

Supplementary Agenda

Audit & Performance Review Committee

Date: Wednesday, 8 March 2017

Time: 14:00

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

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

Dear Member

TO FOLLOW ITEMS

With reference to the agenda for the above Meeting of the Audit & Performance Review Committee which was issued on 24 February 2017, I now attach for your attention a copy of the undernoted items which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

4 /

4 PRUDENTIAL INDICATORS 2016/17 TO 2025/26 AND 225 - 258
TREASURY MANAGEMENT STRATEGY 2017/18 TO
2025/26

Submit report by the Strategic Lead - Resources providing an update on:-

- (a) the proposed Prudential Indicators for 2016/17 to 2019/20;
- (b) Treasury Management Strategy (including the Investment Strategy) for 2017/18 to 2019/20; and
- (c) the indicative prudential indicators for the period from 2020/21 to 2025/26.

NB: For Members' information, this report was approved at the Council Meeting held on 22 February 2017.

5 AUDIT ACTION PLANS 259 - 286

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

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

14 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 287 - 302
2015/16 Appendix 2

Submit Appendix 2 to report by the Strategic Lead - Communications, Culture & Communities on the above.

15 STRATEGIC RISK – BI ANNUAL UPDATE 303 - 318

Submit report by the Strategic Lead - People & Technology providing the outcome of the latest assessment of Strategic Risks.

Distribution:

Councillor J McColl (Chair)
Councillor G Black
Councillor J Brown
Councillor P McGlinchey
Councillor I Murray (Vice Chair)
Councillor T Rainey
Councillor G Robertson
Councillor M Rooney
Mr SJ Doogan
Ms E McKerry

All other Councillors for information

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

Date of issue: 3 March 2017

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead – Resources

Audit and Performance Review Committee: 8 March 2017

Subject: Prudential Indicators 2016/17 to 2025/26 and Treasury Management Strategy 2017/18 to 2025/26

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update on the proposed Prudential Indicators for 2016/17 to 2019/20 and Treasury Management Strategy (including the Investment Strategy) for 2017/18 to 2019/20.
- 1.2** The report also advises Members of the indicative prudential indicators for the period from 2020/21 to 2025/26.

2. Recommendations

2.1 Members are requested to note that on 22 February 2017 Council:

- (a) Agreed the following Prudential Indicators and Limits discussed in Appendix 1 and set out within Appendix 6 for the period 2017/18 to 2019/20:
- Capital Expenditure and Capital Financing Requirements (Tables A and B);
 - Forecast 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).
- (b) Approved the Treasury Management Strategy for 2017/18 to 2019/20 (including the Investment Strategy) contained within Appendices 2 to 6.
- (c) Agreed the following Treasury Prudential Indicators and Limits discussed in Appendix 2 and set out within Appendix 6 for the period 2017/18 to 2019/20:
- Operational Boundaries (Table G);
 - Authorised Limits (Table H);
 - Counterparty Limits (Table K); and
 - Treasury Management Limits on Activity (Table M).
- (d) Noted the draft Prudential and Treasury Management Indicators for the period 2020/21 to 2025/26 discussed in Appendices 1 and 2 and set out within Appendix 6.

- (e) Approved the statement by the Section 95 Officer regarding the gross debt level in comparison to the Capital Financing Requirement (Appendix 2 - Point 2.3).
- (f) Referred this report to the Audit and Performance Review Committee to ensure further scrutiny takes place.

3. Background

3.1 With the introduction of the Prudential Code, the Council has freedom over capital expenditure so long as it is prudent, affordable and sustainable. In order to show it is working within these limits the Council must approve, revise and monitor a range of prudential indicators covering the forthcoming three years.

3.2 The Council's treasury activities are strictly regulated by statutory requirements (*Code on the Investments of Money by Scottish Local Authorities*) and a professional code of practice (*CIPFA Treasury Management Code of Practice*). The Code requires an annual strategy to be reported to Council in advance of the forthcoming year outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further reports are issued as follows:

- (a) Mid-year monitoring report on actual treasury activity during the year including revised indicators where appropriate; and
- (b) Year-end report on actual treasury activity for the previous year.

3.3 Section 56 of the Local Government (Scotland) Act 1973 Act permits local authorities in Scotland to discharge their functions by committees. Exceptions include setting the council tax (s56 (6) (b)) and borrowing money (s56 (6) (d)), which requires the authority, that is full Council, to discharge. The Section 56 provisions were extended to require Council to approve the Annual Investment Strategy via the *Code on the Investments of Money by Scottish Local Authorities* (issued on 1 April 2010) been issued under section 40 of the Local Government in Scotland Act 2003.

3.4 As a result of Section 56, both the Prudential Indicators and the Treasury Management Strategy (including the Investment Strategy) are required to be approved by full Council before the start of the financial year.

3.5 The CIPFA Treasury Management Code of Practice requires greater Member scrutiny of the treasury policies, increased Member training and awareness and greater frequency of information.

3.6 One of the key clauses is that a responsible body is required to ensure effective scrutiny of the treasury management strategy and policies. Within West Dunbartonshire Council the body identified to fulfil this role is the Audit and Performance Review Committee.

- 3.7** The proposed and draft Prudential Indicators 2015/16 to 2025/26 and Treasury Management Strategy 2016/17 to 2025/26 should be referred to the Audit and Performance Review Committee once approved by Council to ensure further scrutiny takes place.

4. Main Issues

- 4.1** In line with the legislation and Code of Practice the Prudential Indicators 2016/17 to 2025/26 and Treasury Management Strategy 2017/18 to 2025/26 were reported to Council on 22 February 2017, at which meeting Council approved the various elements noted in 2.1 above. Council also agreed to remit, as is best practice, the report to the Audit and Performance Review Committee for further scrutiny.
- 4.2** The Local Government in Scotland Act 2003 requires Council to adopt the CIPFA Prudential Code and to produce prudential indicators. Audit Scotland produced a report on borrowing during 2015 which suggested councils consider borrowing costs in the longer term. Appendix 6 of this report details the Council's expected year end indicators for 2016/17, revises the indicators for 2017/18 to 2019/20 and projects the indicators to 2025/26, with those for the period 2020/21 to 2025/26 being indicative at this time.
- 4.3** The calculation for the incremental impact on council tax and housing rents as detailed in Tables D and E have been updated in accordance with the Prudential Code.
- 4.4** Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy (which includes details of both debt and investment) for 2017/18 to 2025/26 is included in Appendix 6 (with the period 2020/20 to 2025/26 being indicative at this time) to complement the prudential indicators relating to the treasury activity.
- 4.5** Details of the risks, mitigating controls and limits associated with each of the permitted investment categories are shown in Appendix 3. Credit rating type and definitions are attached as Appendix 4 and a list of approved sovereign countries for investments are attached as Appendix 5.

5. People Implications

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

6. Financial and Procurement Implications

- 6.1** The prudential indicators detailed in Appendix 6 show the Council's likely and indicative capital financing for the period 2016/17 to 2025/26 while the treasury management indicators detailed in Appendix 6 show the likely borrowing requirement for the same period.

6.2 Table F in Appendix 6 indicates that in each year the gross borrowing requirement (which includes short term borrowing for cashflow purposes) is below the capital financing requirement and does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and following two financial years (Appendix 2 – section 2.1 and 2.2).

6.3 As a key indicator of prudence this illustrates that the Council only undertakes long term borrowing for capital purposes and that over the last few years investment balances have been utilised to fund capital expenditure due to the concerns over the general economic environment and restricted counterparty lists.

6.4 There are no procurement issues arising from this report.

7. Risk Analysis

7.1 There are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1 and 2:

- (a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;
- (b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the robust controls included within the investment strategy (Appendix 2 – section 6) will assist in mitigating this risk; and
- (c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

8. Equalities Impact Assessment

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

9. Consultation

9.1 Legal and finance have been consulted in relation to this report and appendices.

10. Strategic Assessment

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

Stephen West
Strategic Lead - Resources
Date: 23 February 2017

Person to Contact: Jennifer Ogilvie, Section Head (Strategic Finance and Development), Garshake Road, Dumbarton, Telephone (01389) 737453
Email: Jennifer.ogilvie@west-dunbarton.gov.uk

Appendices:

- 1 Prudential Indicators 2016/17 to 2025/26
- 2 Treasury Management Strategy 2017/18 to 2025/26
- 3 West Dunbartonshire Council and Common Good Funds Permitted Investments, Associated Controls and Limits
- 4 Counterparty Rating Explanations
- 5 Approved Countries for Investment
- 6 Prudential and Treasury Indicators

Background Papers: Treasury Management Strategy – Council 22 February 2017

Wards Affected: All wards affected.

Prudential Indicators 2016/17 to 2025/26

1. The Capital Expenditure Plans

- 1.1** The Council's gross capital expenditure plans are summarised in Table A within Appendix 6 and this forms the first of the prudential indicators. Total expenditure is partially funded by resources such as capital receipts, capital grants, etc. Any remaining expenditure which cannot be immediately funded from other resources will form a borrowing need.
- 1.2** A certain level of capital expenditure will be grant supported by the Government; anything above this level will be funded from the Council's own resources.
- 1.3** There are two main limiting factors which may impact on the Council's ability to undertake unsupported capital expenditure:
 - Whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs; and
 - The Government may use a control to limit either the total of all councils' plans nationally, or in the event of an assessment by central government that local plans are unaffordable at a specific council, it may implement a local control. No such control has been implemented since the inception of the prudential code, however, HM Treasury keep this under review.
- 1.4** The summary of capital expenditure as per the capital plan update reported to Council on 22 February 2017 for General Services and HRA is shown in the table A in Appendix 6. The HRA capital plan refresh extends to 2021/22 with the period from 2022/23 to 2025/26 extracted from the HRA Business Plan for the purposes of Prudential Indicator calculations.

2. The Council's Borrowing Need (the Capital Financing Requirement)

- 2.1** The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. The net capital financing need (as indicated in Table A in Appendix 6) impacts directly on the CFR.
- 2.2** Following accounting changes the CFR includes any other long term liabilities (i.e. PPP schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £86.297m of such schemes within the CFR.
- 2.3** The CFR projections for both General Services and HRA are shown in table B in Appendix 6 and show that the CFR for the HRA is projected to increase each year from 2016/17 to 2025/26 with the CFR for General Services being anticipated to increase each year from 2016/17 to 2020/21 and then decreasing from 2021/22 to 2025/26 due to reduced levels of projected capital spend.
- 2.4** The expected impact of the capital expenditure decisions above on the Council's debt and investment position are shown in the treasury strategy (Appendix 2).

3. Affordability Prudential Indicators

- 3.1** The previous sections cover the overall capital and control of borrowing, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These indicate the impact of the capital investment plans on the overall Council's finances. The Council is asked to approve the following indicators:

3.1.1 Actual and Estimates of the ratio of financing costs to net revenue stream

This indicator is detailed in Table C in Appendix 6, and identifies the trend in financing cost of capital (loan charges and PPP) against the net revenue stream (funding sources e.g. Scottish Government revenue support grant and council tax).

The estimates of financing costs include current commitments and the impact of capital expenditure as per Table A and this indicator shows the percentage of total council revenue expenditure that is spent on repayment of loan charges and PPP capital and interest repayments.

3.1.2 Estimates of the incremental impact of capital investment decisions on the Council Tax

This indicator is detailed in Table D in Appendix 6, and shows the projected impact of current and forecast expenditure levels contained within the GS Capital Plan update compared to the GS Capital Plan last approved by Members.

