionally run function in councils with appropriately qualified officers. Joint planning with other councils, ongoing training and the availability of appropriate professional qualifications are important.
- 2** Scrutiny of borrowing and treasury management decisions could be improved. This involves officers providing clearer information to councillors to help them in their scrutiny role. In most councils the content and clarity of reports could be improved, particularly performance information in year-end reports. All reports need to be easily accessible to councillors and the public.
- 3** Councils need to provide a range of training and support to councillors to help improve scrutiny of treasury management. We found no additional formal arrangements in place specifically aimed at helping councillors in this complex area.
- 4** We found some examples where governance structures do not fully meet the codes' requirements and where there could be more consistency in reporting arrangements.

councillors need a combination of scrutiny skills and knowledge of treasury management to carry out their role effectively

Treasury management is a professionally run function

51. Treasury management staff in councils deal with the day-to-day treasury functions, including managing short-term cash. They also develop the treasury management strategy and related reports to councillors. The links between the capital investment function and treasury management functions have been strengthened over the last ten years in the councils we visited. The staffing structure within most councils deliberately brings the functions together. For example Scottish Borders Council has a structure that places capital investment and treasury management functions together. It also undertook a recent restructuring to separate out day-to-day transactions, allowing capacity for the development of forward planning and strategic development. In Fife Council the treasury management and capital investment functions are separate. However, staff from the capital investment function have been working in the treasury management function and this has strengthened the links between the two functions.

52. The size of the treasury management function is related to a council's size and budget. The number of personnel involved in treasury management in our

sample varied from less than a full-time equivalent at East Renfrewshire Council to two full-time equivalents at Glasgow City Council. We would expect staff numbers to vary across councils according to the level of treasury management and borrowing activity, and the budget.

53. Officers involved in treasury management have relevant experience and qualifications, and some hold the CIPFA treasury management qualification. Training for new officers is currently provided by on-the-job experience, CIPFA treasury management network events, the treasury management forum, technical updates and toolkits, Capita seminars and training sessions.

54. Treasury management is an important function in councils and they need to actively plan for the succession of qualified staff members and other professional training needs that may arise. CIPFA do not currently provide the treasury management qualification owing to insufficient demand but have enhanced their treasury management network. Other treasury management qualifications are available for councils to consider.

55. Officers recognise that keeping in contact with other treasury managers and those involved in treasury management is critical. The CIPFA treasury management forum provides a source of information that enables officers to develop knowledge, discuss areas of concern and share information.

56. All councils use external treasury management advisers. The services provided include professional treasury management advice, seminars and training for officers and elected members and regular information on economic forecasts. Capita provides services to 28 Scottish councils, including all of those in our sample. There is an inherent risk in having a single provider of advice to so many councils, however, we found that all councils had bought services through open tendering processes within the last four years for terms of between three to five years. All council officers meet regularly with Capita to review their objectives, options, strategies and performance.

Council governance structures are in place but not all meet code requirements

57. The codes of practice and regulations place certain requirements on a council's governance structures:

- They recommend that the full council should approve the treasury management strategy.
- They require a specific committee to be responsible for scrutinising reports.
- They also require borrowing and treasury management activities to be structured and managed in a fully integrated manner and for responsibilities to be clear.

58. CIPFA considers that it is an essential part of a public service organisation's treasury management arrangements to have clearly defined responsibilities for approving and scrutinising borrowing and treasury management activities.

[Exhibit 13 \(page 32\)](#) includes a summary of the main tasks involved in treasury management and suggested allocation of duties.

Exhibit 13

Allocation of responsibilities for scrutinising borrowing and treasury management activities

Full council	<ul style="list-style-type: none"> • Receives and reviews reports on treasury management policies, practices and activities • Approves annual strategy
Committee or panel with responsibility for scrutiny	<ul style="list-style-type: none"> • Approves or amends the organisation's treasury management policy statement and treasury management practices • Considers and approves budget • Approves the division of responsibilities • Receives and reviews regular monitoring reports and acts on recommendations • Approves the selection of external service providers and agrees terms of appointment • Reviews the treasury management policy and procedures and makes recommendations to the responsible body
The responsible officer	<ul style="list-style-type: none"> • Monitors the council's compliance with policy and practices • Submits regular treasury management policy reports • Submits budgets and budget variations • Recommends the appointment of external service providers

Source: Audit Scotland

59. For our sample of 12 councils we looked at the approval, recommendations and scrutiny for each report. Most councils fully met the requirements of the codes but we found the following arrangements that were not in line with the codes' requirements and other arrangements that may not give members the opportunity to scrutinise reports consistently:

- The treasury management strategy at Glasgow City Council is considered and approved by the Executive Committee. The full council considers and approves the minutes of the Executive Committee.
- The governance structure at Fife Council is such that the Executive Committee has responsibility for all budget and treasury management decisions. Full council then approves treasury management reports through the minutes.
- Shetland Island Council's Executive Committee approves the treasury management strategy but receives no other reports.

- In East Renfrewshire Council, the Audit and Scrutiny Committee approves the strategy but the Executive Cabinet scrutinises the mid-year, and year-end reports.

Councillors need further support to improve their scrutiny role

60. Borrowing and treasury management decisions are complex and involve a significant level of financial risk. It is essential that any decisions are effectively scrutinised to demonstrate sound financial management and help councils achieve their local outcomes and priorities. Councils' scrutiny committees are a vital part of a council's governance arrangements and it is important that these committees are effective. Councils have a responsibility to ensure that those charged with governance have access to the skills and knowledge they need to carry out their role effectively. The councillors on committees need to have a combination of technical knowledge and scrutiny skills for the committee to be most effective. Those charged with governance also have a personal responsibility to ensure that they have the appropriate skills and training for their role. We found that councils provide both scrutiny training and treasury management training to councillors. Scrutiny training tends to be provided at the start of a political term, or for new councillors, as part of the induction process.

61. In areas of high importance and complexity, such as treasury management, additional scrutiny arrangements can be put in place. For example:

- Councils seek members with appropriate expertise for the relevant scrutiny panel.
- Councils nominate lead members for borrowing and treasury management to help guide other members.
- Councils seek external expertise to help members on the scrutiny committee.

62. We found some examples where this was being applied. Scottish Borders Council appoints non-executive members to its Audit Committee to provide financial expertise. Fife Council has a lead member for finance. Some councillors on scrutiny committees have highly relevant financial experience but, apart from Scottish Borders Council, councils do not have formal processes in place for selecting councillors with relevant skills.

63. The most important aspect of scrutiny is the challenge of reports and information presented to councillors through asking questions. We found variation in the type of questions that councillors ask, from issues of detail to clarification of the meaning of phrases in reports. Some councillors told us that they are not always confident in challenging the strategy and framework for future decisions and asking questions about the content of reports. Many have built up trust and confidence in officers and look for officers to highlight issues or problems for them. All councillors we spoke to would welcome additional support in their scrutiny role. We have prepared a supplement to this report which includes questions to help councillors in their scrutiny role.²

Officers need to present clearer and fuller information to councillors to help them scrutinise treasury management activity and risks

64. CIPFA's Treasury Management Code states that councils or committees will receive regular monitoring reports on treasury management activity and risks. Regular reporting with a clear and full analysis of performance and activity helps members to:

- understand why officers are proposing decisions
- understand the risks
- ask relevant questions.

65. The Treasury Management Code sets out three minimum reporting requirements for councils:

- a strategy in advance of the year
- a mid-year review
- an annual report after the financial year-end.

66. We found that all councils meet these requirements. However, both Fife and Glasgow City councils prepare a single report covering both the annual report for the previous year and the mid-year review for the current year. In our view this does not meet the intention of the code. These mid-year and annual reports are an important source of information to help councillors effectively monitor and review treasury management activity. Councillors need time to consider any comments or make changes from scrutiny of the annual report to influence activity or performance for the following year.

67. No councils have reporting arrangements that go further than the minimum required by the code, for example quarterly performance or monitoring reports, or more detailed performance reports for the scrutiny committee.

68. We found that councils do not hold separate risk registers for treasury management but they are included in their wider finance risk registers. Reports on the wider finance risks may not be considered by the same committee considering treasury management reports. This means that councillors are not informed of any relevant treasury management risks.

Councils could improve the content and clarity of reports

69. We found that both the layout and content of treasury management reports could be improved, particularly year-end reports on performance. Annual reports are the main performance report and vary in quality. Performance monitoring, including information on the actual figures for the prudential indicators against forecast figures, is not reported fully or consistently across all councils. Some councils only report against indicators and some do not report performance at all. Some of the reports we reviewed did not provide any comparative data. This meant that readers could not reach an objective opinion on performance.

70. From the review of the councils in our sample, we found the following:

- Clackmannanshire, East Lothian, Midlothian, Scottish Borders, Shetland Isles, West Dunbartonshire and West Lothian councils all provided comparative information in their annual reports on all indicators.
- East Renfrewshire, Fife and Renfrewshire councils provided comparative information on some of their indicators.
- Glasgow City Council provided information only on the actual performance without any estimates.
- City of Edinburgh Council did not include any detail on indicators in the annual report, but some are reported in capital monitoring reports.

71. Most treasury management reports are publicly available, although they were not always easy to find on councils' websites. This lack of clear and accessible information means that it is difficult for members of the public to understand how borrowing and treasury management activity is contributing to their council's priorities, and to understand what the performance of the council has been.

72. Officers must use accessible language when reporting on borrowing and treasury management but many strategies and reports contain a lot of technical language. This does not help councillors scrutinise effectively as any questions they ask are more likely about clarity rather than challenge. [Exhibit 14 \(page 36\)](#) shows how Shetland Islands Council used worked examples to explain to councillors why it was recommending to borrow for the first time.

Councils should provide a wider range of training and support to improve councillor attendance and help them in their scrutiny role

73. All councils provide training on treasury management to councillors. This consists of courses provided once or twice a year and, in West Lothian Council, when a new administration is formed as a minimum. Attendance is voluntary although it has been generally poor (varies between 40 and 100 per cent attendance for these sessions), ([Exhibit 15, page 37](#)). Attendance at training events is focused mainly towards councillors who sit on relevant scrutiny committees rather than all councillors.

74. Councillors' views on the training they attend are positive. Councillors also felt officers gave them extra support if required, for example by providing additional information or responses to any questions they had.

75. Training and support for councillors should aim to equip all councillors with a minimum level of knowledge and understanding. We found councillors' experience varied, for example from councillors who had been accountants or finance directors to those with little or no previous finance experience.

76. Councillors told us that it was often difficult to attend training owing to other commitments. In their view, a full-day training course was a substantial commitment. Regular training will be required to keep councillors up to date with economic developments. As councillors only consider treasury management issues, on average, three times a year, the timing of the training is important. Councils should consider different ways to provide training including courses, short briefings and perhaps online training.