This indicator shows the increase or decrease for every band D equivalent resulting from the proposed changes to the capital plan based on estimated loan charges.

Taking 2016/17 and 2017/18 as an example, the proposed update to the capital programme requires a lower level of prudential borrowing in 2016/17 than approved by members in September 2016 within the mid year strategy report due to further capital spend re-profiling into 2017/18.

3.1.3 Estimates of the incremental impact of capital investment decisions on Housing

This indicator is detailed in Table E in Appendix 6 and shows the projected impact of current and forecast expenditure levels contained within the HRA Capital Plan update compared to the HRA Capital Plan last approved by Members.

For prudential indicator purposes HRA capital expenditure requires to be aligned to cover the same period as the GS Capital Plan Refresh and therefore estimates for the period 2022/23 to 2025/26 have been extracted from the updated HRA Business Plan.

This indicator is expressed as a discrete impact on weekly rent levels and will invariably include some elements which are estimated in the period to 2025/26.

Treasury Management Strategy 2017/18 – 2025/26

1. Background

- 1.1 The treasury management service is an important part of the overall financial management of the Council's affairs. Whilst the prudential indicators in Appendix 1 consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions. There are specific treasury prudential indicators included in this strategy which need approval.
- 1.2 The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised November 2011). This Council adopted the revised Code of Practice on Treasury Management on 28 March 2012.
- 1.3 As a requirement of the Code the Council adopted revised Treasury Management Policy Statement and four Treasury Management clauses on 28 March 2012. These form part of the Council's financial regulations and are also a requirement of one of the prudential indicators.
- 1.4 The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years, however in line with the longer capital planning process treasury management indicators have been provided (where appropriate) covering the period to 2025/26. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further reports are issued as follows:
 - Mid year monitoring report on actual activity during the year including revised indicators where appropriate; and
 - Year-end report on actual activity for the previous year.
- 1.5 This strategy covers:
 - The Council's debt and investment projections;
 - Limits to the Council's borrowing activity;
 - The economic climate and expected movement in interest rates;
 - The Council's borrowing, debt and investment strategies;
 - Treasury performance indicators; and
 - Specific limits on treasury activities.

2. The Council's debt and investment projections

- 2.1 The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised in Table F in Appendix 6 and shows the gross debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under or over borrowing.
- 2.2 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and following two financial years. This allows some flexibility for limited early borrowing for future years, but

ensures that borrowing is not undertaken for revenue purposes. This is illustrated by comparing the estimated gross debt as at 31 March 2017 with the CFR as at 31 March 2020.

- 2.3 The Section 95 Officer (Strategic Lead - Resources) reports that the Council has complied with this prudential indicator, and no difficulties are envisaged for the current or future years.** This view takes into account the capital plan refresh reports for General Services and HRA.

3. Limits to Borrowing Activity

- 3.1** The Operational Boundary is detailed in Table G in Appendix 6 and is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.
- 3.2** The Authorised Limit for External Borrowing – a further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is not allowed to exceed. This needs to be set or revised by Members. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35(1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the authorised limit detailed in Table H in Appendix 6.
- 3.3 Advance Borrowing** - This Council will not borrow more than or earlier than required purely in order to profit from the investment return of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 3.3.1** Advance borrowing will only be taken for risk management purposes subject to sound justification. The Section 95 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected and so borrowing early at fixed interest rates will be economically beneficial. A cautious approach to any such borrowing will be adopted, however where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.
- 3.3.2** Full consideration will be given to balancing investment risks, such as the credit and interest risk resulting from the temporary investment of the sums, against the risk of adverse interest rate movements in addition to the existing debt maturity profile over the medium term.
- 3.3.3** As required by The Investment Regulations (Code on the Investments of Money by Scottish Local Authorities) which came into force on 1 April 2010 the Council will appraise all risks associated with advance borrowing activity. The Council will fully document the justification for the decision prior to the activity being undertaken, with subsequent reporting either within the mid year or annual reporting mechanism.

4. Prospect for Interest Rates

- 4.1** The Council has appointed Capita Asset Services (formerly Sector) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Table I in Appendix 6 gives the Capita Asset Services central view.

- 4.2 The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth.
- 4.3 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecast detailed in Table I may be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.
- 4.4 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, however PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.
- 4.5 Investment and borrowing rates - Investment returns are likely to remain low during 2017/18 and beyond. Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced.
- 4.6 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt. There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

Borrowing and Debt Strategy 2017/18 – 2025/26

- 5.1 Table F in Appendix 6 indicates that the Council is currently maintaining an under-borrowed position. This indicates that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external borrowing which is a mixture of short term and long term debt.
- 5.2 Against this background and the risk within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Section 95 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 5.3 If it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- 5.4 If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected

increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

- 5.5** Any decisions will be reported to Members via the Members Bulletin at the next available opportunity.

6. Investment Strategy

- 6.1** The Council's investment policy has regard to the Local Government Investment (Scotland) Regulations (and accompanying finance circular). The Council has also adopted both the 2011 revised Treasury Management Code of Practice and the 2013 revised Prudential Code. The day to day investment policies and practices are contained in the Council's Treasury Management Practices, which reflect the requirements of these codes. These practices are regularly reviewed.

- 6.2 Key Objectives** – Following the economic background above, the current investment climate has one over-riding risk consideration - counterparty security risk. As a result of these underlying concerns, officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy. The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

- 6.2.1** In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, outlooks and watches published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita Asset Services ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

- 6.2.2** Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita Asset Services in producing its colour codings which show the varying degrees of creditworthiness.

6.2.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

6.2.4 The aim of the strategy is to generate a list of highly creditworthy counterparties which will enable diversification, and thus avoidance of concentration, with the prime intention of providing security of investment and minimisation of risk.

6.3 Investment Strategy – The process for investment strategy under the regulations covers a wide range of Council investments and will be broadly managed in the following way:

- Short Term Cash – Cash relating to day to day cash flow will be maintained on a shorter term basis in cash type products with consideration to the liquidity requirements outlined above.
- Longer Term Cash – Cash relating to reserves, provisions and balances on the balance sheet may be held for longer periods of time in cash type products or in longer term bonds or funds depending on:
 - Cash flow requirements:
 - The underlying expectation for interest rates; and
 - The economic background of these investments may be held longer term.
- Service Type Investments – These types of investments will predominately be policy driven and approved by Members. Shareholdings, development opportunities, loans to third parties, equity instruments and investment properties held for rental returns) will be regularly reviewed to judge the investment performance.
- Non Service Type Investments – Investments such as Joint venture delivery companies such as Hub West Scotland and investments in regeneration partnerships and development opportunities

6.4 Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service

A development for Member reporting is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are additional new requirements to the Member reporting.

6.4.1 These benchmarks are targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

6.4.2 In the context of benchmarking, assessing security is a very subjective area to assess. Security is currently evidenced by the application of minimum quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch/ Moody's and Standard and Poors). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. Table J in Appendix 6 shows average defaults for differing periods of investment grade products for each Fitch/ Moody's Standard and Poors long term rating category.

6.4.3 The Council's minimum long term rating criteria is currently "A-", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.06% of the total investment (e.g. for a £1m investment the average loss would be £600). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

6.4.4 As required by the CIPFA Treasury Management Code of Practice The Council will "ensure that it has adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives". In respect to liquidity as defined above the Council seeks to maintain:

- Bank overdraft - £1.000m; and
- Liquid short term deposits of at least £5m available on an overnight basis.

6.4.5 Local measures of yield investment benchmarks that will be used to assess returns are:

- Internal returns above the 7 day LIBID rate;
- Internal returns above the 1 month LIBID rate for fixed investments; and
- Internal returns above the Council's instant access account.

6.5 Council Permitted Investments – The Investments Regulations (Code on the Investment of Money by Scottish Local Authorities) requires Council approval of all the types of investment to be used and set appropriate limits for the amount that can be held for each investment type. These types of investment are termed permitted investments and any investments used which have not been approved as a permitted investment will be considered ultra vires.

6.5.1 The permitted investments which may be used in the forthcoming year are noted below. Details of the risks, mitigating controls and limits associated with each of these permitted categories are shown in Appendix 3.

- **Cash Type Instruments**

- Deposits with the Debt Management Account Facility (UK Government);
- Deposits with other local authorities or public bodies;
- Money Market Funds;
- Call accounts, deposit accounts with financial institutions (banks and building societies);
- Term deposits with financial institutions (banks and building societies);
- UK Government Gilts and Treasury Bills;
- Certificates of deposits with financial institutions (banks and building societies); and
- Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates, etc).

- **Other Investments**

- Investment properties;
- Loans to third parties, including soft loans;
- Loans to a local authority company;
- Shareholding in a local authority company;
- Non-local authority shareholdings;
- Joint venture delivery companies such as hub West Scotland;

- Regeneration partnerships and development opportunities;
- District Heating Schemes; and
- Local Authority Mortgage Scheme (LAMS).

6.5.2 Permitted investments related to the Common Good are also shown in Appendix 3, and where applicable the same counterparty selection criteria as noted in 6.6 below will be applied.

6.6 Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6.6.1 The Section 95 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria selects which counterparties the Council will choose from, rather than defining what its investments are.

6.6.2 The minimum rating criteria to be used uses the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating type and definitions are attached as Appendix 6.

6.6.3 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to any counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

6.6.4 The criteria for providing a pool of high quality cash type investment counterparties is:

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

The difference between the ratings will be reflected in the money limits as noted in Table K in Appendix 6.

- **Category 2 – Part nationalised UK banks** – Lloyds Bank Group and Royal Bank of Scotland Group. These banks can be included if they continue to be part nationalised or they meet the ratings in Category 1 above.
- **Category 3- The Council's own banker** for transactional purposes if the bank falls below the above criteria specified in category 1, although in this case balances will be minimised in both monetary size and time.
- **Category 4 - Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined in category 1.
- **Category 5 - Building Societies** – the Council will use all Societies which meet the ratings for banks outlined in category 1.
- **Category 6 - Money Market Funds** – the Council will use money market funds that are AAA rated (by at least one of the 3 rating agencies).
- **Category 7 - UK Government** (including gilts, treasury bills and the DMADF)
- **Category 8 - Local Authorities, etc**

6.6.5 Due to the uncertainty in the financial markets it is recommended that the Investment Strategy is approved which will provide officers with the flexibility to deal with any unexpected occurrences. Officers can restrict the pool of available counterparties from these criteria to safer instruments and institutions.

6.6.6 The time limits for institutions on the Council's cash type counterparty list are as noted in Table K in Appendix 6.

6.6.7 The Council's bankers are currently the Clydesdale Bank Plc which falls within Category 3. It is recognised that the money limit of £5million may be breached for purely operational purposes on a temporary overnight basis only. The Strategic Lead - Resources will endeavour to avoid this scenario but this allows for circumstances that are outwith the Council's control where funds may be deposited unexpectedly or at short notice into the Council's accounts after the dealing deadline for the day has passed. In such a circumstance the funds will require to be kept on an overnight basis in the Council's bank account until appropriate arrangements can be made for investment.

6.6.8 Table K does not include a monetary limit for category 7 which are funds deposited with the UK Government namely the Debt Management Account Deposit Facility (DMADF). This facility allows local authorities to deposit surplus cash on flexible terms and receive a market related rate of interest. Funds are held by the Bank of England and the scheme carries the Government's own sovereign credit rating offering the highest available security and therefore no maximum monetary limit has been set.