Exhibit 14

How officers at Shetland Islands Council explained why it was recommending the council borrow

The economic case for borrowing externally, or using the council's own reserves to finance capital expenditure, is essentially down to whether interest rates are higher or lower than the long-term average return on the council's external investments.

If interest rates are higher than the long-term average return on the council's investments (currently 5.75%) then it means the cost of borrowing is higher than the lost income forgone by using reserves. So it would make financial sense to use reserves for capital expenditure.

For example, if interest rates were 10% for a £1m loan:

- Annual interest payable on £1m at 10% = £100,000
- Investment income of 5.75% generated on £1m = £57,500.

In this example to borrow would cost £100,000 a year, and to use reserves would present an opportunity cost of £57,500 in lost investment income. In this example, using reserves would present a saving of £42,500 per year over using borrowing.

However, the reverse is true if interest rates are lower than the long-term average return on the Council's investments (currently 5.75%).

For example if interest rates were 2% for a £1m loan:

- Annual interest payable on £1m at 2% = £20,000
- Investment income of 5.75% generated on £1m = £57,500.

In this example, to borrow would cost £20,000 a year and to use reserves would present an opportunity cost of £57,500 in lost investment income. In this example borrowing would save the council £37,500 per year.

Therefore when interest rates are lower than long-term investment returns, the default position of the council should be to borrow in order to achieve a Best Value outcome.

Source: Shetland Islands Council Borrowing Strategy 2014/15

Exhibit 15**Councillor attendance at treasury management training**

	East Renfrewshire	Fife	Glasgow City	Scottish Borders	Shetland Islands	West Lothian
Date of last training	2014	2014	2013	2012	2014	2011
Frequency	Annually	Biannually	Annually	Biannually	Annually	Each administrative term
Offered to	Full council	Full council - but target Executive Committee members	Members of Executive Committee and members of Finance and Audit Scrutiny Committee	Audit Committee	Full council	Full council
% attendance full council	40%	11.5%	22.8%	91%	Not available	46.8%
% attendance Scrutiny committees	57% 37.5% Cabinet	40.9%	66.7% Scrutiny 40% Executive	100%	Not available	Not available Committee structure changed

Source: Audit Scotland

Recommendations

Council officers involved in borrowing and treasury management should:


- carry out joint planning with other councils to identify future qualification and training needs and enhance their capacity, in order to negotiate with training providers
- review the content of year-end reports to ensure they provide an assessment of the effectiveness of the year's borrowing and treasury management activities and the performance of the treasury management function. This should include appropriate indicators, comparative figures, and appropriate explanations.

Council officers and councillors involved in treasury management should:

- review governance arrangements, and update as necessary, to ensure they provide:
 - the treasury management strategy, mid-year and year-end reports to the same council committee, and that the full council has access to them
 - councillors with mid-year reports by the end of December each year
 - councillors with the wider picture, that is, make the links to capital investment decisions and revenue budgets
 - councillors with access to all reports relating to borrowing and treasury management activity including risk registers
 - ensure scrutiny arrangements are robust by:
 - considering widening the range of training options to councillors on borrowing and treasury management activities and whether this training should be mandatory
 - considering whether training for councillors provides a balance of scrutiny skills and knowledge of treasury management.
-

Endnotes



- ◀ 1 Glasgow City Council, Renfrewshire Council and West Lothian Council. As Shetland Islands Council did not borrow until 2014/15, we would not expect this indicator to be set for 2013/14.
- ◀ 2 [*Borrowing and treasury management in councils: Scrutiny guidance and questions for councillors, \[PDF\]*](#)  Audit Scotland, March 2015.

Appendix 1

Audit approach



Our audit looked at councils' strategies for borrowing and treasury management and whether councils can demonstrate the affordability and sustainability of their borrowing decisions over the short and long term. Councillors have a crucial role in holding officers to account and this report also evaluates this. We did not evaluate day-to-day cash, investment and borrowing transactions.

Methodology

To achieve our aim and objectives, our audit included reviewing documents, analysing data and interviews. The audit had three main components:

Data analysis: We analysed information on borrowing and debt from councils' audited accounts, CIPFA statistics and the Scottish Government in order to inform a selection of 12 councils for further desk research. The 12 that were selected were City of Edinburgh, Clackmannanshire, East Lothian, East Renfrewshire, Fife, Glasgow City, Midlothian, Renfrewshire, Scottish Borders, Shetland Islands, West Dunbartonshire and West Lothian councils. The councils were selected to include a mix of council size and to reflect initial thoughts, based on our financial analysis, that they had different approaches and strategies to borrowing and treasury management.

Desk research: We reviewed a range of relevant written material on borrowing and treasury management, focusing on the treasury management strategies for our 12 councils. We also looked at the committee arrangements for consideration of these and other treasury management reports. This informed our sample of six councils for interview. We selected the sample so that it included large, small, urban and rural councils and reflected different levels of borrowing and other forms of debt.

Interviews with councils and stakeholders: We visited six councils to find out more about their approach and strategy for treasury management, their governance arrangements and scrutiny and training for councillors. We spoke to council leaders and councillors about their role in scrutinising borrowing and treasury management and their experience of the training and support received. We also interviewed representatives from organisations including the Scottish Government, CIPFA and the CIPFA Scottish Treasury Managers' forum.

Appendix 2

Membership of the project advisory group



We would like to thank members of the advisory group for their input and advice throughout the audit.

Member	Position
Andy Witty	Policy Officer, COSLA
David Robertson	Chief Financial Officer, Scottish Borders Council
Gareth Davies	Policy and Technical Officer, CIPFA Scotland
Hazel Black	Head of local authority accounting, Scottish Government
Innes Edwards	Treasury Manager, City of Edinburgh Council

Note: Members of the project advisory group sat in an advisory capacity only.

Borrowing and treasury management in councils

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WEST DUNBARTONSHIRE COUNCIL**Report by Executive Director of Corporate Services****Audit & Performance Review Committee****10 June 2015**

Subject: Local Government Benchmarking Framework 2013/14**1 Purpose**

- 1.1** The purpose of this report is to provide members with service specific public performance information regarding the local position and response to the Local Government Benchmarking Framework (LGBF) information for 2013/14 as requested at the March 2015 meeting of Committee.

2 Recommendations

- 2.1** It is recommended that members:
- Note the service responses and overview related to the 13/14 publication of the LGBF
 - Note that improvement actions are already underway within each department following publication of this information

3 Background

- 3.1** The LGBF information published for 2013/14 was discussed at March 2015 Audit and Performance Review Committee, and as agreed, service specific information was requested to be remitted to the June 2015 meeting of this committee.

4 Main Issues

- 4.1** The annual overview benchmarking report was published by the Improvement Service at the end of January 2015 and considered by this committee in March 2015. Information was presented on overall performance in West Dunbartonshire. Members of the committee were keen to take time to interrogate more detailed information on the service response to this data, particularly in relation to those areas performing in the lower quartile.
- 4.2** In preparation for the publication of the national overview report, services prepare detailed information on each category of the LGBF. The information outlines the suite of indicators in the category and gives an assessment of overall performance. Detail is also provided on areas of best practice and any potential areas for improvement to be progressed. This information supports the public performance reporting of the LGBF and provides more accessible and detailed

performance information by service area. These service based briefings are attached as an appendix to this report.

- 4.3** Work is underway in each department, linked to service planning, to ensure a focus on continuous improvement through identification of performance requiring review. This is in line with the Strategic Planning and Performance Framework which places an emphasis on continuous improvement through an ongoing process of customer feedback, benchmarking and consultation. All areas of performance are considered through this process, it is not specific to the LGBF publication, with remedial or improvement actions required fed in to service and departmental plans.
- 4.4** Further work is underway at a national level to improve the quality and consistency of the information provided through the LGBF. There are recognised areas for improvement in the current process, specifically in relation to the quality of financial information sourced from the Local Financial Return (LFR). To date the LFR information has not been consistent across areas; reflecting the varying structures and arrangements in place in different Local Authorities. As a result of this the cost based information is not as robust as it could be, with local data showing a better performance picture than is reported through the LFR in a number of service indicators. Work is being progressed nationally to address this with guidance currently being revised to ensure all Local Authority LFR information is consistent and as reflective of actual cost of service delivery as is possible.
- 4.5** Additional work is also being taken forward on a national level in relation to the development of a wider suite of measures through the LGBF. This work is being led through a national LGBF steering group led by the Improvement Service. West Dunbartonshire is represented on this national steering group by the Corporate and Community Planning Manager.

5 People Implications

- 5.1** There are no people implications.

6 Financial Implications

- 6.1** There are no financial implications from this report, however there may be financial implications following review of performance and remedial actions.

7 Risk Analysis

- 7.1** The content of this report forms a core element of the Council's public performance reporting (PPR) for 2014/15. The performance information and relevant remedial actions will also form an element of department plans so it is

critical performance is understood and fully scrutinised to ensure appropriate action is taken.

- 7.2 it is important that members are aware of the limitations of the framework as outlined in 4.4 above. The LGBF information should be considered in the context of all relevant service information and not in isolation.

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

- 8.1 No issues were identified in relation to this report.

9 Consultation

- 9.1 All departments were consulted in the submission of information to the LGBF and have been involved in preparing these service based responses.

10 Strategic Assessment

- 10.1 The LGBF is a nationally published suite of information which allows robust scrutiny of comparative performance. It allows us to learn from best practice in other areas to ensure progress is made on delivery of the strategic priorities of the Council.

Angela Wilson
Executive Director of Corporate Services
Date: 12 May 2015

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Appendices: Appendix 1: Service Information

Background Papers: [LGBF paper – Audit & Performance Review Committee March 2015](#)
[Audit Scotland's Direction and Guide 2014](#)
[Local Government Benchmarking Framework](#) – National Benchmarking Overview Report 2015

Wards Affected: All wards

Children's Services

Overview

Introduction

There are 12 performance indicators (PIs) in the Children's Services category. They cover a wide range of areas including:

- pre-school, primary and secondary school costs;
- performance of pupils in SQA exam results;
- the percentage of adults satisfied with local schools;
- the proportion of pupils entering a positive destination;
- the proportion of children being looked after in the community; and
- the costs of children being looked after in residential based services and in community settings.

Seven PIs, covering school costs, exam results, satisfaction with schools and positive destinations, are managed by the Council's Educational Services Department. It provides a range of services including children's services, continuous professional development and workforce planning, educational development, libraries and museums, performance and improvement, and psychological services. You can find out more about Educational Services from their [Service Plan](#).

Three indicators relating to looked after children are managed by the Community Health & Care Partnership (CHCP). It provides a range of services covering: children's health, care and criminal justice; strategy, planning and health improvement; mental health, learning disability and addictions; and community health and care services. You can find out more about the CHCP from their [Strategic Plan](#).