6.6.9 Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above and the list of approved countries for investments are detailed in Appendix 5. In addition:

- No more than 25% will be placed with any country outside of the UK at any time;
- Limits in place above will apply to Group companies; and
- Sector limits will be monitored regularly for appropriateness.

6.6.10 Use of additional information other than credit ratings – Additional requirements under the Code of Practice now requires the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

6.6.11 Economic Investment Considerations - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in March 2015. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

6.6.12 There is an operational difficulty arising from the current banking crisis. There is currently little value investing longer term unless credit quality is reduced. Whilst some selective options do provide additional yield uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security.

6.6.13 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Section 95 Officer (Strategic Lead - Resources) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.

6.6.14 Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds and strongly rated. The credit criteria have been amended to reflect these facilities.

6.7 Sensitivity to Interest Rate Movements - Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. Table L in Appendix 6 highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

7. Treasury Management Limits on Activity

7.1 There are four further treasury activity limits, which were previously prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs.

- *Upper limits on variable interest rate exposure* – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments
- *Upper limits on fixed interest rate exposure* – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- *Maturity structures of borrowing* – These limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- *Total principal funds invested for greater than 364 days* - These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The proposed indicators are shown within Table M in Appendix 6.

- 7.2** The upper limit applies to the maturity structure of fixed interest rate borrowing in Table M. The level has been set to take account of the way that local authorities have to record certain market loans where the maturity date is deemed to be the next call date rather than the eventual repayment date.

8. Performance Indicators

- 8.1** The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Debt – Borrowing - Average rate of borrowing for the year compared to average available;
- Debt – Average rate movement year on year; and
- Investments – Internal returns above the 7 day LIBID rate.

- 8.2** The results of these indicators will be reported in the Treasury Annual Report for 2016/17.

9. Treasury Management Advisors

- 9.1** The Council uses Capita Asset Services as its treasury management advisors. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and
- Credit ratings/market information service comprising the three main credit rating agencies.

- 9.2** The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not place upon external service providers.

- 9.3** The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The

Council will ensure that the terms of their appointment and the methods by which their value is assessed are properly agreed and documented, and subjected to regular review.

- 9.4** Whilst the advisers provide support to the internal treasury function the final decision on treasury matters remains with the Council.

10. The Monitoring of Investment Counterparties

- 10.1** The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Strategic Lead - Resources and, if required, new counterparties which meet the criteria will be added to the list.

11. Legislative Changes

- 11.1** The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 – Loan Fund Accounting came into force on 1 April 2016. These regulations replace the statutory provision for local authority borrowing, lending and loans funds as set out in Schedule 3 of the Local Authority (Scotland) Act 1975.
- 11.2** These new regulations have implications for future capital borrowing and loan charge calculations which will provide both greater flexibility regarding borrowing and could result in higher loan charges, however the regulations allow for a 5 year transition period from 2016/17 until 2020/21.

West Dunbartonshire Council and Common Good Funds Permitted Investments, Associated Controls and Limits

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Cash Type Instruments			
Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.	As shown in Table K.
Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply. Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non- local authority deposits will follow the approved credit rating criteria.	As shown in Table K.
Money Market Funds (MMFs) (Very low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs are Constant Net Asset Value (CNAV), and the fund has a "AAA" rated status from either Fitch, Moody's or Standard & Poors.	As shown in Table K.
Call account deposit accounts with financial institutions (banks and building societies) (Low risk depending on credit rating)	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. The selection defaults to the lowest available credit rating to provide additional risk control measures. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table K.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. The selection defaults to the lowest available credit rating to provide additional risk control measures. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table K.
Government Gilts and Treasury Bills (Very low risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).	Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.	As shown in Table K.
Certificates of deposits with financial institutions (Low risk)	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than the first three categories above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. The selection defaults to the lowest available credit rating to provide additional risk control measures. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table K.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Structured deposit facilities with banks and building societies (escalating / de-escalating rates, etc.) (Low to medium risk depending on period & credit rating)	These tend to be medium to low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. The selection defaults to the lowest available credit rating to provide additional risk control measures. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table K.
Corporate Bonds (Medium to high risk depending on period & credit rating)	These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will be low	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. The selection defaults to the lowest available credit rating to provide additional risk control measures. Corporate bonds will be restricted to those meeting the base criteria. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table K.
Other Types of Investments			
Investment properties	These are properties that are not used to facilitate service delivery but are held solely to earn rentals or for capital appreciation or both. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	In larger investment portfolios some small allocation of property based investment may counterbalance/compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Loans to a local authority company	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each loan to a local authority company requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Non-local authority shareholdings	These are non-service investments which may exhibit market risk, be only considered for longer term investments, likely to be liquid.	Any non-service equity investment will require separate Member approval and each application will be supported by rational behind the service the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Joint venture delivery companies such as hub West Scotland	Public sector organisations across a hub territory will work in partnership with each other, and a private sector delivery partner, in a joint venture delivery company called hub West Scotland.	Any investment in hub West Scotland requires approval from the Section 95 Officer (Strategic Lead - Resources) and the Chief Executive in consultation with the Leader of the Council and the Leader of the Opposition and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Regeneration partnerships and development opportunities	Investments undertaken with the prime intention of local area regeneration.	Any investment in a regeneration partnership / development opportunity requires Member approval with each application supported by rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Investment in Projects procured and managed by third parties e.g. District Heating Schemes	Investments undertaken to assist in facilitating third party projects where the Council has an interest in the successful outcome of the project. Expectation of a financial return for the Council.	Any investment in such projects requires Member approval and each application will be supported by a business case for the investment and the expectation of a financial benefit to the Council.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.
Local Authority Mortgage Scheme (LAMS)	These are service investments at market rates of interest. Under this scheme the Council is required to place funds for a number of years with the bank which is participating in this scheme	Any investment in the LAMS requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table M of £7m.

The Monitoring of Investment Counterparties - The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Capita asset services, including rating changes; and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Corporate Services, and if required new counterparties which meet the criteria will be added to the list.

Appendix 4

Type of Rating	Rating	Explanation
Fitch -Short Term	F1+	Indicates exceptionally strong capacity for timely payment of financial commitments
	F1	Indicates strong capacity for timely payment of financial commitments
Fitch - Long Term	AA-	Indicates very strong capacity for timely payment of financial commitments and this capacity is not significantly vulnerable to foreseeable events
	A-	Indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings
Moody's - Short Term	P-1	Banks based Prime-1 for deposits offer superior credit quality and a very strong capacity for timely payment of short term deposit obligations
Moody's - Long Term	Aa	Offer excellent credit quality, with susceptibility to long term risks with a vulnerability to greater fluctuations within protective elements
	A	Offer excellent credit quality, but elements suggest a Susceptibility to impairment over the long term
Standard & Poors - Short Term	A-1	Indicates a strong capacity to meet institutions financial commitments. Within this category, certain obligors are design with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is EXTREMELY STRONG
Standard & Poors - Long Term	AA-	Indicates strong capacity for timely payment of financial commitments
	A-	Indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more susceptible to the adverse effects of changes in circumstances or in economic conditions than is the case for higher rated category

**West Dunbartonshire Council and Common Good Funds Permitted Investments,
Approved Countries for Investments**

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

AA-

- Belgium

Table A - Net Capital Financing Need

General Services and HRA Shown Separately

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
General Services	76,945	79,753	46,018	39,808	36,170	22,582	18,939	15,048	13,371	16,251
Financed by:										
Capital receipts	604	15,382	5,820	3,430	2,500	2,900	2,875	3,125	3,000	3,400
Capital grants	10,441	16,045	17,924	17,229	14,301	16,151	14,001	10,854	8,991	9,441
Revenue	414	242	242	242	242	242	242	242	242	242
Net financing need for the year	65,486	48,084	22,032	18,907	19,127	3,289	1,821	827	1,138	3,168
£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
HRA	19,211	28,037	23,850	34,995	21,105	29,055	21,810	15,827	18,804	15,986
Financed by:										
Capital receipts	2,233	14	14	14	2	-	-	-	-	-
Capital grants	1,201	3,490	7,185	7,135	1,871	5,592	-	-	-	-
Revenue	2,189	2,865	3,519	4,020	3,583	3,583	2,705	1,945	1,488	960
Net financing need for the year	13,588	21,668	13,132	23,826	15,649	19,880	19,105	13,882	17,316	15,026

General Services and HRA Combined

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
General Services	76,945	79,753	46,018	39,808	36,170	22,582	18,939	15,048	13,371	16,251
HRA	19,211	28,037	23,850	34,995	21,105	29,055	21,810	15,827	18,804	15,986
Capital Expenditure	96,156	107,790	69,868	74,803	57,275	51,637	40,749	30,875	32,175	32,237
Financed by:										
Capital receipts	2,837	15,396	5,834	3,444	2,502	2,900	2,875	3,125	3,000	3,400
Capital grants	11,642	19,535	25,109	24,364	16,172	21,743	14,001	10,854	8,991	9,441
Revenue	2,603	3,107	3,761	4,262	3,825	3,825	2,947	2,187	1,730	1,202
Net financing need for the year	79,074	69,752	35,164	42,733	34,776	23,169	20,926	14,709	18,454	18,194

Table B - Capital Financing Requirement

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Capital Financing Requirement										
CFR – General Services	286,288	326,862	341,658	352,605	362,783	357,273	350,714	343,165	335,484	329,659
CFR – HRA	192,278	207,960	214,687	231,811	240,323	252,709	263,321	268,015	275,198	279,778
Total CFR	478,566	534,821	556,346	584,416	603,106	609,982	614,034	611,179	610,682	609,437
Movement in CFR	66,116	56,255	21,524	28,070	18,690	6,876	4,052	(2,855)	(497)	(1,245)
Movement in CFR represented by										
Net financing need for the year (above)	79,074	69,752	35,164	42,733	34,776	23,169	20,926	14,709	18,454	18,194
Less scheduled debt amortisation and other financing movements	(12,958)	(13,497)	(13,640)	(14,663)	(16,086)	(16,293)	(16,874)	(17,564)	(18,951)	(19,439)
Movement in CFR	66,116	56,255	21,524	28,070	18,690	6,876	4,052	(2,855)	(497)	(1,245)

Table C - Ratio of Financing Costs to Net Revenue Stream

	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
General Services	8.73%	9.36%	9.48%	9.83%	10.41%	10.38%	10.09%	10.01%	10.13%	10.10%
HRA	30.88%	28.69%	28.55%	27.91%	28.64%	29.00%	30.93%	32.14%	33.52%	33.66%

Table D - Incremental impact of Capital Investment Decisions on the Council Tax

	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Council Tax - Band D	-£1.13	£26.57	£2.01	-£6.74	£11.23	£2.45	-£0.05	-£3.51	£0.43	£0.43

Table E - Incremental Impact of Capital Investment Decisions on Housing

	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Weekly Housing Rent Levels	£0.61	£0.33	-£0.27	£1.09	-£0.17	£0.59	£1.10	£0.45	£0.84	£0.48

Table F - Gross Debt compared to the Underlying Need to Borrow (CFR)