Two indicators relating to exam results at level 5 are no longer relevant following the introduction of the Curriculum for Excellence in Scottish schools. There is no data available for 2013/14 with the most current data relating to 2012/13. Work is ongoing at a national level to develop replacement indicators for these.

Our work in the areas covered by the Children's Services category is set in the wider context of the key national policies of Curriculum for Excellence and [GIRFEC](#), ensuring we 'get it right for every child', as they grow to be responsible citizens, effective contributors, confident individuals and successful learners. Developing the workforce of the future is a key aim for us, in line with the recommendations made in [Education Working For All](#).

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our Social & Economic Profile for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance across the Children's Services category

Pending the publication of 2013/14 data for 3 looked after children PIs in February 2015, they have been excluded from the performance summary below. We have also excluded the two indicators relating to exam results at level 5 that are no longer relevant following the introduction of the Curriculum for Excellence in Scottish schools as there is no data for 2013/14.

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 4 of the 7 indicators compared to the previous year;
- our ranking improved for 5 PIs and fell for 2 PIs compared to the previous year;
- we performed better than the Scotland figure in 2 PIs and worse in 5 PIs;
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 1 PI, the third quartile (17th to 24th) for 1 PI and the bottom quartile (25th to 32nd) for 4 PIs.

Council performance

Performance highlights

- Cost per secondary pupil: With only Kilpatrick and Our Lady and St. Patrick's (OLSP) High School being in older premises, we have significantly improved our performance over time, moving from 27th to 18th. With the commitment to replace both Kilpatrick and OLSP, our position will improve again over time, providing learning and teaching environments required for the curriculum of today and tomorrow.
- % of pupils gaining 5+ awards at level 6: We continue to improve the performance of our pupils in the senior phase of our schools year on year, up from 20.5% in 2012/13 to 24.5% in 2013/14, resulting in a rise in ranking from 31st to 26th. We have provided support at the point of need, by investing in raising attainment initiatives such as supported study and master classes.
- % of pupils from deprived areas gaining 5+ awards at level 6: We have made our biggest improvement in this area, with performance increasing from 9.6% to 17.8% between 2012/13 and 2013/14. This has resulted in a significant rise in ranking from 13th to amongst the top performing local authorities in Scotland with a ranking of 3rd.

Areas for development

- % of adults satisfied with local schools: Although the percentage of adults satisfied with local schools has decreased slightly from 88% to 86%, we remain above the Scotland figure of 81% and ranked 10th in Scotland. There is significant work in the schools estates programme affecting a number of areas to improve the quality of educational provision over the next two years.
- Proportion of pupils entering positive destinations: Presently we can account for all of our young people, with no one unknown to us in the system. With a success rate of just over 90% of pupils entering positive destinations, we continue to do well for the vast majority of our young people. However, other local authorities have made bigger improvements in the last year which has affected how we compare with them.

What we are doing to improve services

Schools Estate

Following a consultation process, a report by the Executive Director of Education on the building of a new Our Lady and St Patrick's High School was agreed by the Educational Services Committee on 26 June 2014. A new schools and early education and childcare centre (EECC) campus is planned to replace Aitkenbar Primary, St Peter's Primary and St Peter's EE&CC in Bellsmyre. A new Kilpatrick School Secondary building will be constructed. The proposed opening date of the new buildings is August 2016.

At the end of June 2014, Scottish Government offered to fund 100% of the Our Lady and St Patrick's High School project on condition that the Council would use the released funding in order to maximise the number of pupils who could benefit from establishments being raised from grade C to grade B or A in terms of their condition.

These developments will improve our performance in relation to schools estate and satisfaction rates.

Positive Destinations

With the publication of the report from the Commission for Developing Scotland's Young Workforce, we are working hard to improve what is on offer to all of our young people in the senior phase of our secondary schools. With the help of a wide number of partners, we will offer courses that meet the needs of our young people, and develop their skills, capabilities and attributes. This will help them make the transition from school into the wider world of work or further study.

How the public can get involved

Your feedback is important to us. Please take a few minutes to tell us what you think about our performance information by completing this short [questionnaire](#).

We will use your feedback to help us improve how we report our performance to you in future.

For more information about our performance, please contact:
corporateandcommunityplanning@west-dunbarton.gov.uk

Corporate Services (including corporate assets)

Overview

Introduction

There are 10 performance indicators (PIs) in the Corporate Services category. They cover a wide range of areas including:

- the costs of administrative support services and supporting elected members;
- the cost of collecting Council Tax and the percentage of Council Tax received;
- how quickly we respond to domestic noise complaints;
- sickness absence levels;
- how efficient we are at paying invoices;
- the proportion of women in our highest paid posts; and
- the condition and suitability of our operational buildings.

With the exception of two PIs relating to operational buildings, the PIs are managed by Corporate Services, comprising around 650 employees in five key service areas: corporate communications; customer and community services; finance and resources; legal, democratic and regulatory services; and people and transformation. You can find out more about Corporate Services from our [Corporate Services Plan](#).

The two PIs relating to the condition and suitability of our operational buildings are managed by Corporate Asset Management, part of the Council's Housing, Environmental and Economic Development Service (HEEDS). The 49.5 full time equivalent employees in Asset Management provide a range of services including: consultancy services - designing, managing and/or supporting client department construction related projects with a combined value of over £30m in 2014/15; energy and compliance; contributing to and supporting the effective management of the Council's assets, including open space, ICT, roads and infrastructure, fleet and plant; direct responsibility for the asset management of all operational and non-operational properties and site as well as supporting the school estate and PPP contract monitoring. You can find out more about Corporate Asset Management and HEEDS from the [Housing, Environmental and Economic Development Department Strategic Plan](#).

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our Social & Economic Profile for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance in the Corporate Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 8 of the 10 indicators compared to the previous year;
- our ranking improved for 3 PIs, stayed the same for 2 PIs, and fell for 5 PIs compared to the previous year;
- we performed better than the Scotland figure in 4 PIs and worse in 6 PIs;

- of the 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 3 PIs, the second quartile (9th to 16th) for 1 PI, the third quartile (17th to 24th) for 3 PIs and the bottom quartile (25th to 32nd) for 3 PIs.

Council performance

Performance highlights

- We are the top performing council in Scotland for our rapid response to domestic noise complaints where we are required on site. In 2013/14, our average response time was 21 minutes, three minutes quicker than the previous year.
- The proportion of our total running costs spent on support services remains amongst the lowest in Scotland at 3.36%, giving a ranking of 3rd.
- Women make up more than half (55.32%) of the highest paid 5% of employees, giving a ranking of 3rd in Scotland.
- The proportion of our operational buildings that are suitable for their current use was up slightly on the previous year at 87%, better than the Scotland figure of 78%. Despite our improved performance, our ranking fell 3 places to 13th in comparison with other local authorities. A number of actions contributed to our improved performance including: new build project completions on Dumbarton Common and Singer Pavilions and a refit of a previously vacant office for a CHCP project in Dumbarton; the relocation of staff to modern offices in Aurora House in Clydebank and the imminent closure of Roseberry Place; and a number of buildings have been closed during the year such as Vale of Leven Hospital Social Work Office, Dumbarton Housing Office, College Way, Phoenix CEC, and bowling pavilions in Faifley, Drumry and Levensgrove Park.

Areas for development

- Despite sickness absence improving by just over 6% from the previous year, from 12.13 to 11.38 days per employee, we are ranked 32nd in Scotland, down one place from last year. However, teachers' absence in 2013/14 was 5.28 days, giving a ranking of 6th in Scotland.
- Our Council Tax collection rate continues to improve year on year, with just over 94.5% collected in 2013/14. Despite this, our ranking remains static at 24th in Scotland.
- The cost of collecting council tax is at its lowest in 4 years at £13.31 per dwelling, 15% better than last year's figure. Our improved performance gives us a ranking of 21st, up three places from last year.
- While the proportion of internal floor area of operational buildings in a satisfactory condition improved from 50.5% to 55%, our ranking is 31st in Scotland. However, this is up one place from last year.

What we are doing to improve services

Sickness Absence

Throughout 2013/14, several initiatives were introduced to support our employees at work and promote higher attendance levels. While these initiatives have improved sickness absence by 6% between 2012/13 and 2013/14, our comparative performance remains poor. We are committed to improving attendance levels and we will continue to maintain a clear focus on managing absence in the coming year. Work is on-going in partnership with trades unions to support employees and explore how attendance levels can be improved.

Council Tax Collection Rate

While our Council Tax collection rate continues to improve year on year, our comparative performance has remained at 24th two years in a row. This is because the collection rates of all councils are also improving. To improve our performance in 2014/15, we are undertaking an exercise to target employee debt and reviewing our processes to streamline and improve how we work and deliver our services.

Cost of collecting Council Tax

To continue to improve our performance in 2014/15, we have reviewed our sheriff officer contract resulting in more competitive rates being charged for collection, we have restructured our services, and we are reviewing our processes to streamline and reduce the costs of delivering our service.

Corporate Assets

During 2013/14, we completed the third and final phase of a condition survey of all operational properties. This identified that a more detailed approach was required to prioritising upgrading works to individual properties. As a result, we have developed a scoring matrix that will assist officers to identify and prioritise works to be completed through the capital building upgrades programme. This will assist in improving the general condition of buildings and their performance.

How the public can get involved

Your feedback is important to us. Please take a few minutes to tell us what you think about our performance information by completing this short [questionnaire](#).

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For more information about our performance, please contact:
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Adult Social Care

Overview

Introduction

There are 5 performance indicators (PIs) in the Adult Social Care category. They cover a wide range of areas including:

- the costs of residential care and home care for people aged 65 and over;
- the proportion of adults needing social work support who get to choose how their support needs will be met (known as Self-Directed Support);
- the proportion of people aged 65 and over with intensive needs receiving care at home; and
- the level of satisfaction with social care services.

All 5 indicators are managed by West Dunbartonshire Community Health and Care Partnership (CHCP) comprising around 2,300 employees. Its mission is to provide high quality services that deliver safe, effective and efficient care to, and with, the communities of West Dunbartonshire; and to work in partnership to address inequalities and contribute to the regeneration of the area.

The CHCP brings together both NHS Greater Glasgow and Clyde's and West Dunbartonshire Council's separate responsibilities for community-based health and social care services within a single, integrated management and governance structure. This means that West Dunbartonshire is particularly well-placed to smoothly implement the new legislation on health and social care integration – the Public Bodies (Joint Working)(Scotland) Act – over the course of 2015/16 while continuing to deliver improved outcomes.

Further information about the Community Health and Care Partnership is available from the [CHCP Strategic Plan 2014/15](#).