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
External Debt										
Debt at 1 April	321,447	389,543	447,955	471,425	501,779	523,255	533,039	539,742	539,366	541,807
Maturing Debt	(82,144)	(27,931)	(28,060)	(9,939)	(14,499)	(485)	(1,091)	(8,000)	(750)	(6,158)
New Borrowing - Maturing Debt	82,144	27,931	28,060	9,939	14,499	485	1,091	8,000	750	6,158
New Borrowing - CFR	68,096	58,411	23,471	30,354	21,475	9,785	6,702	(376)	2,441	2,381
Debt at 31 March	389,543	447,955	471,425	501,779	523,255	533,039	539,742	539,366	541,807	544,188
Long Term Liabilities at 1 April	86,297	84,316	82,160	80,214	77,930	75,145	72,236	69,586	67,106	64,168
Change in Long Term Liabilities	(1,980)	(2,156)	(1,946)	(2,284)	(2,786)	(2,909)	(2,650)	(2,480)	(2,938)	(3,626)
Long Term Liabilities at 31 March	84,316	82,160	80,214	77,930	75,145	72,236	69,586	67,106	64,168	60,543
Gross Debt at 31 March	473,860	530,115	551,639	579,710	598,400	605,275	609,328	606,473	605,976	604,731
Capital Financing Requirement	478,566	534,821	556,346	584,416	603,106	609,982	614,034	611,179	610,682	609,437
Under / (Over) Borrowing	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706

Table G - Operational Boundary

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
External Debt	521,246	583,127	606,803	604,291	634,617	655,040	662,888	667,533	663,888	662,585

Table H - Authorised Limit

£000	Revised 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
External Debt	568,632	636,138	661,967	659,227	692,309	714,589	723,151	728,218	724,241	722,820

Table I - Interest Rate Forecast

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Feb-20
Capita Asset Services View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

Table J - Historic Risk of Default

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.04%	0.10%	0.18%	0.27%	0.37%
AA	0.01%	0.02%	0.08%	0.16%	0.23%
A	0.07%	0.19%	0.36%	0.55%	0.77%
BBB	0.15%	0.46%	0.82%	1.26%	1.73%
BB	0.70%	2.04%	3.48%	5.21%	6.71%
B	3.04%	7.14%	11.06%	14.40%	17.24%
CCC	19.73%	28.03%	33.43%	37.39%	40.41%

Note - The AAA default risk is actually higher than the AA default risk due the number of AAA rated institutions left

Table K - Counterparty Limits

Investment Category	Fitch (or equivalent)	Money Limit	Time Limit
1	F1+ / AA-	£10million	364 days
	F1 / A-	£5 million	
2	F1/A-	£10 million (per group)	364 days
3		£5 million	Overnight
4		£5 million	364 days
5	As in 1 above	£10 m and £5m	364 days
6	Sector Limit	£25 million	Very liquid no time limit applies
	Fund Limit	£5 million	
7		No limit	6 months
8	Sector Limit	£25 million	364 days
	Fund Limit	£5 million	

Table L - Sensitivity to Interest Rate Movements

£000	2017/18 Estimate	1%	-1%
Variable Rate Debt Payments	N/A	N/A	N/A
Variable Rate Investment income	75	150	(75)

Table M - Treasury Management Limits on Activity

	2016/17 Upper	2017/18 Upper	2018/19 Upper			
Limits on fixed interest rates	100%	100%	100%			
Limits on variable interest rates	50%	50%	50%			
Maturity Structure of fixed interest rate borrowing						
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	50%	0%	50%	0%	50%
12 months to 2 years	0%	50%	0%	50%	0%	50%
2 years to 5 years	0%	50%	0%	50%	0%	50%
5 years to 10 years	0%	50%	0%	50%	0%	50%
10 years to 20 years	0%	50%	0%	50%	0%	50%
20 years to 30 years	0%	50%	0%	50%	0%	50%
30 years to 40 years	0%	50%	0%	50%	0%	50%
40 years to 50 years	0%	100%	0%	100%	0%	100%
50 years to 60 years	0%	100%	0%	100%	0%	100%
60 years to 70 years	0%	100%	0%	100%	0%	100%
Principal sums invested > 364 days	£nil	£7m	£nil	£7m	£nil	£7m

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Audit and Performance Review Committee: 8 March 2017

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

Action Plans

4.1 The Appendices to this report will be run in the days leading up to the committee meeting so as to provide as up to date a position as possible in the progress of actions. Appendix A contains Internal Audit action plans recently agreed and issued. Appendix B details the outstanding actions on previously issued Internal Audit reports. Appendix C details the outstanding actions for External Audit reports, including the Local Scrutiny Plan for 2016/17.

4.2 At the last A&PRC meeting on 14th December 2016, Elected Members agreed that future action plan reports would include a summary to put the action plans into context and highlight the risks being mitigated. This information is provided for recently issued reports included at Appendix A at paragraphs 4.3 to 4.5 below.

4.3 Project 110: Use of ICT in Education Controls

The key purpose of this audit was to:

- Ensure Education services have appropriate governance arrangements in place for the use of ICT; and
- Ensure Education services have appropriate protective measures in place both for the handling of sensitive data, and managing the electronic environment.

The actions identified are required to mitigate risks in relation to:

- Effective dissemination of information to relevant staff both in Education and ICT; and
- Protecting the Council's infrastructure, staff and pupils from the introduction of malware.

4.4 Project 111: Overtime Payments for Winter Weather Monitoring: Investigation

The key purpose of this audit was to establish if specific overtime payments were "exceptional" and the basis for them being so described and to consider concerns raised by an Elected Member.

The actions identified are intended to mitigate against the risk of:

- Overtime being paid to staff at Grade 8 and above without being both properly justified and approved;
- Insufficient training arrangements being in place to support winter duty manager responsibilities; and
- Management of winter maintenance not being delivered in the most cost effective manner.

Project 112: Use of Consultants

4.5 The key purpose of this audit was to consider the following areas:

- Method of Procurement;
- Can work be done in-house;
- Monitoring;
- Post completion review;
- Outcomes achieved and lessons learned; and
- Payment approval process.

The actions identified are required to mitigate risks in relation to:

- Carrying out consultancy completion reviews; and
- Compliance with procurement procedures.

Basis of work and recommendation categories

4.6 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.

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

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

5. People Implications

- 5.1 There are no personnel issues with this report.

6. Financial and Procurement Implications

- 6.1 There are neither financial nor procurement implications arising directly from this report.

7. Risk Analysis

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

8. Equalities Impact Assessment (EIA)

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

9. Consultation

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

10. Strategic Assessment

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

.....
Stephen West
Strategic Lead - Resources
Date: 1 March 2017

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

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






Background Papers: Internal Audit Reports
External Audit Reports
EIA Screening

Wards Affected: All Wards



Appendix A


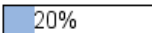
Internal Audit Reports (Recently Issued)

Generated on: 01 March 2017



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




Project 110. Use of ICT in Education Controls (Report Issued January 2017)

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/489	<u>1. Control Documentation</u> Appropriate working documentation should be maintained and its whereabouts communicated to all relevant staff to keep up to date with the quickly changing environment. (Low Risk)	Structured documentation will be developed and communicated to the relevant staff		<div><div>20%</div></div>	31-Dec-2017	31-Dec-2017	Brian Miller	Feb 17 - New fileservers architecture for ICT designed, new Clustered server approach designed incorporating ICT Modernisation architecture and DR utilising servers based in EDC
CS/IAAP/490	<u>2. Manage the Means used to communicate important information more effectively</u> A process should be established to communicate more	All information will be communicated to staff via strategy meetings: BGE (Broad General Education) Education Leaders Secondary Head Teachers		<div><div>22%</div></div>	31-Dec-2017	31-Dec-2017	Laura Mason	Key messages have been communicated to Education Leaders at the Education Leaders meeting on 19/01/2017 and the Secondary Leaders meeting on

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	effectively how staff handle particular data types. (Medium Risk)	Information will be posted on intranet policy documents and WDC Educators						20/01/2017. (2 of 9 milestones complete. However the education meeting schedule for school session 2017-18 has not yet been set out. When it has, more milestones will require to be added to this action.)
CS/IAAP/491	<u>3. Introduce protective monitoring</u> ICT Management should investigate and advise on the introduction of additional Intrusion Detection Systems/Intrusion Prevention Systems in the Education ICT Infrastructure environment as well as additional anti-malware measures to prevent emerging threats and zero day ransomware/malware attacks. (Medium Risk)	Replacement security software will be identified and procured in new financial year Further work on IPS (Intrusion Prevention System) and IDS (Intrusion Detection System) will be developed and implemented where practical			31-Mar-2018	31-Mar-2018	Brian Miller	This action has five milestones, one of which is complete.



Project 111. Overtime Payments for Winter Weather Monitoring: Investigation (Report Issued December 2016)

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/492	<u>1(a). Grade 8 staff and above in receipt of overtime</u> It is recommended that Roads Management should review their records to ensure no other employees at Grade 8 and above are	Option appraisal was carried out as per appendix 3.			31-Mar-2017	31-Mar-2017	Ronnie Dinnie	Complete.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	receiving overtime payments unless there are exceptional circumstances. (High Risk)							
CS/IAAP/493	<u>1(b). Grade 8 staff and above in receipt of overtime</u> In a wider Council sense, it is recommended that processes and procedures are reviewed to ensure that any overtime for Grade 8 employees and above is signed off as a correct record by a Strategic Lead and thereafter approved by a Strategic Director. (Medium Risk)	Agreed.		<div><div>95%</div></div>	31-Mar-2017	31-Mar-2017	Arun Menon; Vicki Rogers	Work progressing to plan and final testing underway
CS/IAAP/494	<u>2. Training for duty manager role during the winter</u> Road Management should consider training additional employees to assist in the delivery of duty manager responsibilities for the 2016/17 winter. (Medium Risk)	Agreed.		<div><div>100%</div></div>	31-Oct-2016	31-Oct-2016	Ronnie Dinnie	Complete.
CS/IAAP/495	<u>3. Two stage management approach for winter duties</u> It is recommended that Roads Management review this process within the existing employment terms and conditions and conduct an options appraisal in order to ascertain if there is a more cost efficient /	A review of these arrangements will be considered as part of the roads shared service modelling.		<div><div>0%</div></div>	31-Mar-2017	31-Mar-2018	Ronnie Dinnie	The shared service joint committee has been established The detailed business plan will not be completed until Autumn 2017. therefore this action will not be achieved for the 31st March

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	beneficial way of delivering the service.3. (Medium Risk)							

Project 112. Use of Consultants (Report Issued March 2017)






Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/496	All services within the Council should ensure that a performance review is carried out within one month following the completion of each consultancy contract.. A Performance Review Certificate should be completed as evidence of the review. (Low Risk))	A formal review at the end of a period of consultancy work is good practice and should enable officers to confirm if objectives / targets / outputs / outcomes have been met as well as recording the consultant's performance against KPIs and any lessons learned. A Performance Review Certificate to facilitate this will be developed based on the Supplier Relationship Management policy and will be completed within one month of the end of each consultancy contract.		<div><div></div></div> 0%	30-Jun-2017	30-Jun-2017	Annabel Travers	Action on track.
CS/IAAP/497	Services should ensure that the correct procurement procedures are followed as stated in Section Q of the Financial Regulations Dec 2015 when engaging consultants. In deciding the appropriate procurement route Services must	With immediate effect all Roads & Transport Service consultancy contracts will be procured through the Scotland Excel and /or the South Lanark Consultancy framework contracts. For specialist		<div><div></div></div> 100%	31-Mar-2017	31-Mar-2017	Stewart Paton; Raymond Walsh	Action complete.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	<p>consider expected cumulative spend on the particular type of work, in compliance with Financial Regulations.</p> <p>(Medium Risk)</p>	<p>consultancy works where alternative Consultants exist, appropriate procurement processes will be followed.</p> <p>Consultancy Services staff are instructed to follow the correct procurement procedures relative to the commissioning of consultants. Staff were emailed a link to the relevant section (Section Q) of the Financial Regulations, a copy of which has been posted at a visible location within the office. Staff are requested to contact Corporate Procurement should they have any queries.</p>						

Appendix B

Internal Audit Reports (Previously Issued)

Generated on: 1 March 2017

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

Project 93. Senior Officer Financial Controls (Report Issued February 2016)


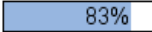
The key purpose of this audit was to:

- Review the Council's Financial Regulations, Standing Orders and other procedural documents relating to Senior Officer Conduct within West Dunbartonshire Council to confirm the systems in place;
- Review of the Budgetary Control Review Process to confirm adherence to the financial regulations.
- Review of Purchase Card System was reviewed for purchasing cards used by Senior Officers to ensure completeness of the application process and adherence to spending limits as set out in Comino.