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our Social & Economic Profile for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet during 2015 and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance in the Adult Social Care category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 2 of the 5 indicators compared to the previous year;
- our ranking improved for 1 PI, stayed the same for 1 PI, and fell for 3 PIs compared to the previous year;
- we performed better than the Scotland figure in 3 PIs and worse in 2 PIs;
- of the 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 2 PIs and the bottom quartile (25th to 32nd) for 2 PIs.

Council performance

Performance highlights

- We delivered home care to people aged 65 and over at the 9th lowest cost per hour in Scotland.
- The provision of this home care allowed 40.7% of people with intensive needs to remain within their own homes and communities, for which we were ranked 8th in Scotland.
- We have sustained high levels of satisfaction with social care services at 68% in comparison with 55% in Scotland.

Areas for development

- Although our expenditure on Self-Directed Support (SDS) increased in 2013/14 from the previous year, there has been a decrease of 0.03% in SDS as a proportion of overall adult social care spend meaning that our ranking has dropped from 23rd to 26th in Scotland.
- The cost per week for residential care for older people was higher than the Scottish figure of £367.96 although we have seen a decrease from £430.41 in 2012/13 to £415.97 in 2013/14.

What we are doing to improve services

Home Care

The CHCP is continuing to focus on community re-ablement, with services being targeted towards those with high level needs in order to maximise any potential for improvement in levels of independence. Currently 55% of people who received a re-ablement package reached their agreed personal outcomes, re-learning the skills necessary for daily living and improving their levels of independence.

Residential Care Home Costs for Older Adults

The CHCP has approved the development of two new fit for purpose older people's care homes (incorporating day care provision) to replace all of the Council's existing care homes and day care provision. The first of these homes is due for completion in 2015/16.

Self-Directed Support

A rolling training programme is in place for workers across the CHCP to ensure the offer of Self-Directed Support (SDS) options is embedded in the assessment process. A dedicated SDS support team and SDS website have also been created to raise public awareness and provide help and support. An Integrated Resource Framework has been developed to provide an indicative personal budget to meet the individual's eligible needs. This

framework will be applied to all four Self-Directed Support options ensuring fairness and equality across all individuals eligible for local authority funded support.

Establishment of a Health and Social Care Partnership April 2015

The CHCP is preparing to become a fully integrated Health and Social Care Partnership which should allow for further improvements in service delivery and reporting and a more efficient use of resources.

How the public can get involved

Your feedback is important to us. Please take a few minutes to tell us what you think about our performance information by completing this short questionnaire.

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Culture & Leisure Services

Overview

Introduction

There are 8 performance indicators (PIs) in the Culture & Leisure Services category. They cover two key aspects of performance – cost and public satisfaction – across three areas:

- libraries, museums and galleries;
- parks and open spaces; and
- sports and leisure facilities.

Four indicators relating to libraries, museums and galleries are managed by the Council's Educational Services Department which covers children's services, continuous professional development and workforce planning, educational development, libraries and museums, performance and improvement, and psychological services. You can find out more about Educational Services from their [Service Plan](#).

Two indicators relating to parks and open spaces are managed by the Council's Housing, Environmental and Economic Development Department (HEEDS), which covers a diverse range of services that have a daily impact on the lives of West Dunbartonshire residents, including housing and community safety, neighbourhood services, and regeneration and economic development. You can find out more about HEEDS from the [Housing, Environmental and Economic Development Department Strategic Plan](#).

The final two indicators relating to sports and leisure facilities are managed by the West Dunbartonshire Leisure Trust which covers leisure centres, sports development, active schools and community facilities. You can find out more about the Leisure Trust from the [Business Plan](#).

National Context

West Dunbartonshire Council supports the Scottish Government's aim to encourage participation in a diverse cultural life and widen access to sport. In doing so it acknowledges that arts and culture can bring real benefits for communities and individuals and that sport can make a significant and positive contribution to many areas of our lives including health and wellbeing.

The Council recognises that culture, creativity and heritage are integral to Scotland's communities. Involving key partners at a national level, the Scottish Government has identified the following priorities:

- Sustainable economic development - to promote and develop the crucial role of culture and creativity;
- Health and wellbeing - to focus on the contribution culture can make to improving the confidence and quality of life of communities;

- Heritage - to encourage the value and enjoyment of the historic environment and promote its care and protection; and
- Scotland national and international profile – to raise the profile of Scotland's creative, cultural and historic wealth at home and abroad.

Public library services in Scotland are entirely the responsibility of local authorities which have a statutory duty to secure the provision of adequate library facilities for all persons resident in their area.

Scotland's digital participation strategy, "A National Framework for Local Action", was published in April 2014. In working with a number of partners to ensure its success, the Scottish Government recognises the crucial part Scotland's libraries play in raising the levels of digital participation across Scotland – they provided 8.8 million hours of free internet access via library PCs in 2012/13. In 2014/15, the Scottish Library and Information Council (SLIC) received an extra £300,000 from the Scottish Government to support the development of Wi-Fi projects across Scotland's libraries. West Dunbartonshire Council's public libraries are benefitting from this scheme, enabling Wi-Fi in all branch libraries in addition to the existing public access pc.

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

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Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance in the Culture & Leisure Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 6 of the 8 indicators compared to the previous year;
- our ranking improved for 5 PIs, stayed the same for 1 PI, and fell for 2 PIs compared to the previous year;
- we performed better than the Scotland figure in 4 PIs and worse in 4 PIs;
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 4 PIs, the third quartile (17th to 24th) for 1 PI and the bottom quartile (25th to 32nd) for 2 PIs.

Council performance

Performance highlights

- Cost per attendance at sports facilities: This improved from £4.83 to £3.13 over the previous year and better than the Scotland figure of £3.84. It resulted in a significant rise in ranking of 9 places from 24th to 15th. This improvement is mainly due to investment in our leisure facilities, including the refurbishment of gyms at three leisure centres. This contributed to increased usage, resulting in a decrease in the cost per attendance.
- Cost per library visit: Visits to public libraries in West Dunbartonshire continue to increase year on year. Online visits have improved markedly through the development of e-services via the Council's 'LibraryOnline'. Efficiencies made over the last 2 to 3 years have reduced the cost of delivering library services across the authority. Libraries & Cultural Services are integrated and have within it some areas of shared services. In breaking down costs within these shared services we have been able to provide a more accurate analysis of spending - £2.85 in 2013/14, compared to £3.91 the previous year. As a result, our ranking has improved

considerably from 22nd to 12th although we are slightly above the Scotland figure of £2.71 per visit.

- Percentage of adults satisfied with libraries: Levels of satisfaction with libraries remains high at 85% compared to 84% the previous year and better than the Scotland figure of 81%. As a result, our ranking has also improved from 15th to 13th. At a local level, quarterly telephone surveys in 2013/14 consistently achieved greater than 90% satisfaction with libraries in West Dunbartonshire.

Areas for development

- Percentage of adults satisfied with museums and galleries: The drop in satisfaction levels from 79% in 2012/13 to 71% in 2013/14 and the corresponding fall in ranking from 15th to 18th is not reflected in locally gathered customer feedback at Clydebank Museum & Gallery and the Backdoor Gallery, both of which have achieved satisfaction levels of more than 90% throughout 2013/14.
- Percentage of adults satisfied with leisure facilities: While satisfaction levels improved from 65% to 69% over the previous year and ranking improved three places from 30th to 27th, we remain in the bottom 8 of all local authorities (4th quartile) and below the Scotland figure of 78%.

What we are doing to improve services

Museums and Galleries

The Museums and Galleries service is currently writing an Audience Development Plan focused upon the following factors:

- content, availability and collation of customer feedback;
- analysis of customer evaluation and feedback;
- partnership working with other cultural and heritage attractions to raise profile locally and nationally; and
- the production of a strategic 3 year audience development action plan.

In summer 2015, free Wi-Fi will be established in public and school libraries across the authority promoting 'bring your own device' in addition to the existing free public access PC. Services will also include wireless printing for customers and access to library catalogue for mobile and housebound customers.

Leisure Facilities

With financial support from the Council, the Leisure Trust will continue to invest in leisure facilities over the next two years, cumulating in the opening of a new leisure facility in Clydebank in 2016/17. With this investment and the implementation of the Trust's [Business Plan](#), it is anticipated that we will continue to see an increase in usage resulting in a decrease in the cost per attendance as well as an increase in user satisfaction.

Customer satisfaction is important to us and is highlighted as one of six key priorities in the Trust's Business Plan. With a focus on research, feedback and enhancing customer service,

we have identified several actions to take forward, including: conduct surveys every three months to monitor customer satisfaction; carry out monthly inspections within leisure centres and implement any improvements identified; and review staffing levels across sites with a view to targeting cover at customer critical areas and times.

How the public can get involved

Your feedback is important to us. Please take a few minutes to tell us what you think about our performance information by completing this short questionnaire.

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For more information about our performance, please contact:
corporateandcommunityplanning@west-dunbarton.gov.uk

Environmental Services

Overview

Introduction

There are 17 performance indicators (PIs) in the Environmental Services category. They cover a wide range of areas including:

- waste - collection and disposal costs, the proportion of waste that is recycled, and customer satisfaction with refuse collection;
- street cleaning - the cost of street cleaning, street cleanliness levels, and satisfaction with street cleaning;
- road maintenance - cost of maintenance and the proportion of roads that require maintenance; and
- the costs of environmental health and trading standards.

With the exception of three PIs relating to environmental health and trading standards, the indicators are managed by the Council's Housing, Environmental and Economic Development Department (HEEDS). With 1,700 employees, it covers a diverse range of services that have a daily impact on the lives of West Dunbartonshire residents, including housing and community safety, neighbourhood services, and regeneration and economic development. You can find out more about HEEDS from the Housing, Environmental and Economic Development Department Strategic Plan.

The 3 environmental health and trading standards PIs are managed by Corporate Services, comprising around 650 employees in five key service areas: corporate communications; customer and community services; finance and resources; legal, democratic and regulatory services; and people and transformation. You can find out more about Corporate Services from our [Corporate Services Plan](#).

National policy context

Waste

The Waste (Scotland) Regulations 2012 impact on areas of waste management operated by the Council. The regulations complement the Zero Waste Plan which was launched by the Scottish Government in 2010 and set recycling and composting targets for Scottish local authorities. The targets are as follows:

- 60% recycling/composting by 2020;
- 70% recycling/composting by 2025; and
- no more than 5% of all waste to go to landfill by 2025.

The regulations introduce challenging targets for diverting waste away from landfill disposal. Disposing of waste at landfill is now the most financially costly and environmentally damaging option for the community.

Roads

The Roads and Transportation Service manages and maintains the public road network as governed by The Roads (Scotland) Act 1984, encourages sustainable transportation, and is responsible for promoting road safety within West Dunbartonshire with the exception of trunk roads that are managed and maintained by the Scottish Government. It is also responsible under the terms of the Flood Risk Management Act 2009 for taking appropriate action to mitigate the risk of flooding across the Council area.

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our Social & Economic Profile for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32

benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance in the Environmental Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 8 of the 17 Indicators compared to the previous year;
- our ranking improved for 8 PIs, stayed the same for 3 PIs and fell for 6 PIs compared to the previous year;
- we performed better than the Scotland figure in 11 PIs and worse in 6 PIs; and
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 4 PIs; the second quartile (9th to 16th) for 5 PIs; the third quartile (17th to 24th) for 5 PIs; and the bottom quartile (25th to 32nd) for 3 PIs.

Council performance

Performance highlights

- Gross cost of refuse collection per premises: We have the second lowest cost (£54.96) for refuse collection in Scotland, improving from fourth lowest cost (£57.86) in 2012/13. We have achieved this by effectively managing the costs which we have direct control over e.g. labour, productivity levels and vehicle costs.
- Net cost of refuse collection per premises: We have the third lowest cost (£37.70) for refuse collection in Scotland, improving from fourth lowest cost (£41.01) in 2012/13. We have achieved this by maximising the income we receive for the aspects of the refuse collection service that are chargeable.
- Percentage of adults satisfied with refuse collection: Satisfaction with the service is improving, from 80% in 2012/13 to 82% in 2013/14, and a rise in ranking of three places.

Areas for development

- Cost of maintenance per kilometre of roads: The gross cost of maintenance has significantly reduced by almost 18% from £25,598.40 in 2012/13 to £21,090.72 in 2013/14 per kilometre of road. This reduction in part can be attributed to the impact of a less severe winter. Nevertheless, we are ranked as the second highest Council in terms of expenditure per kilometre of road. However, there is a significant variance in this reported figure when compared with other local authorities. The reason for this is our accountancy practice as we do not calculate net figures. This results in significantly overstating our cost of maintenance per kilometre of roads. If net

figures were used West Dunbartonshire Council would be identified as being around the Scottish average for this indicator.

- Percentage of roads that should be considered for maintenance purposes: These four PIs consider the percentage of A class roads, B class roads, C class roads and unclassified roads which should be considered for maintenance. Our performance in relation to A, B and C class roads is 24.7%, 29.4% and 42.4% respectively for 2013/14 and for unclassified roads is 37.4% for 2013/14. Our performance has remained consistent and places the Council around the average for all Scottish councils. Our current committed capital expenditure for future years will be sufficient to maintain a general standstill in this performance. However, we will continue to strive to improve through the effective utilisation of asset management planning and collaborative working to achieve best value.
- Gross cost of refuse disposal per premises: This cost is largely determined by the gates fees charged by the waste treatment, waste reprocessor and landfill contractors and is subject to regular market testing and periodic competitive tendering. Our performance has dropped slightly from £111.78 in 2012/13 to a cost of £120.26 in 2013/14. The waste treatment/disposal contract for residual waste is being re-tendered in early 2015 to ensure that the most economically advantageous cost per tonne is being achieved by the Council.
- Net cost of refuse disposal per premises: Our cost in 2012/13 of £108.36 has increased to £110.16 in 2013/14. However, our ranking has improved by 1 compared to the previous year. Current income achieved through re-charging for waste disposal services is being reviewed to confirm that it is at an optimum level.
- The percentage of total waste arising that is recycled: We have showed a slight improvement from 43.18% in 2012/13 to 44.01% in 2013/14. A number of actions are planned to improve upon the 2013/14 recycling performance including rolling out glass recycling nodes across the Council area and introducing food waste collection services for tenemental housing and commercial waste customers.

What the Council is doing to improve services

Roads

In the coming year, we will:

- encourage and promote the principles of green travel through the introduction and continued development of travel plans in our schools and major developments;
- implement and continually develop the Road Asset Management Plan to ensure that our roads and related infrastructure are effectively and efficiently managed and maintained;
- implement our Winter Maintenance Plan to ensure our roads are kept safe through the winter period; and
- continue to manage, maintain and undertake regular road safety inspections which have seen the percentage of road network in need of attention.

Waste

A number of service improvements are planned to deliver improved recycling performance and reductions in the cost of refuse disposal. The planned improvements include:

- implementing the alternate weekly collection system at tenemental housing from February 2015 to encourage householders to recycle more paper, card, food and drinks cans and glass bottles and jars;
- integrating housing in the New Bonhill area into the standard alternate weekly collection system for low level housing from May 2015; and
- introducing a new food waste collection service for high rise housing from September 2015.

In addition, funding has been secured to upgrade our household waste recycling centres to segregate unwanted furniture and electrical goods for re-use and a funding application has been submitted for an additional 40 on street glass recycling areas.

How the public can get involved

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Housing Services

Overview

Introduction

There are 7 performance indicators (PIs) in the Housing Services category but only 5 were measured in 2013/14 by all councils. They cover a range of areas including:

- the quality and energy efficiency of our housing stock;
- the level of service provided by our maintenance and repairs service; and
- how effective we are at providing value for money by ensuring that both rent arrears and rent lost due to empty properties are minimised.

All 5 PIs are managed by Housing & Community Safety, a division of Housing, Environmental and Economic Development Services (HEEDS). It provides a strategic housing role within West Dunbartonshire, covering four key areas: estates management and anti social behaviour; homelessness and allocations; housing development; and maintenance and repairs. As of 31 March 2014, the Council owns and manages 11,067 homes.

The Scottish Government's Social Housing Charter sets out the standards and outcomes that tenants and other customers can expect from social landlords, in terms of the quality and value for money of the services they receive, the standard of their homes, and opportunities for communication and participation in the decisions that affect them.

The Scottish Housing Regulator has established a wide range of performance indicators to monitor progress against the Social Housing Charter and Housing & Community Safety have developed a reporting system to report and publish a statutory [annual performance report](#) of these indicators. In addition, the service has developed a comprehensive approach to customer satisfaction to support service improvements.

You can find out more about Housing & Community Safety and HEEDS from the [Housing, Environmental and Economic Development Department Strategic Plan](#).

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our Social & Economic Profile for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family groups

Grouping together councils that share similar characteristics to those set out in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Overview of performance in the Housing Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* 26 Scottish councils providing the services in this category. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- for the three indicators where previous data is available (as two of the five PIs in this category are new for 2013/14), we performed better in all 3 compared to the previous year;
- our ranking also improved for all 3 PIs;

- we performed better than the Scotland figure in 2 PIs, with a further two slightly worse than the Scotland figure;
- we were ranked 1st to 16th in 4 of the 5 PIs.

Council performance

Performance highlights

- **Energy Efficiency:** Just over 95% of our housing stock was energy efficient in 2013/14, around 20 percentage points better than the previous year's figure. This resulted in a considerable rise in ranking of 12 places from 24th to 12th. The investment we are making in our housing stock through our Capital Investment Programme will further improve our performance in this area and contribute to our climate change and fuel poverty targets.
- **Scottish Housing Quality Standard:** By the end of 2013/14, just over 83% of our housing stock met the Scottish Housing Quality Standard - a statutory standard that the Scottish Government expects all social landlords to achieve. This was 21.5 percentage points better than the previous year's figure of 62%, leading to a rise in ranking of 11 places, from 25th to 14th.
- **Maintenance and Repairs:** A new PI for repairs was introduced in 2013/14. Based on this new measure, non-emergency repairs were completed in 8.67 days on average, giving a ranking of 10th nationally and better than the Scottish figure of just over 10 days.

Areas for development

- **Rent arrears:** A new PI for rent arrears was introduced in 2013/14. Based on this new measure, our rent arrears were 8.6%, giving a ranking of 24th nationally and higher than the Scottish arrears figure of 5.51%.
- **Rent lost due to empty properties:** Despite a significant improvement which saw rent lost due to empty properties reduce from 2.19% to 1.45% of the total rent due, and our ranking improve from 23rd to 16th, we remain slightly above the Scottish average figure of 1.31%.

What we are doing to improve services

Rent Arrears

Changes to the benefits system in April 2013 saw the introduction of the bedroom tax and benefit cap. The introduction of Universal Credit, which replaces many existing benefits, began in April 2013 and the roll out is expected to continue until 2017. The impact of welfare reform has been felt by many members of the West Dunbartonshire community. Financially many individuals are in detriment which has contributed to the level of rent arrears in West Dunbartonshire and across Scotland. During 2014/15 we will continue to support households via Discretionary Housing Payments.

Other actions being taken include a restructure of the Income Management and Intensive Action Teams into a single Corporate Debt Team, aimed at improving the way this service is delivered, alongside a review of all corporate debt processes and procedures in order to streamline the process.

A review of the Rent Collection Policy is due to be completed by February 2015 and a Service Level Agreement outlining the framework within which the Rent Collection Service operates is currently being developed between Housing and Community Safety Services and Revenues and Benefits.

Rent Lost Due to Empty Properties

Whilst the overall number of empty properties is reducing and the rent lost due to empty properties continues to reduce year on year, we are still above the Scottish average figure and are taking a number of actions to improve our performance further.

Our aim is to manage the housing stock as efficiently and effectively as possible. This involves developing a streamlined approach across a number of specialist teams to minimise the number of empty properties, the length of time properties are empty and the resulting rent loss.

We have developed a number of area based initiatives for letting properties which have historically been low demand and these initiatives are proving successful in the pilot areas. In addition, our Housing Asset Management Strategy continues to develop evidence based proposals regarding the long term future of some of our high risk stock.

How the public can get involved

Your feedback is important to us. Please take a few minutes to tell us what you think about our performance information by completing this short [questionnaire](#).

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Economic Development

Overview

Introduction

There is one performance indicator in the Economic Development category: the percentage of unemployed people assisted into work from council operated or funded employability programmes.

This indicator is managed by customer and community services, part of the Council's Corporate Services Department, comprising around 650 employees in five key service areas: corporate communications; customer and community services; finance and resources; legal, democratic and regulatory services; and people and transformation. You can find out more about Corporate Services from our [Corporate Services Plan](#).

Understanding variations in performance

Before looking at our performance in this category, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

Our population stands at 89,810 (based on the current mid-year estimate), making West Dunbartonshire one of Scotland's smaller local authorities, accounting for 1.7% of the total population of Scotland.

West Dunbartonshire's population is ageing. This ageing population profile is projected to continue and in West Dunbartonshire increase, with the potential to impact on all sectors of the economy and economic activity, while at the same time placing a greater demand on care and health care services.

West Dunbartonshire is an area of multiple deprivation, with higher than average levels of unemployment and poverty. As a local authority, we are working hard to tackle inequality and poverty. We have developed strategic approaches to improving employment and economic growth, improving the lives of children and young people, improving the care of older people, improving housing and infrastructure, and improving wellbeing and protecting vulnerable groups.