•

The actions identified are required to mitigate risks in relation to:

Approval of additional purchase cards; receipt scanning in support of expenditure; explanations for variances over £50,000; phasing of expenditure; extent use of purchase cards; spending authorisation limits; and declaration of private interests by Officers which might affect their work with the Council.


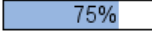
Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/425	<u>7. Register of Interests</u> Management should consider whether a register of interests for employees is developed and maintained. (Low Risk)	Options around the creation of a register of interests for employees will be reviewed and reported to CMT for consideration.			31-Mar-2017	31-Mar-2017	Peter Hessem; Stephen West	Draft prepared for consideration at Employee Liaison Group

Project 94. SEEMIS (Report Issued April 2016)

The key purpose of this audit was to consider the following areas:

- General governance arrangements
- Access controls / security of data
- Segregation of attainment and biographical Information
- Budgetary control
- Teachers' absence recording.

The actions identified are required to mitigate risks in relation to:
Validity / currency of system users; and password complexity.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/426	<u>1. Active SEEMIS Users</u> It is recommended that Educational Services make all 'blank' accounts inactive and have any wrong information corrected. The Department should then liaise with HR to remove all former employees or any staff that no longer require access from the active users list.	This is an ongoing process which will be completed during session 2016/17.			31-Mar-2017	31-Mar-2017	Andrew Brown	Click+Go users were checked for blank entries and any found were corrected. Schools were notified that they had to mark end dates on accounts of staff members who leave as and when required rather than leaving it until there were a large group to be done. Comparison checks with

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	(Medium Risk)							HR21 data were carried out for quality assurance purposes. Discrepancies were verified and accounts locked where staff were found to be no longer current. This check will be repeated bi-annually.


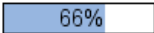
Project 102. Procurement - approved contractors list (Report Issued August 2016)

The key purpose of this audit was to:

- Ascertain the processes involved in generating the approved providers list; accepting new contractors to join the list and removal of contractors from the list;
- Ascertain the rationale for use of specific contractors compared to formal procurement route;
- Ascertain how work jobs are allocated to particular contractors;
- Ascertain from Corporate Health & Safety on their process of validating contractors;
- Ascertain from management within REG on the use, if any, of pre-approved contractors list (including discussions with some former REG employees);
- Ascertain nature and extent of usage of approved contacts and values involved
- Ascertain how job orders are implemented, priced and controlled throughout the process from identifying work required to final payment for completion, including variances to works orders;
- Investigate work carried out at specific addresses; and
- Hold meetings with a number of contractors.


The actions identified are required to mitigate risks in relation to:

Procurement process for specialist contractors; procurement process for back up framework; tendering arrangements for work with a value of more than £50,000; quotation arrangements for work with a value between £2,000 AND £50,000; maintenance of contracts register; adequacy of inspection checks, including separation of duties; policy defining approval arrangements when the Housing Revenue Account bears the cost of pays for work which a tenant is deemed to be unable to pay; and implementing committee decisions.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/451	<p><u>1(a). Specialist Contractors Contracts</u> Building Services, with the support / assistance of the Corporate Procurement Unit (CPU) Section should regularise the contracts for flat roofs, fencing and landscaping and other work which is currently being undertaken by specialist contractors.</p> <p>(High Risk)</p>	<p>A meeting between CPU and Building Services took place on 11 May 2016 where discussions took place on the pipeline of work and agreed timescales and responsible officers for development of tenders and contracts to ensure the Council is not exposed where services are being provided and no contract is in place.</p> <p>The Building Services procurement pipeline has been agreed with the timeframe in which all contracts will be let. Most high priority contracts will be let by 31 October 2016.</p> <p>Until work is completed to let appropriate contracts, officers will be reinstructed on the requirement to follow Procedure 001 – Sub-contracting. Where repairs exceed the value of £2,000 a minimum of 2 quotations will be obtained along with a third quotation using Building Services / National Schedule of Rates (NSOR) costs. Records of these will be scanned and filed on the 'X' drive, Maintenance</p>			31-Mar-2017	31-Mar-2017	Martin Feeney; Andrew Gordon	<p>The High Priority Contracts for Fencing & Light Engineering and Flat Roofing were put in place by 31 December 2016, and the Contract for Back Up Contractors on 19 January 2017. The contract for scaffolding was also due to be awarded at the end of December, but due to prices received being far in excess of the authorised budget, the decision was taken to retender this requirement with a view to conducting pre tender supplier conditioning with a view to achieving a more economical position for the Council. The scaffolding requirement has now been retendered with an anticipated award date of 31 May 2017. Therefore, the milestone for this action will not be updated until the Scaffolding Contract has been awarded. The remaining contracts were programmed to be tendered and have contracts in place by the end of March 2017.</p> <p>During the course of the tender activity for the 4 contracts detailed above, it has become clear that the level of resource</p>

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
		and Repairs folder.						<p>required for specification development and the technical evaluation of tender response is far greater than first envisaged. That coupled with a short term resource issue in the Corporate Procurement Unit due to 2 recent Procurement Officer departures, and the time taken to retender the scaffolding requirement has had an adverse impact on the DLO timescales detailed above. In correlation, there has been a knock on impact on the rest of the Regeneration, Environment & Growth contract pipeline.</p> <p>Taking the above into account a new programme for the remaining contracts has been agreed, ensuring that the highest priority contracts take precedence. The new timescales are reflective of the above and will mean that the remaining contracts will be in place by the end of September 2017.</p> <p>A recruitment exercise is currently under way to appoint 2 Procurement Officers following the recent departures. In addition, and to address</p>

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
								<p>the short term resource issue in the Corporate Procurement Unit, agency personnel will be resourced in order to bridge the resource gap until the appointment of the new personnel.</p> <p>As previously agreed - until work is completed to let appropriate contracts, officers must follow Procedure 001 – Sub-contracting. Where repairs exceed the value of £2,000 a minimum of 2 quotations will be obtained along with a third quotation using Building Services / National Schedule of Rates (NSOR) costs. Records of these will be scanned and filed on the 'X' drive, Maintenance and Repairs folder. This will ensure that in the short term, the Council are procuring the requirements compliantly until such times as the longer term arrangements are in place.</p>

CS/IAAP/455	<p><u>3. Formal Tendering Arrangements</u></p> <p>Formal tendering arrangements need to be put in place for all works that it is anticipated will cost in excess of £50K (cumulative) in accordance with the Council's Financial Regulations. Evidence should be maintained of the appointment of contractors where the value of the contract is between £2,000 and £50,000. This will include evidence of at least three quotes obtained under the quick quote process.</p> <p>(High Risk)</p>	Following the meeting with Building Services on 11 May 2016, CPU will work with Building Services to ensure that the relevant tender process or framework call off is carried out and contracts put in place.		<div><div>33%</div></div>	31-Mar-2017	31-Mar-2017	<p>Martin Feeney; Andrew Gordon</p> <p>During the course of the tender activity for the 4 High Priority Contracts (Fencing & Light Engineering, Flat Roofing, Back up Contractors and Scaffolding), it became clear that the level of resource required for specification development and the technical evaluation of tender response is far greater than first envisaged. That coupled with a short term resource issue in the Corporate Procurement Unit due to 2 recent Procurement Officer departures, and the time taken to retender the scaffolding requirement has had an adverse impact on the DLO timescales detailed above. In correlation, there has been a knock on impact on the rest of the Regeneration, Environment & Growth contract pipeline.</p> <p>Taking the above into account a new programme for the remaining contracts has been agreed, ensuring that the highest priority contracts take precedence. The new timescales are reflective of the above and will mean that the remaining contracts will be in place by the end of September</p>
-------------	---	---	---	---------------------------	-------------	-------------	--

								<p>2017.</p> <p>A recruitment exercise is currently under way to appoint 2 Procurement Officers following the recent departures. In addition, and to address the short term resource issue in the Corporate Procurement Unit, agency personnel will be resourced in order to bridge the resource gap until the appointment of the new personnel.</p> <p>As previously agreed - until work is completed to let appropriate contracts, officers must follow Procedure 001 – Sub-contracting. Where repairs exceed the value of £2,000 a minimum of 2 quotations will be obtained along with a third quotation using Building Services / National Schedule of Rates (NSOR) costs. Records of these will be scanned and filed on the 'X' drive, Maintenance and Repairs folder. This will ensure that in the short term, the Council are procuring the requirements compliantly until such times as the longer term arrangements are in place.</p>
--	--	--	--	--	--	--	--	--


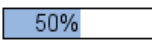

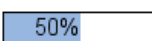
Project 107. Home Care (Report Issued November 2016)


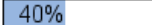

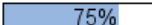
The key purpose of this audit was to consider the following areas:

- Policies and procedures;
- Use of technology to enhance service delivery;
- Proof of fulfilment of service;
- Quality assurance processes and monitoring;
- PVG checks; and
- Contract monitoring and payment of external provision.

The actions identified are required to mitigate risks in relation to:

Missed clocks in and clock outs when visiting clients; policies and procedures being finalised; and preventing excessive costs on mobile phones.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/469	<p><u>1(b). CM2000 missed clock ins and clock outs</u> It is recommended that home carers are reminded of their responsibility and duty to always clock in and clock out when they are visiting the clients at their home in order to ensure all visits are correctly recorded and monitored within CM2000.</p> <p>(Medium Risk)</p>	This is a new system and we had made provision to complete successful roll-out over some time. Performance continues to improve as staff becomes more familiar with technology. The ongoing aim is to achieve 95% compliance.			31-Mar-2017	31-Mar-2017	Lynne McKnight	All staff reminded of requirement to scan in and out of client visits. Individual staff who are not adhering to this are identified, and phones / electronic tags are checked for potential errors. Team performance reported at team meetings.
CS/IAAP/470	<p><u>1(b). CM2000 missed clock ins and clock outs</u> It is recommended that Home Care management put in place an action plan in order to ensure the</p>	There is already a significant reduction in administration of timesheets for Home Help organisers allowing more time for care			31-Mar-2017	31-Mar-2017	Lynne McKnight	Individual discussions with staff regarding low compliance rates. Organisers report team performance at team meetings, highlighting top

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	compliance with clock in and clock out increases within CM2000. (Medium Risk)	planning, client and family liaison and staff supervision. An action plan will be prepared to drive improvements in clock in / clock out compliance.						compliance rate, and low performance rates, and targets. Improvements monitored by organisers, reporting to service managers. Scheduling of evening visits under test for full implementation.
CS/IAAP/471	<u>2. Policy and procedures</u> It is recommended that procedures for CM2000 and Home Care in general are reviewed and finalised as soon as possible. Once completed these should be available to all Organisers, Admin staff and Home Carer via the shared drive. (Medium Risk)	Processes for CM2000 will be reviewed by end of March 2017. Procedures such as medication policy have recently been reviewed, however all policies and standard operation policies will be updated by June 2017.			30-Jun-2017	30-Jun-2017	Lynne McKnight	Processes for CM2000 have been reviewed, and management representation at CM2000 users group to share good practice. Financial procedures, medication and risk assessments have been reviewed
CS/IAAP/472	<u>3. Mobile phones capped at £50 a month</u> It is recommended that the £50 monthly monetary cap is reviewed to manage the risk of WDC incurring excessive costs from the inappropriate use of phones allocated to home carers. This can be reviewed with ICT when assessing potential opportunities from the new Vodafone contract. (Low Risk)	The standard operation policy for the use of phones will be reviewed by the end of March 2017.			31-Mar-2017	31-Mar-2017	Lynne McKnight	Policy / guidelines for mobile phone use updated and issued. All high bills investigated individually. Inappropriate use has been re-charged to workers.


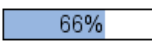
Project 109. Emergency Payments (Welfare Fund) (Report Issued December 2016)

The key purpose of this audit was to consider the following areas:

- Scottish Welfare Fund policies & procedures;
- Welfare Fund staffing arrangements;
- Processing applications for emergency payments;
- Payment of Grants awarded; and
- Appeals process.

The actions identified are required to mitigate risks in relation to:

The authorisation process for Welfare Fund Payments; adequacy of home visits in place to ascertain validity of applications; and the appeals process re decisions on applications received.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/IAAP/478	<p><u>2. Home Visits to Confirm Application Details</u></p> <p>The Welfare Fund needs to establish a planned programme of visits to the residences of Community Care Grant applicants to verify the claims made in applications. This should be arranged with the assistance of the Revenue & Benefits visiting Officers and the Council's Corporate Fraud Team who are currently undertaking a pilot programme of visits.</p> <p>(Medium Risk)</p>	<p>The Welfare Fund team have instructed visits by Revenue & Benefits visiting Officers. We have recently been using Corporate Fraud officers for visits due to the volume of transactions and the amounts involved.</p> <p>We currently receive 40-60 Community Care grant applications per week. We will set a target of visiting a minimum of 20% of Community Care Grant applicants.</p> <p>In addition, Housing Officers will lead on visiting Council Tenancy where Community Care</p>			31-Jan-2017	31-Mar-2017	Peter Prior; Emma McMini	Due date extended to 31 March to allow for Housing job profile amendment and evaluation.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
		<p>Grant applications are made. This will increase our capacity to visit an increased number of Grant applications</p> <p>There is currently no regulation or legislation on the misuse of goods; however it is clear in the Scottish Welfare Fund Guidance issued in April 2016 that we can ask for evidence if required. We will continue to work with the Council's Corporate Fraud team.</p> <p>We will establish criteria that become essential checks for fraud detection over and above the sample percentage described above. A review will be undertaken in three months to measure the effectiveness of this robust process for fraud detection.</p>						

Code of Good Governance - Improvement Action Plan

The key purpose of the annual self-evaluation of compliance against the Council's Code of Good Governance is to support the preparation of an annual Governance Statement.

The areas identified for improvement as a result of this review related to:






Improvements to service planning process; outcome based PI's; embedding of quality standards; continuous improvement; performance reporting and risk management.

Project Improvement Actions for 2016-17							
Action Code	Recommendation	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
GOV-16-01	<u>1. Improvements to service planning process</u> Ensure learning from customer feedback, including complaint information is embedded in the Strategic Planning and Performance Framework	✓	<div><div style="width: 100%;">100%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	All milestones now complete. Guidance and approach to delivery plan development reflects approach to learning from complaints and identifying improvement activities.
GOV-16-02	<u>2. Outcome based PI's</u> Develop an approach to embed outcome-focused Performance Indicators into the Planning and Performance Framework and processes	✓	<div><div style="width: 100%;">100%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	Complete.
GOV-16-03	<u>3. Embedding of quality standards</u> Establish and monitor customer satisfaction of Council services	▶	<div><div style="width: 50%;">50%</div></div>	31-Mar-2017	31-Mar-2017	Stephen Daly	4 Milestones, 2 of which are complete. 2 remaining on target and will be delivered as scheduled.
GOV-16-04	<u>4. Continuous improvement</u> Review the effectiveness of the continuous improvement strategy focusing on reporting and benchmarking of performance	✓	<div><div style="width: 100%;">100%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	Action complete. new self-evaluation framework launched to ensure a robust approach to continuous improvement. this is a core


Action Code	Recommendation	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
							element of the strategic planning and performance framework and ensures awareness in services on areas for improvement and of best practice as well as evidencing learning in service planning and delivery.
GOV-16-05	<u>5. Performance Reporting</u> Improve annual reporting process to include information on service user feedback and lessons learned	✓	<div><div>100%</div></div>	31-Dec-2017	31-Dec-2017	Amanda Coulthard	Milestones and action completed as planned
GOV-16-06	<u>6. Continuous Improvement</u> Implementation of self-evaluation framework corporately where existing models of evaluation currently do not exist, including approach to embedding benchmarking processes and corporate monitoring of outcomes	✓	<div><div>100%</div></div>	31-Dec-2017	31-Dec-2017	Amanda Coulthard	New framework launched and self evaluation activity commenced in priority areas
GOV-16-07	<u>7. Risk Management</u> Review approach to Strategic Risk management following management restructure	✓	<div><div>100%</div></div>	31-Mar-2017	31-Mar-2017	Vicki Rogers	Risks reviewed in partnership with SL's and report drafted for PAMG meeting Jan/Feb 2017

Appendix C External Audit Reports

Generated on: 1 March 2017

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




Project 20. Annual Audit Report on the 2015/16 audit

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
CS/EAAP/155	<p><u>1. Untaken Annual Leave</u></p> <p>The council has omitted untaken annual leave for those on maternity and long term sick. Although a process was in place during 2015/16 which enabled those teachers beginning their maternity leave to take their annual leave in advance, going forward this has been removed. The inclusion of untaken annual leave for those on maternity leave and long term sick will ensure the accrual reflects the true year end liability moving</p>	Finance staff will liaise with Human Resources to ensure all aspects of untaken annual leave are properly accounted for in the year-end accrual.		<div><div></div>25%</div>	30-Apr-2017	30-Apr-2017	Gillian McNeilly	Finance staff and HR staff are due to meet to ensure the correct accrual is accounted for at the year end. The action cannot be finalised prior to 31 March 2017, however the deadline will be met.

Action Code	Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	forward. Recommendation: Finance staff should co-ordinate with Human Resources to identify and monitor any employee who will accrue disproportionate annual leave and ensure these are included within the untaken annual leave accrual.							

Local Scrutiny Plan 2016/17

1. Housing and Homelessness





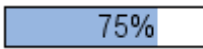
Code & Title	Status Icon	Progress Bar	Due Date	Ownership Assigned To	Latest Note
H&E/2016/HDH/04 Carry out comprehensive Tenant Satisfaction Survey to inform service delivery and improve satisfaction levels		<div><div>80%</div></div>	27-Mar-2017	John Kerr 2	Action on track - four of the five milestones have concluded and the remaining milestone implemented delivered within agreed timescales.
H&E/2016/HDH/08 Carry out detailed analysis and develop and implement interventions aimed at reducing level of repeat homelessness		<div><div>100%</div></div>	31-Jan-2017	John Kerr 2	Action completed - The development and implementation of a targeted work-stream aimed at reducing repeat homelessness has had a positive impact and reduced repeat applications from 10.5% in Q2, to 6.3% in Q2 and to 3.3% in Q1. This figure is now well below the national average and it is likely that we will our annual target. All milestones have been completed and it is expected that this improved performance will be sustained.
H&E/2016/HDH/09 Identify and resolve weaknesses in relation to reporting the provision of temporary accommodation		<div><div>100%</div></div>	31-May-2016	John Kerr 2	Action completed - Analysis identified areas for improvement which were introduced at once, this has had a positive impact on customer service and the provision of temporary accommodation to the most vulnerable members of our communities.

H&E/2016/HO/01 Implement Rent Collection Action Plan and improve performance around rent arrears			31-Mar-2017	Andy Cameron	On track.
H&E/2016/HO/02 Reduce the average number of days to carry-out non-emergency repairs			31-Mar-2017	Martin Feeney	This action has 5 milestones, 4 of which have been completed and the 5th milestone has a completion date of 31 March 2017. Work and the corrective action plan to address issues is progressing well with improvements evident from quarter 1 at 13.41 days, quarter 2 at 12.95 days and quarter 3 at 11.27. December performance was 5.59 days and January 9.25 days and it is anticipated improvement will continue going forward.

2. Staff Absence


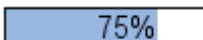
Code & Title	Status Icon	Progress Bar	Due Date	Ownership Assigned To	Latest Note
PT/16-17/HR/001 Develop innovative strategies and best practice to support employee attendance and reduce absence			31-Mar-2017	Tracy Keenan	6 out of 7 milestones completed. Final milestone underway.

3. Efficiency

Code & Title	Status Icon	Progress Bar	Due Date	Ownership Assigned To	Latest Note
CS/EAAP/152 2. Financial Planning - update to the long term financial strategy and provide update to members regularly (2016/17 and 2017/18)			10-Mar-2018	Gillian McNeilly; Stephen West	Council approved 2017/18 budget on 22 February 2017 with updated projections to 2019/20
FAR/16-17/01 Review and update the Council's long-term finance strategy and report to Elected Members			31-Oct-2016	Gillian McNeilly	The draft budget 2017/18 & indicative budgets for 2018/19 and 2019/20 were reported to Council in October 2016, with the budget due to be finalised February 2017.
FAR/16-17/02 Monitor monthly agreed savings options & management adjustments through the budgetary control process			31-Mar-2017	Gillian McNeilly	The budgetary control report (together with the monitoring of savings appendix) was prepared for services & internal monitoring from period 3 onwards. Period 7 was reported to Council in December 2016 and period 9 is due to be reported to

					Council in February 2017
FAR/16-17/03 Monitoring of progress through the CMT of strategic projects planned for review during 2016/17, for report to future Council/committees with a view to increasing income / reducing costs for the Council			31-Mar-2017	Gillian McNeilly	The strategic projects continue to be monitored by the Performance and Monitoring Review Group monthly and will follow through as part of the long term finance strategic projections
FAR/16-17/04 Prepare and deliver short, medium and long term budgets through robust financial planning which reflect the Council's (& other bodies) corporate aims and objectives			31-Mar-2017	Gillian McNeilly	The draft budget 2017/18 & indicative budgets for 2018/19 & 2019/20 were reported to Council in October 2016, with an update reported in December 2016. The budget is due finalised February 2017

4. Delivery of Education

Code & Title	Status Icon	Progress Bar	Due Date	Ownership Assigned To	Latest Note
E/12-17/LSP/301 Monthly quality assurance meetings with Education Scotland Area Lead Officer to review educational provision.			31-Mar-2017	Laura Mason	The planned formal meetings with the Education Scotland Area Lead Officer are taking place on schedule.

2015/16 Local Government Benchmarking Framework Supporting Narrative

All Scottish local authorities participate in comprehensive performance scrutiny through the Local Government Benchmarking Framework (LGBF). This Framework brings together performance indicators covering information about a wide range of key services including education, housing, social work, and leisure, as well as service costs and customer satisfaction results.