You can read more about West Dunbartonshire in our [Social & Economic Profile](#) for 2014, which looks in detail at key areas including our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment.

Family Groups

Grouping together councils that share similar characteristics to those in the local context above (called family groups) make comparisons more meaningful and our learning more useful.

In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Council Performance

Performance highlights

The percentage of unemployed people assisted into work through employability programmes we operate or fund increased from 9.69% in 2012/13 to 22.49% in 2013/14, up 12.8 percentage points. We are now ranked 2nd of all Scottish Councils, 6 places better than in 2012/13.

What we are doing to improve services

Working 4U

Working 4U brings together Employability Services, Community Learning and Development, and Advice Services. It provides customers with a single gateway to access support on improving employment and skills for work. Working 4U is designed to address the underlying causes of poverty as well as the symptoms, by specifically tackling unemployment and benefit dependency. It tailors support to individuals, providing opportunities to increase levels of education, skills, confidence and personal development and provides assistance with benefits and debt, learning, digital literacy, and preparation for work.

Jobs Growth & Investment Framework

The Jobs Growth and Investment Framework was established in May 2012 with the aim of creating 1,000 jobs, apprenticeships and training places in 1,000 days. Supported by an initial investment of £3.15m over two years with an additional £250,000 invested in 2014, it offers residents, particularly young people, assistance to access employment or training opportunities, thereby improving their qualifications and longer term labour market prospects.

By February 2014, we achieved the target of 1000 jobs, apprenticeships and training places in only 650 days, more than one year ahead of the 1000 days target. Further analysis showed that 66% of the positions were sustained for longer than 6 months.

A second target was set in February 2014 to create a further 1000 jobs in 1000 days. By December 2014, at only 300 days, 734 jobs had already been created.

Modern Apprenticeship (MA) Programme

During 2013/14, the Council recruited 97 Level 2 and 28 Level 3 MAs. The Council has recruited a total of 340 MAs at level 2 and level 3 between the start of the initiative in April 2012 to the end of 2014/15. Internal research has shown that 87% of our MAs are still in employment six months after the completion of their training. Additional funding was also secured from the Scottish Government's Youth Employment Support Fund which supported additional numbers into employment.

West Employability Hub

We developed strong external partnerships through Working 4U, leading to the establishment of the first multi-agency employability hub in Scotland.

Opened in February 2014, the West Employability Hub is a partnership between the Council, West College Scotland and the Department of Work and Pensions. It has been developed to provide a central, co-ordinated and welcoming service point for young people aged 16-24 who are claiming Job Seekers Allowance (JSA) and seeking work or training opportunities.

The Hub also offers employers a dedicated job brokerage service, pre-screening of candidates and interview facilities along with Work Academies specific to different sectors and funding for clients travel, work clothing, and any data checks required. Aldi, Argos, Cameron House and Marks and Spencer have all benefited from this service and the flexible support provided by all agencies working together to assist them with their specific recruitment needs.

The success of the Hub is reflected in the significant reduction in people aged 18-24 claiming JSA in West Dunbartonshire.

How the public can get involved

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LGBF Reporting

The Performance Context

Before looking at our performance, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these should be taken into account when comparing performance.

Local context

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Family groups

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In autumn 2014, some of our key services began a process to benchmark their service against other councils in their family group. They will meet over several months and report the outcome of their benchmarking activity on our website. The outcomes from all 32 benchmarking local authorities will be published on the Local Government Benchmarking Framework website www.improvementservice.org.uk/benchmarking

Category - Children's Services

Introduction

There are 12 performance indicators (PIs) in the Children's Services category. They cover a wide range of areas including:

- pre-school, primary and secondary school costs;
- performance of pupils in SQA exam results;
- the percentage of adults satisfied with local schools;
- the proportion of pupils entering a positive destination;
- the proportion of children being looked after in the community; and
- the costs of children being looked after in residential based services and in community settings.

Two indicators relating to exam results at level 5 are no longer relevant following the introduction of the Curriculum for Excellence in Scottish schools. There is no data available for 2013/14 with the most current data relating to 2012/13. Work is ongoing at a national level to develop replacement indicators for these.

Our work in the areas covered by the Children's Services category is set in the wider context of the key national policies of Curriculum for Excellence and GIRFEC, ensuring we 'get it right for every child', as they grow to be responsible citizens, effective contributors, confident individuals and successful learners. Developing the workforce of the future is a key aim for us, in line with the recommendations made in Education Working For All.

Overview of performance across the Children's Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 4 of the 7 indicators compared to the previous year;
- our ranking improved for 5 PIs and fell for 2 PIs compared to the previous year;
- we performed better than the Scotland figure in 2 PIs and worse in 5 PIs;
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 1 PI, the third quartile (17th to 24th) for 1 PI and the bottom quartile (25th to 32nd) for 4 PIs.

What we are doing to improve services

Schools Estate

Following a consultation process, a report by the Executive Director of Education on the building of a new Our Lady and St Patrick's High School was agreed by the Educational Services Committee on 26 June 2014. A new schools and early education and childcare centre (EECC) campus is planned to replace Aitkenbar Primary, St Peter's Primary and St Peter's EE&CC in Bellsmyre. A new Kilpatrick School Secondary building will be constructed. The proposed opening date of the new buildings is August 2016.

At the end of June 2014, Scottish Government offered to fund 100% of the Our Lady and St Patrick's High School project on condition that the Council would use the released funding in order to maximise the number of pupils who could benefit from establishments being raised from grade C to grade B or A in terms of their condition.

These developments will improve our performance in relation to schools estate and satisfaction rates.

Positive Destinations

With the publication of the report from the Commission for Developing Scotland's Young Workforce, we are working hard to improve what is on offer to all of our young people in the senior phase of our secondary schools. With the help of a wide number of partners, we will offer courses that meet the needs of our young people, and develop their skills, capabilities and attributes. This will help them make the transition from school into the wider world of work or further study.

Corporate Services (including corporate assets)

Introduction

There are 10 performance indicators (PIs) in the Corporate Services category. They cover a wide range of areas including:

- the costs of administrative support services and supporting elected members;
- the cost of collecting Council Tax and the percentage of Council Tax received;
- how quickly we respond to domestic noise complaints;
- sickness absence levels;
- how efficient we are at paying invoices;
- the proportion of women in our highest paid posts; and
- the condition and suitability of our operational buildings.

Overview of performance in the Corporate Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 8 of the 10 indicators compared to the previous year;
- our ranking improved for 3 PIs, stayed the same for 2 PIs, and fell for 5 PIs compared to the previous year;
- we performed better than the Scotland figure in 4 PIs and worse in 6 PIs;
- of the 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 3 PIs, the second quartile (9th to 16th) for 1 PI, the third quartile (17th to 24th) for 3 PIs and the bottom quartile (25th to 32nd) for 3 PIs.

What we are doing to improve services

Sickness Absence

Throughout 2013/14, several initiatives were introduced to support our employees at work and promote higher attendance levels. While these initiatives have improved sickness absence by 6% between 2012/13 and 2013/14, our comparative performance remains poor. We are committed to improving attendance levels and we will continue to maintain a clear focus on managing absence in the coming year. Work is on-going in partnership with trades unions to support employees and explore how attendance levels can be improved.

Council Tax Collection Rate

While our Council Tax collection rate continues to improve year on year, our comparative performance has remained at 24th two years in a row. This is because the collection rates of all councils are also improving. To improve our performance in

2014/15, we are undertaking an exercise to target employee debt and reviewing our processes to streamline and improve how we work and deliver our services.

Cost of collecting Council Tax

To continue to improve our performance in 2014/15, we have reviewed our sheriff officer contract resulting in more competitive rates being charged for collection, we have restructured our services, and we are reviewing our processes to streamline and reduce the costs of delivering our service.

Corporate Assets

During 2013/14, we completed the third and final phase of a condition survey of all operational properties. This identified that a more detailed approach was required to prioritising upgrading works to individual properties. As a result, we have developed a scoring matrix that will assist officers to identify and prioritise works to be completed through the capital building upgrades programme. This will assist in improving the general condition of buildings and their performance.

Adult Social Care

Introduction

There are 5 performance indicators (PIs) in the Adult Social Care category. They cover a wide range of areas including:

- the costs of residential care and home care for people aged 65 and over;
- the proportion of adults needing social work support who get to choose how their support needs will be met (known as Self-Directed Support);
- the proportion of people aged 65 and over with intensive needs receiving care at home; and
- the level of satisfaction with social care services.

Overview of performance in the Adult Social Care category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 2 of the 5 indicators compared to the previous year;
- our ranking improved for 1 PI, stayed the same for 1 PI, and fell for 3 PIs compared to the previous year;
- we performed better than the Scotland figure in 3 PIs and worse in 2 PIs;
- of the 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 2 PIs and the bottom quartile (25th to 32nd) for 2 PIs.

What we are doing to improve services

Home Care

The CHCP is continuing to focus on community re-ablement, with services being targeted towards those with high level needs in order to maximise any potential for improvement in levels of independence. Currently 55% of people who received a re-ablement package reached their agreed personal outcomes, re-learning the skills necessary for daily living and improving their levels of independence.

Residential Care Home Costs for Older Adults

The CHCP has approved the development of two new fit for purpose older people's care homes (incorporating day care provision) to replace all of the Council's existing care homes and day care provision. The first of these homes is due for completion in 2015/16.

Self-Directed Support

A rolling training programme is in place for workers across the CHCP to ensure the offer of Self-Directed Support (SDS) options is embedded in the assessment process. A dedicated SDS support team and SDS website have also been created to raise public awareness and provide help and support. An Integrated Resource Framework has been developed to provide an indicative personal budget to meet the individual's eligible needs. This framework will be applied to all four Self-Directed Support options ensuring fairness and equality across all individuals eligible for local authority funded support.

Establishment of a Health and Social Care Partnership April 2015

The CHCP is preparing to become a fully integrated Health and Social Care Partnership which should allow for further improvements in service delivery and reporting and a more efficient use of resources.

Culture & Leisure Services

Introduction

There are 8 performance indicators (PIs) in the Culture & Leisure Services category. They cover two key aspects of performance – cost and public satisfaction – across three areas:

- libraries, museums and galleries;
- parks and open spaces; and
- sports and leisure facilities.

National Context

West Dunbartonshire Council supports the Scottish Government's aim to encourage participation in a diverse cultural life and widen access to sport. In doing so it acknowledges that arts and culture can bring real benefits for communities and individuals and that sport can make a significant and positive contribution to many areas of our lives including health and wellbeing.