To support this comparative work the Improvement Service produce an annual overview report. This report contains highlights of performance information for each Council against each indicator in the framework. The publication of the 2015/16 overview report in February represents the sixth year of comparative benchmarking data.

Each service area reviews the indicators which fall within their remit, scrutinising performance and trend information on each indicator. This complements the performance information already available and in turn informs actions incorporated in delivery and operational plans to sustain or improve performance.

An overview report is prepared on the LGBF, detailing performance highlights and areas for improvement along with detail of work underway to improve performance. The overview narrative is published alongside other local performance information as part of the annual public performance report (PPR) of the Council.

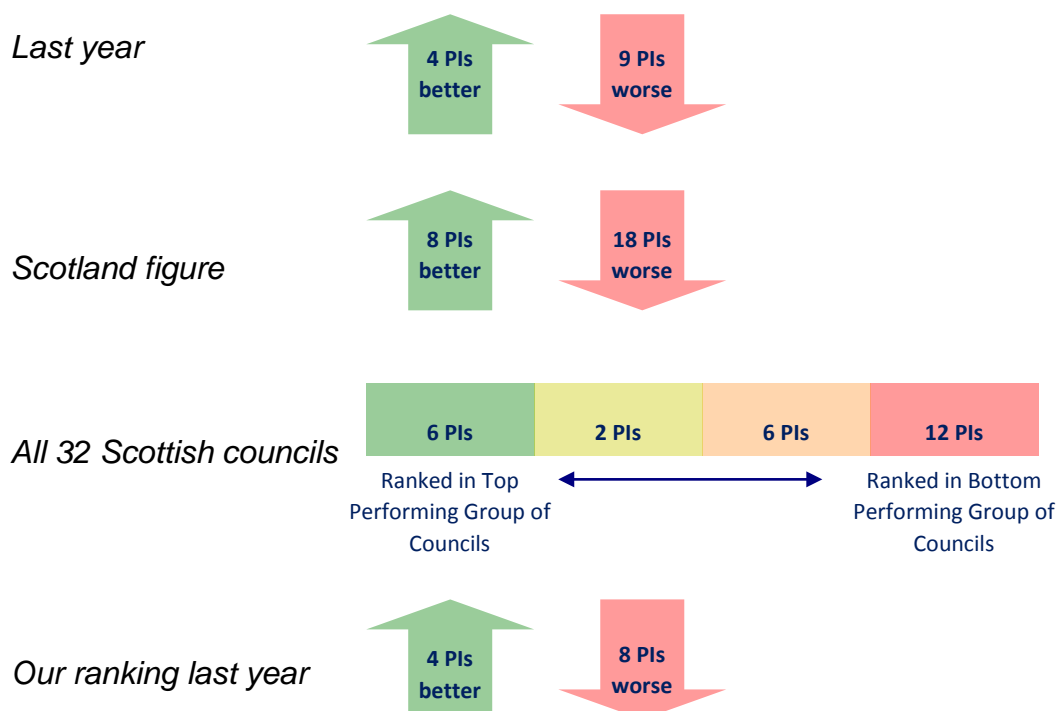
When looking at our performance across the LGBF, it is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities.

You can read more about West Dunbartonshire in our most recent Social & Economic Profile, which looks in detail at key areas including: our population, education, regeneration, housing, economic activity, welfare and benefits, child poverty, crime, and the environment. Search 'social and economic profile' on the Council website.

Children's Services

Overview of performance across the Children's Services category

Comparing our performance in 2015/16 to:



Performance highlights

- WDC is encouraged by performance on % of pupils gaining 5+ awards at level 6 and % of pupils from deprived areas gaining 5+ awards at level 6. These PIs have shown an improvement in performance and ranking against the previous year
- In the new suite of indicators we are showing strong performance against the Scottish average in relation to the % of pupils achieving expected levels in listening and responding at primary 1
- 6 PIs are performing in the top quartile for Scotland, across achievement of level 5 and 6 awards, satisfaction levels with local schools, and average tariff scores in areas of deprivation

Areas for development

- While ranking for the cost per primary school pupil has remained steady at 27th, the actual cost figure has increased on the previous year and is more than the Scottish average figure

What we are doing to improve services

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'.

The Regenerating Learning and Early Years strategies approved through Educational Services Committee provide the framework for improved outcomes across this category. Significant work is underway in the schools estate programme which aims to improve the quality of educational provision over the coming years. These improvements should also bring cost benefits.

In this current publication twelve additional PIs were added covering measures of achievement in key developmental milestones for primary school aged children. This is in addition to existing educational measures related to school costs, exam results, satisfaction with schools and positive destinations. As the first year of data it is important that we understand the detail and are able to identify improvement actions from this. Work will be carried out over 2017/18 on this.

Corporate Services

Overview of performance in the Corporate Services category

Comparing our performance in 2015/16 to:

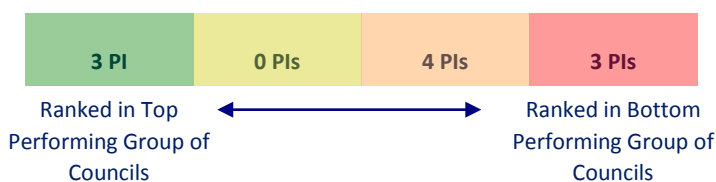
Last year



Scotland figure



All 32 Scottish councils



Our ranking last year



Performance highlights

- We continue to be among the top performing Councils in Scotland for our rapid response to domestic noise complaints
- We are more efficient at paying invoices on time, with the percentage of invoices sampled that were paid within 30 days rising. As a result, our ranking has improved by 2 places
- We have significantly reduced the cost of collecting Council Tax (down 13% since last year) showing improvements on previous performance, ranking and performance against the Scottish average

Areas for development

- Sickness absence for teachers was 6.78 days in 2015/16, an increase on the 6.11 days of the previous year. This resulted in a deterioration of performance and ranking against the Scottish average
- Sickness absence for all other local government employees showed an improvement, dropping from 14.46 days to 13.06 days. This improved our ranking from 32nd to 29th. However this figure is still significantly above the Scottish average

What we are doing to improve services

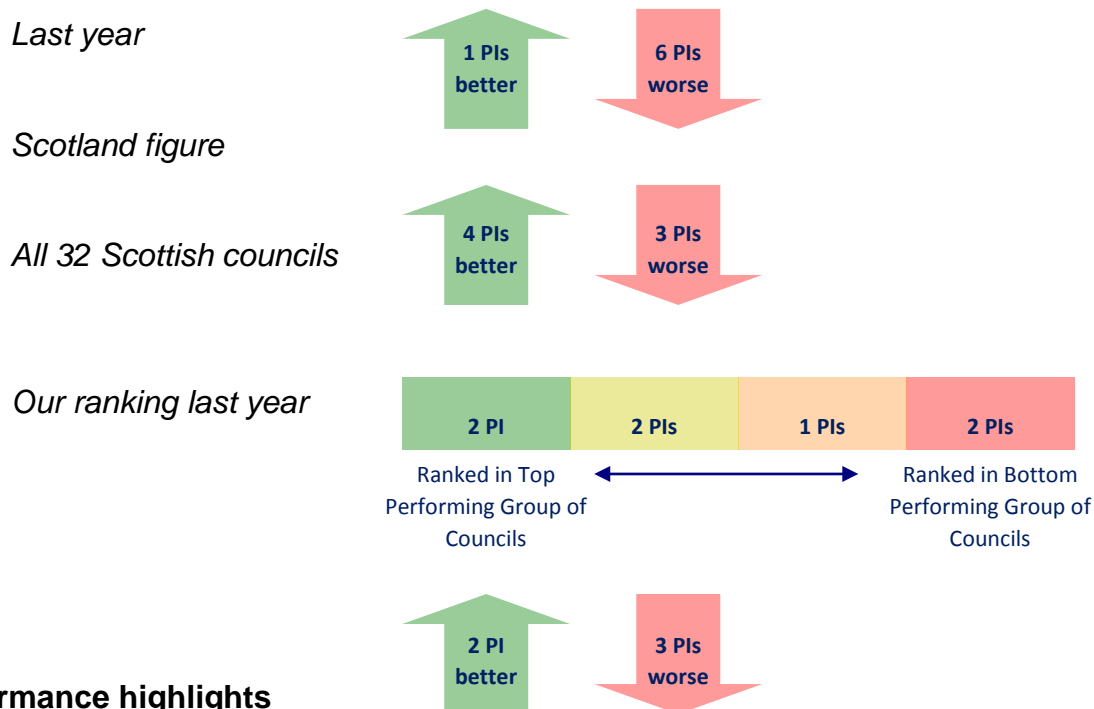
The percentage of invoices paid by the Council within 30 calendar days was 90% in 2014/15 and 2015/16. However, at 21st, we are ranked in the third quartile of all 32 Scottish councils and our performance is slightly below the Scotland figure of 92.5%. To improve on this we will continue to support the Council's Purchase 2 Pay (P2P) programme which aims to reduce the level of manual invoices and increasing spend on corporate purchase cards, all of which will aid payment to suppliers on time.

The Council has committed to improving attendance levels over a number of years and has made progress on this particularly in 2016/17 with in the year to date the average reduction compared to the same period of the previous year absence currently sitting at 12.6%. To continue this improvement focus we have set ambitious targets for reducing days lost to absence across each service area. The Attendance Working Group, which delivered on the activity to reduce absence over recent years, has now been replaced with the Employee Wellbeing Group. This group will change the focus of discussions and identify new areas of development and improvement in the reduction of days lost to absence.

Adult Social Care

Overview of performance in the Adult Social Care category

Comparing our performance in 2015/16 to:



Performance highlights

- We have the highest level of satisfaction with care and support services in Scotland at 88% increasing our ranking from 5th last year
- We are in the top quartile for satisfaction levels with social care or social work services at 66%, significantly better than the Scottish average of 51%

Areas for development

- Our home care costs per hour (£22.03) have risen above the Scotland figure for the second year, and our ranking has dropped from 16th to 20th
- Expenditure on Self-Directed Support (SDS) as a percentage of total social work spend on adults aged 18+ has improved locally on previous performance however our ranking has dropped to 29th in Scotland and performance is significantly lower than the Scottish average.

What we are doing to improve services

All indicators are managed by West Dunbartonshire Health and Social Care Partnership (HSCP). The work and performance of the HSCP is overseen by the West Dunbartonshire Health & Social Care Partnership Board. Its mission is to improve the health and wellbeing of West Dunbartonshire residents. It is responsible for planning and ensuring the delivery of high quality health and social care services to and with the communities of West Dunbartonshire. Its core values are protection; improvement; efficiency; transparency; fairness, collaboration; respect; and compassion. HSCP performance is routinely reported to the HSCP Board, alongside additional reporting to the HSCP Audit Committee:

<http://www.wdhscp.org.uk/about-us/public-reporting/performance-reports/>

The high levels of satisfaction with HSCP services evident from these LGBF PIs are in line with the findings of Scottish Health & Care Experience Survey 2015/16, which reported that 88% of respondents from West Dunbartonshire felt that “health and care services seem well co-ordinated” (which was significantly higher than the Scottish average).

We are continuing to care at home target services towards those with high level needs, in order to maintain or improve their independence – hence the relatively higher cost per hour. People with high level needs often require visits where two or more carers provide support; and during 2015/16 WDHSCP provided 8,924 of carer hours to people aged 65 and over (566.9 hours as a rate per 1,000 population). Importantly, 80% of all adults living in a homely setting and receiving ongoing support or care from WDHSCP had their care plans reviewed annually to ensure their needs were being met.