The Council recognises that culture, creativity and heritage are integral to Scotland's communities. Involving key partners at a national level, the Scottish Government has identified the following priorities:

- Sustainable economic development - to promote and develop the crucial role of culture and creativity;
- Health and wellbeing - to focus on the contribution culture can make to improving the confidence and quality of life of communities;
- Heritage - to encourage the value and enjoyment of the historic environment and promote its care and protection; and
- Scotland national and international profile – to raise the profile of Scotland's creative, cultural and historic wealth at home and abroad.

Public library services in Scotland are entirely the responsibility of local authorities which have a statutory duty to secure the provision of adequate library facilities for all persons resident in their area.

Scotland's digital participation strategy, "A National Framework for Local Action", was published in April 2014. In working with a number of partners to ensure its success, the Scottish Government recognises the crucial part Scotland's libraries play in raising the levels of digital participation across Scotland – they provided 8.8 million hours of free internet access via library PCs in 2012/13. In 2014/15, the Scottish Library and Information Council (SLIC) received an extra £300,000 from the Scottish Government to support the development of Wi-Fi projects across Scotland's libraries. West Dunbartonshire Council's public libraries are benefitting from this scheme, enabling Wi-Fi in all branch libraries in addition to the existing public access pc.

Overview of performance in the Culture & Leisure Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 6 of the 8 indicators compared to the previous year;
- our ranking improved for 5 PIs, stayed the same for 1 PI, and fell for 2 PIs compared to the previous year;
- we performed better than the Scotland figure in 4 PIs and worse in 4 PIs;
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 1 PI, the second quartile (9th to 16th) for 4 PIs, the third quartile (17th to 24th) for 1 PIs and the bottom quartile (25th to 32nd) for 2 PIs.

What we are doing to improve services

Museums and Galleries

The Museums and Galleries service is currently writing an Audience Development Plan focused upon the following factors:

- content, availability and collation of customer feedback;
- analysis of customer evaluation and feedback;
- partnership working with other cultural and heritage attractions to raise profile locally and nationally; and
- the production of a strategic 3 year audience development action plan.

In summer 2015, free Wi-Fi will be established in public and school libraries across the authority promoting 'bring your own device' in addition to the existing free public access PC. Services will also include wireless printing for customers and access to library catalogue for mobile and housebound customers.

Leisure Facilities

With financial support from the Council, the Leisure Trust will continue to invest in leisure facilities over the next two years, cumulating in the opening of a new leisure facility in Clydebank in 2016/17. With this investment and the implementation of the Trust's Business Plan, it is anticipated that we will continue to see an increase in usage resulting in a decrease in the cost per attendance as well as an increase in user satisfaction.

Customer satisfaction is important to us and is highlighted as one of six key priorities in the Trust's Business Plan. With a focus on research, feedback and enhancing customer service, we have identified several actions to take forward, including: conduct surveys every three months to monitor customer satisfaction; carry out monthly inspections within leisure centres and implement any improvements identified; and review staffing levels across sites with a view to targeting cover at customer critical areas and times.

Environmental Services

Introduction

There are 17 performance indicators (PIs) in the Environmental Services category. They cover a wide range of areas including:

- waste - collection and disposal costs, the proportion of waste that is recycled, and customer satisfaction with refuse collection;
- street cleaning - the cost of street cleaning, street cleanliness levels, and satisfaction with street cleaning;
- road maintenance - cost of maintenance and the proportion of roads that require maintenance; and
- the costs of environmental health and trading standards.

National policy context

Waste

The Waste (Scotland) Regulations 2012 impact on areas of waste management operated by the Council. The regulations complement the Zero Waste Plan which was launched by the Scottish Government in 2010 and set recycling and composting targets for Scottish local authorities. The targets are as follows:

- 60% recycling/composting by 2020;
- 70% recycling/composting by 2025; and
- no more than 5% of all waste to go to landfill by 2025.

The regulations introduce challenging targets for diverting waste away from landfill disposal. Disposing of waste at landfill is now the most financially costly and environmentally damaging option for the community.

Roads

The Roads and Transportation Service manages and maintains the public road network as governed by The Roads (Scotland) Act 1984, encourages sustainable transportation, and is responsible for promoting road safety within West Dunbartonshire with the exception of trunk roads that are managed and maintained by the Scottish Government. It is also responsible under the terms of the Flood Risk Management Act 2009 for taking appropriate action to mitigate the risk of flooding across the Council area.

Overview of performance in the Environmental Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* Scottish councils. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- we performed better in 8 of the 17 Indicators compared to the previous year;
- our ranking improved for 8 PIs, stayed the same for 3 PIs and fell for 6 PIs compared to the previous year;
- we performed better than the Scotland figure in 11 PIs and worse in 6 PIs; and
- with 32 Scottish local authorities, we were ranked in the top quartile (1st to 8th) for 4 PIs; the second quartile (9th to 16th) for 5 PIs; the third quartile (17th to 24th) for 5 PIs; and the bottom quartile (25th to 32nd) for 3 PIs.

What the Council is doing to improve services

Roads

In the coming year, we will:

- encourage and promote the principles of green travel through the introduction and continued development of travel plans in our schools and major developments;
- implement and continually develop the Road Asset Management Plan to ensure that our roads and related infrastructure are effectively and efficiently managed and maintained;
- implement our Winter Maintenance Plan to ensure our roads are kept safe through the winter period; and
- continue to manage, maintain and undertake regular road safety inspections which have seen the percentage of road network in need of attention.

Waste

A number of service improvements are planned to deliver improved recycling performance and reductions in the cost of refuse disposal. The planned improvements include:

- implementing the alternate weekly collection system at tenemental housing from February 2015 to encourage householders to recycle more paper, card, food and drinks cans and glass bottles and jars;
- integrating housing in the New Bonhill area into the standard alternate weekly collection system for low level housing from May 2015; and
- introducing a new food waste collection service for high rise housing from September 2015.

In addition, funding has been secured to upgrade our household waste recycling centres to segregate unwanted furniture and electrical goods for re-use and a funding application has been submitted for an additional 40 on street glass recycling areas.

Housing Services

Introduction

There are 7 performance indicators (PIs) in the Housing Services category but only 5 were measured in 2013/14 by all councils. They cover a range of areas including:

- the quality and energy efficiency of our housing stock;
- the level of service provided by our maintenance and repairs service; and
- how effective we are at providing value for money by ensuring that both rent arrears and rent lost due to empty properties are minimised.

The Scottish Government's Social Housing Charter sets out the standards and outcomes that tenants and other customers can expect from social landlords, in terms of the quality and value for money of the services they receive, the standard of their homes, and opportunities for communication and participation in the decisions that affect them.

The Scottish Housing Regulator has established a wide range of performance indicators to monitor progress against the Social Housing Charter and Housing & Community Safety have developed a reporting system to report and publish a statutory annual performance report of these indicators. In addition, the service has developed a comprehensive approach to customer satisfaction to support service improvements.

Overview of performance in the Housing Services category

In the paragraphs that follow, we have highlighted how we have performed in relation to *all* 26 Scottish councils providing the services in this category. Please bear in mind the many differences that contribute to variations in performance, including social and economic factors and local priorities, as described in more detail in the section above.

In 2013/14:

- for the three indicators where previous data is available (as two of the five PIs in this category are new for 2013/14), we performed better in all 3 compared to the previous year;
- our ranking also improved for all 3 PIs;
- we performed better than the Scotland figure in 2 PIs, with a further two slightly worse than the Scotland figure;
- we were ranked 1st to 16th in 4 of the 5 PIs.

What we are doing to improve services

Rent Arrears

Changes to the benefits system in April 2013 saw the introduction of the bedroom tax and benefit cap. The introduction of Universal Credit, which replaces many

existing benefits, began in April 2013 and the roll out is expected to continue until 2017. The impact of welfare reform has been felt by many members of the West Dunbartonshire community. Financially many individuals are in detriment which has contributed to the level of rent arrears in West Dunbartonshire and across Scotland. During 2014/15 we will continue to support households via Discretionary Housing Payments.

Other actions being taken include a restructure of the Income Management and Intensive Action Teams into a single Corporate Debt Team, aimed at improving the way this service is delivered, alongside a review of all corporate debt processes and procedures in order to streamline the process.

A review of the Rent Collection Policy is due to be completed by February 2015 and a Service Level Agreement outlining the framework within which the Rent Collection Service operates is currently being developed between Housing and Community Safety Services and Revenues and Benefits.

Rent Lost Due to Empty Properties

Whilst the overall number of empty properties is reducing and the rent lost due to empty properties continues to reduce year on year, we are still above the Scottish average figure and are taking a number of actions to improve our performance further.

Our aim is to manage the housing stock as efficiently and effectively as possible. This involves developing a streamlined approach across a number of specialist teams to minimise the number of empty properties, the length of time properties are empty and the resulting rent loss.

We have developed a number of area based initiatives for letting properties which have historically been low demand and these initiatives are proving successful in the pilot areas. In addition, our Housing Asset Management Strategy continues to develop evidence based proposals regarding the long term future of some of our high risk stock.

Economic Development

Introduction

There is one performance indicator in the Economic Development category: the percentage of unemployed people assisted into work from council operated or funded employability programmes.

Council Performance

Performance highlights

The percentage of unemployed people assisted into work through employability programmes we operate or fund increased from 9.69% in 2012/13 to 22.49% in 2013/14, up 12.8 percentage points. We are now ranked 2nd of all Scottish Councils, 6 places better than in 2012/13.

What we are doing to improve services

Working 4U

Working 4U brings together Employability Services, Community Learning and Development, and Advice Services. It provides customers with a single gateway to access support on improving employment and skills for work. Working 4U is designed to address the underlying causes of poverty as well as the symptoms, by specifically tackling unemployment and benefit dependency. It tailors support to individuals, providing opportunities to increase levels of education, skills, confidence and personal development and provides assistance with benefits and debt, learning, digital literacy, and preparation for work.

Jobs Growth & Investment Framework

The Jobs Growth and Investment Framework was established in May 2012 with the aim of creating 1,000 jobs, apprenticeships and training places in 1,000 days. Supported by an initial investment of £3.15m over two years with an additional £250,000 invested in 2014, it offers residents, particularly young people, assistance to access employment or training opportunities, thereby improving their qualifications and longer term labour market prospects.

By February 2014, we achieved the target of 1000 jobs, apprenticeships and training places in only 650 days, more than one year ahead of the 1000 days target. Further analysis showed that 66% of the positions were sustained for longer than 6 months. A second target was set in February 2014 to create a further 1000 jobs in 1000 days. By December 2014, at only 300 days, 734 jobs had already been created.

Modern Apprenticeship (MA) Programme

During 2013/14, the Council recruited 97 Level 2 and 28 Level 3 MAs. The Council has recruited a total of 340 MAs at level 2 and level 3 between the start of the initiative in April 2012 to the end of 2014/15. Internal research has shown that 87%

of our MAs are still in employment six months after the completion of their training. Additional funding was also secured from the Scottish Government's Youth Employment Support Fund which supported additional numbers into employment.

West Employability Hub

We developed strong external partnerships through Working 4U, leading to the establishment of the first multi-agency employability hub in Scotland.

Opened in February 2014, the West Employability Hub is a partnership between the Council, West College Scotland and the Department of Work and Pensions. It has been developed to provide a central, co-ordinated and welcoming service point for young people aged 16-24 who are claiming Job Seekers Allowance (JSA) and seeking work or training opportunities.

The Hub also offers employers a dedicated job brokerage service, pre-screening of candidates and interview facilities along with Work Academies specific to different sectors and funding for clients travel, work clothing, and any data checks required. Aldi, Argos, Cameron House and Marks and Spencer have all benefited from this service and the flexible support provided by all agencies working together to assist them with their specific recruitment needs.

The success of the Hub is reflected in the significant reduction in people aged 18-24 claiming JSA in West Dunbartonshire.

Category	Performance Highlights	Areas for Development
Children's Services	<ul style="list-style-type: none"> • Cost per secondary pupil: With only Kilpatrick and Our Lady and St. Patrick's (OLSP) High School being in older premises, we have significantly improved our performance over time, moving from 27th to 18th. With the commitment to replace both Kilpatrick and OLSP, our position will improve again over time, providing learning and teaching environments required for the curriculum of today and tomorrow. • % of pupils gaining 5+ awards at level 6: We continue to improve the performance of our pupils in the senior phase of our schools year on year, resulting in a rise in ranking from 31st to 26th. We have provided support at the point of need, by investing in raising attainment initiatives such as supported study and master classes. • % of pupils from deprived areas gaining 5+ awards at level 6: We have made our biggest improvement in this area, with performance increasing from 9.6% to 17.8% between 2012/13 and 2013/14. This has resulted in a significant rise in ranking from 13th to amongst the top performing local authorities in Scotland with a ranking of 3rd. 	<ul style="list-style-type: none"> • % of adults satisfied with local schools: Although the percentage of adults satisfied with local schools has decreased slightly from 88% to 86%, we remain above the Scotland figure of 81% and ranked 10th in Scotland. There is significant work in the schools estates programme affecting a number of areas to improve the quality of educational provision over the next two years. • Proportion of pupils entering positive destinations: Presently we can account for all of our young people, with no one unknown to us in the system. With a success rate of just over 90% of pupils entering positive destinations, we continue to do well for the vast majority of our young people. However, other local authorities have made bigger improvements in the last year which has affected how we compare with them.
Corporate Services	<ul style="list-style-type: none"> • We are the top performing council in Scotland for our rapid response to domestic noise complaints where we are required on site. In 2013/14, our average response time was 21 minutes, three minutes quicker than the previous year. • The proportion of our total running costs spent on support services remains amongst the lowest in Scotland at 3.36%, giving a ranking of 3rd. 	<ul style="list-style-type: none"> • Despite sickness absence improving by just over 6% from the previous year, we are ranked 32nd in Scotland, down one place from last year. However, teachers' absence in 2013/14 was 5.28 days, giving a ranking of 6th in Scotland. • Our Council Tax collection rate continues to improve year on year, with just over 94.5% collected in 2013/14. Despite this, our ranking remains static at 24th in Scotland.

	<ul style="list-style-type: none"> • Women make up more than half (55.32%) of the highest paid 5% of employees, giving a ranking of 3rd in Scotland. • The proportion of our operational buildings that are suitable for their current at 87%, is better than the Scotland figure of 78%. A number of actions contributed to our improved performance including: <ul style="list-style-type: none"> ○ new build project completions on Dumbarton Common and Singer Pavilions and a refit of a previously vacant office for a CHCP project in Dumbarton; ○ the relocation of staff to modern offices in Aurora House in Clydebank and the imminent closure of Roseberry Place; ○ a number of buildings have been closed during the year such as Vale of Leven Hospital Social Work Office, Dumbarton Housing Office, College Way, Phoenix CEC, and bowling pavilions in Faifley, Drumry and Levensgrove Park. 	<ul style="list-style-type: none"> • The cost of collecting council tax is at its lowest in 4 years at £13.31 per dwelling, 15% better than last year's figure. Our improved performance gives us a ranking of 21st, up three places from last year. • While the proportion of internal floor area of operational buildings in a satisfactory condition improved from 50.5% to 55%, our ranking is 31st in Scotland. However, this is up one place from last year.
Adult Social Care	<ul style="list-style-type: none"> • We delivered home care to people aged 65 and over at the 9th lowest cost per hour in Scotland. • The provision of this home care allowed 40.7% of people with intensive needs to remain within their own homes and communities, for which we were ranked 8th in Scotland. • We have sustained high levels of satisfaction with social care services at 68% in comparison with 55% in Scotland. 	<ul style="list-style-type: none"> • Although our expenditure on Self-Directed Support (SDS) increased in 2013/14 from the previous year, there has been a decrease of 0.03% in SDS as a proportion of overall adult social care spend meaning that our ranking has dropped from 23rd to 26th in Scotland. • The cost per week for residential care for older people was higher than the Scottish figure although we have seen a decrease from £430.41 in 2012/13 to £415.97 in 2013/14.

Culture & Leisure Services	<ul style="list-style-type: none"> • Cost per attendance at sports facilities: This improvement is mainly due to investment in our leisure facilities, including the refurbishment of gyms at three leisure centres. This contributed to increased usage, resulting in a decrease in the cost per attendance. • Cost per library visit: Visits to public libraries in West Dunbartonshire continue to increase year on year. Online visits have improved markedly through the development of e-services via the Council's 'LibraryOnline'. Efficiencies made over the last 2 to 3 years have reduced the cost of delivering library services across the authority. As a result, our ranking has improved considerably from 22nd to 12th although we are slightly above the Scotland figure of £2.71 per visit. • Percentage of adults satisfied with libraries: Levels of satisfaction with libraries remains high at 85% compared to the Scotland figure of 81%. As a result, our ranking has also improved from 15th to 13th. At a local level, quarterly telephone surveys in 2013/14 consistently achieved greater than 90% satisfaction with libraries in West Dunbartonshire. 	<ul style="list-style-type: none"> • Percentage of adults satisfied with museums and galleries – although satisfaction levels have fallen from 79% in 2012/13 to 71% in 2013/14 this is not reflected in locally gathered customer feedback at Clydebanks Museum & Gallery and the Backdoor Gallery, both of which have achieved satisfaction levels of more than 90% throughout 2013/14. • Percentage of adults satisfied with leisure facilities: While satisfaction levels improved from 65% to 69% over the previous year and ranking improved three places from 30th to 27th, we remain in the bottom 8 of all local authorities (4th quartile) and below the Scotland figure of 78%.
Environmental Services	<ul style="list-style-type: none"> • Gross cost of refuse collection per premises has the second lowest cost (£54.96) for refuse collection in Scotland, improving from fourth lowest cost (£57.86) in 2012/13. We have achieved this by effectively managing the costs which we have direct control over e.g. labour, productivity levels and vehicle costs. 	<ul style="list-style-type: none"> • The gross cost of roads maintenance has significantly reduced by almost 18% per kilometre of road. This reduction in part can be attributed to the impact of a less severe winter. Nevertheless, we are ranked as the second highest Council in terms of expenditure per kilometre of road. However, there is a significant variance in this reported figure when compared with other local authorities. The reason for this is our accountancy practice as we do not calculate net

	<ul style="list-style-type: none"> • Net cost of refuse collection per premises: We have the third lowest cost (£37.70) for refuse collection in Scotland, improving from fourth lowest cost (£41.01) in 2012/13. We have achieved this by maximising the income we receive for the aspects of the refuse collection service that are chargeable. • Percentage of adults satisfied with refuse collection: Satisfaction with the service is improving, from 80% in 2012/13 to 82% in 2013/14, and a rise in ranking of three places. 	<p>figures. This results in significantly overstating our cost of maintenance per kilometre of roads. If net figures were used West Dunbartonshire Council would be identified as being around the Scottish average for this indicator.</p> <ul style="list-style-type: none"> • Percentage of roads that should be considered for maintenance purposes: Our performance has remained consistent and places the Council around the average for all Scottish councils. Our current committed capital expenditure for future years will be sufficient to maintain a general standstill in this performance. However, we will continue to strive to improve through the effective utilisation of asset management planning and collaborative working to achieve best value. • The gross cost of refuse disposal per premises is largely determined by the gates fees charged by the waste treatment, waste reprocessor and landfill contractors and is subject to regular market testing and periodic competitive tendering. Our performance has dropped slightly from £111.78 in 2012/13 to a cost of £120.26 in 2013/14. The waste treatment/disposal contract for residual waste is being re-tendered in early 2015 to ensure best value. • Our net cost of refuse disposal per premises in 2012/13 of £108.36 has increased to £110.16 in 2013/14. However, our ranking has improved by 1 compared to the previous year. Current income achieved through re-charging for waste disposal services is being reviewed to confirm that it is at an optimum level. • While we have showed slight improvement in the percentage of total waste arising that is recycled, from
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		43.18% in 2012/13 to 44.01% in 2013/14, a number of actions are planned to improve upon the 2013/14 recycling performance. This includes rolling out glass recycling nodes across the Council area and introducing food waste collection services for tenemental housing and commercial waste customers.
Housing Services	<ul style="list-style-type: none"> • Just over 95% of our housing stock was energy efficient in 2013/14, around 20 percentage points better than the previous year's figure. This resulted in a considerable rise in ranking of 12 places from 24th to 12th. The investment we are making in our housing stock through our Capital Investment Programme will further improve our performance in this area and contribute to our climate change and fuel poverty targets. • By the end of 2013/14, just over 83% of our housing stock met the Scottish Housing Quality Standard - a statutory standard that the Scottish Government expects all social landlords to achieve. This was 21.5 percentage points better than the previous year's figure of 62%, leading to a rise in ranking of 11 places, from 25th to 14th. • Maintenance and Repairs: A new PI for repairs was introduced in 2013/14. Based on this new measure, non-emergency repairs were completed in 8.67 days on average, giving a ranking of 10th nationally and better than the Scottish figure of just over 10 days. 	<ul style="list-style-type: none"> • Rent arrears: A new PI for rent arrears was introduced in 2013/14. Based on this new measure, our rent arrears were 8.6%, giving a ranking of 24th nationally and higher than the Scottish arrears figure of 5.51%. • Rent lost due to empty properties: Despite a significant improvement which saw rent lost due to empty properties reduce from 2.19% to 1.45% of the total rent due, and our ranking improve from 23rd to 16th, we remain slightly above the Scottish average figure of 1.31%.