The HSCP is committed to supporting those who wish to take advantage of the opportunities that Self-Directed Support (SDS) provides. Whilst the numbers of clients that have opted to take a Direct Payment option are small, the expenditure on SDS has increased in gross terms, and also as a proportion of overall adult social care spend. A dedicated SDS website was created in 2015, and is constantly updated and monitored. 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 SDS options, ensuring fairness and equality across all individuals eligible for local authority funded support. Importantly though, high satisfaction with social care services may mean that clients are less motivated to actually request SDS direct payments with which they could purchase their own care from external providers.

A full report on HSCP performance for 2015/16 is available online at:

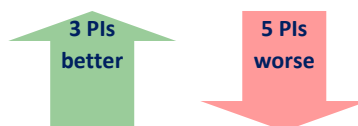
<http://www.wdhscp.org.uk/media/1572/wdhscp-annual-performance-report-and-appendices.pdf>

Culture & Leisure Services

Overview of performance in the Culture & Leisure Services category

Comparing our performance in 2015/16 to:

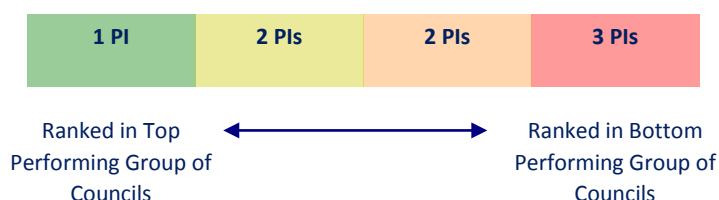
Last year



Scotland figure



All 32 Scottish councils



Our ranking last year



Performance highlights

- The cost per museum visit has improved against the previous year in terms of both actual performance and ranking, in addition it is outperforming the Scottish average
- Levels of satisfaction with parks and open spaces in West Dunbartonshire has increased in performance and ranking on the previous year and is also showing higher levels of satisfaction than the Scottish average
- Levels of satisfaction with leisure facilities have improved in terms of performance and ranking on the previous year, however are lower than the Scottish average

Areas for development

- Cost indicators across sports facilities, libraries and parks and open spaces have shown a deterioration of performance in the last year and a resultant deterioration in ranking
- Satisfaction levels with museums and galleries have dropped by 6% over the last year, resulting in ranking dropping from 13th to 17th

What we are doing to improve services

There has been a year on year decline in visits to libraries in person over the past three years, although this is balanced by a 150% increase in virtual visits over 5 years. Whilst a decline in visitor figures reflects a national trend, the service is determined to see visitors in person increase over future years and will look to shape services to fit local demand.

Benchmarking has highlighted that cost per library visit in West Dunbartonshire is currently ranked 20th in Scotland, a deterioration on last year. Our aim is to be in the top quartile. This downward change can be influenced by West Dunbartonshire Council (WDC) spend, as well as spending changes in other authorities. Visitor figures also have a significant impact upon costs and to ensure that an effective and efficient service is provided we must increase visits and reduce the costs of delivering our service. This will mean exploring various service models and shaping a fit for the future Library Service which delivers services where and when required.

The Museum Service has struggled to meet its target for online museum visits, with poor performance reported in this key area. We plan to mitigate this through launching an online collections management system, to make the museum collection available for online access.

Work is ongoing to improve Levensgrove Park following external funding allocation of £2.6m, in addition to this is development of a range of new play parks across West Dunbartonshire and improvements to existing park areas. Work will also continue on achieving Green Flag awards for open spaces following securing of awards for Dalmuir Park and new Dumbarton Cemetery.

The new Clydebank community sports hub will be developed following investment of £1.5m alongside the new Clydebank Leisure Centre – improving sport and leisure facilities across Clydebank.

Environmental Services

Overview of performance in the Environmental Services category

Comparing our performance in 2015/16 to:

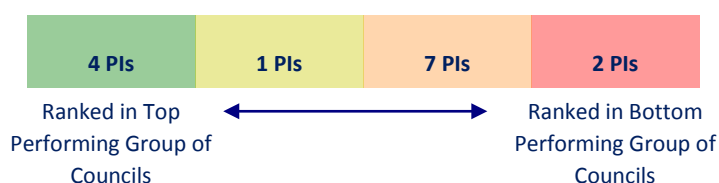
Last year



Scotland figure



All 32 Scottish councils



Our ranking last year



Performance highlights

- Net costs for waste services per premises have shown an improvement performance and ranking on the previous year and are lower than the Scottish average
- The percentage of both B class and C class roads considered for maintenance are showing improved performance and ranking on the previous year and are better than the Scottish average
- % of total household waste recycled has improved on ranking and performance against the previous year with a 2% increase
- Satisfaction with street cleaning has improved significantly with ranking going from 18th to 8th over the year. Performance against Scotland is also strong on this indicator

Areas for development

- The net cost of street cleaning and the cleanliness core have both shown deterioration on previous performance, dropping in ranking and underperforming the Scottish average.
- The cost of maintenance per kilometre of road has shown a deterioration in performance and ranking, dropping to 30th in Scotland
- The cost of environmental health per 1,000 population has shown slight deterioration in performance and ranking from the previous year

What we are doing to improve services

We will build on our COSLA Excellence Award for our successful 'Do the Right Thing' litter campaign with further targeted activities. Linked to this will be further activity to build on our APSE recognised performance in relation to both Parks and Street Cleaning services.

Work on the Connecting Clydebank place making project to improvement the A814 will bring benefits across this category as will partnership activity planned with SPT to improve public transport and active travel in West Dunbartonshire.

We will sample analyse the contents of householders' residual (landfill) waste bins to identify the top 3 materials that should have been placed in their recycling bins. This information will be used for targeted communications campaigns and face to face engagement with customers.

Work will also be carried out to build on the successful trial of an innovative surfacing technology, which will deliver a 40% increase in carriageway area treated for a cost comparable for conventional surfacing.

Build on the success of the New Bonhill area alternate weekly waste collection system coupled with a weekly food waste collection service, which resulted in the recycling performance in the New Bonhill area improving from 7% to over 30%.

Housing Services

Overview of performance in the Housing Services category

Comparing our performance in 2015/16 to:

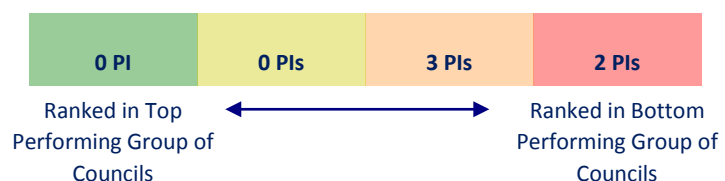
Last year



Scotland figure



All 32 Scottish councils



Our ranking last year



Areas for development

- Rent lost due to voids was an area which showed a significant drop in ranking over the year, moving from 14th to 21st in Scotland, with deteriorating local performance and compared to Scotland
- The percentage of council dwellings that are energy efficient dropped from 100% (1st in Scotland) to 94% (20th in Scotland) over the year
- The percentage of dwellings meeting the dwelling quality standard (SHQS) fell from 18th to 23rd over the year, dropping to 86% against a Scottish average of 93%

What we are doing to improve services

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.

In recent months the housing service has been undergoing a structural and operational transformation, a Housing Improvement Board oversees an improvement workstream exercise across all operational areas.

The amount of rent arrears owed to the Council is an area of concern. Our performance can be explained, in part, by the general economic environment and welfare reform, particularly the introduction of Universal Credit and the benefit cap. However, we recognise that there are actions we can take to reduce the impact of these factors on our rent arrears and the Rent collection workstream is promoting a new approach built around early intervention and preventing families building up unsustainable housing debt.

The Empty Homes / Void Property workstream outlines a series of actions aimed at reducing the level of rent loss due to empty homes. From April 2016 to the end of December 2016, the overall number of empty properties reduced from 273 to 228 and we are confident of reporting improved performance for 2016/17.

Building Services have an action plan to improve performance in relation to reduce the average length of time taken to carry-out non-emergency repairs. As at Q3, the average repair time had fallen from 10.58 days reported for 2015/16 to 8.82 days.

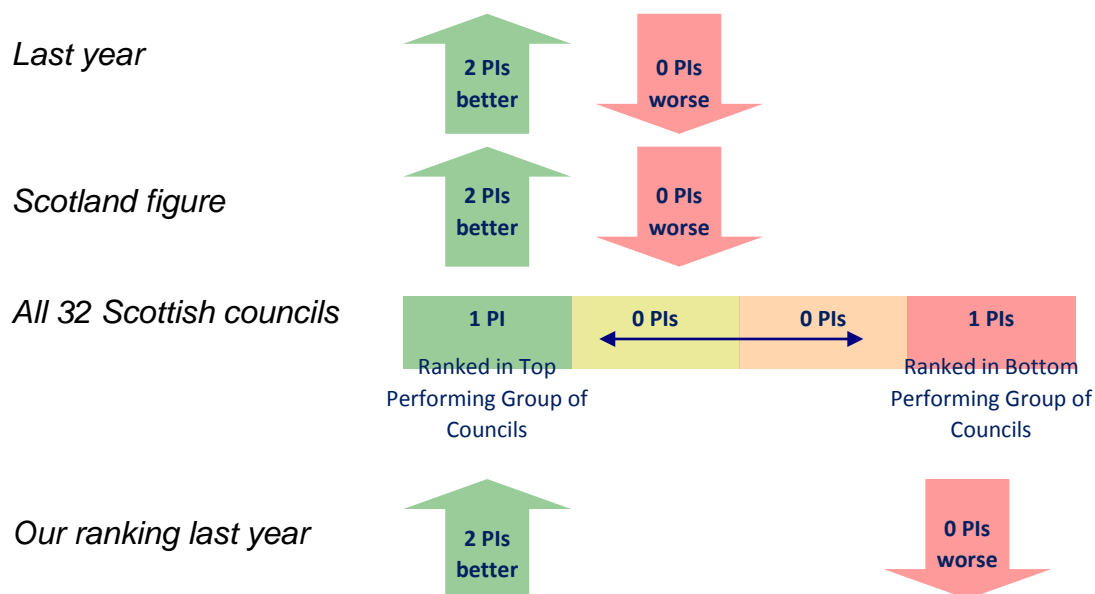
The Housing Capital Investment Programme continues to target SHQS and Energy Efficiency works and with a new programme was approved in February 2017. Workstreams aiming to increase compliance are progressing, with the programme designed to renew elements before they fail the relevant standard. The main reason for non-compliance remains properties that are exempt or held in abeyance and the on-going demolition programme and engagement with owners are being taken with the aim of addressing this.

In addition to these specific workstream areas, a new Local Housing Strategy (LHS) to cover the period 2017-22 has been approved. This strategy sets out the policies and proposals for housing of all tenures in West Dunbartonshire, the key challenges faced and a comprehensive action plan to take forward developments and improvements.

Corporate Assets

Overview of performance in the Corporate Assets category

Comparing our performance in 2015/16 to:



Performance Highlights

- The proportion of operational buildings suitable for current use (90%) has improved on previous performance and ranking over the year, and is significantly higher than the Scottish average of 79%

Areas for Development

- While the proportion of internal floor area of operational buildings in satisfactory condition has improved in performance and ranking over the year, the figure of 64% is significantly below the Scottish average of 82%

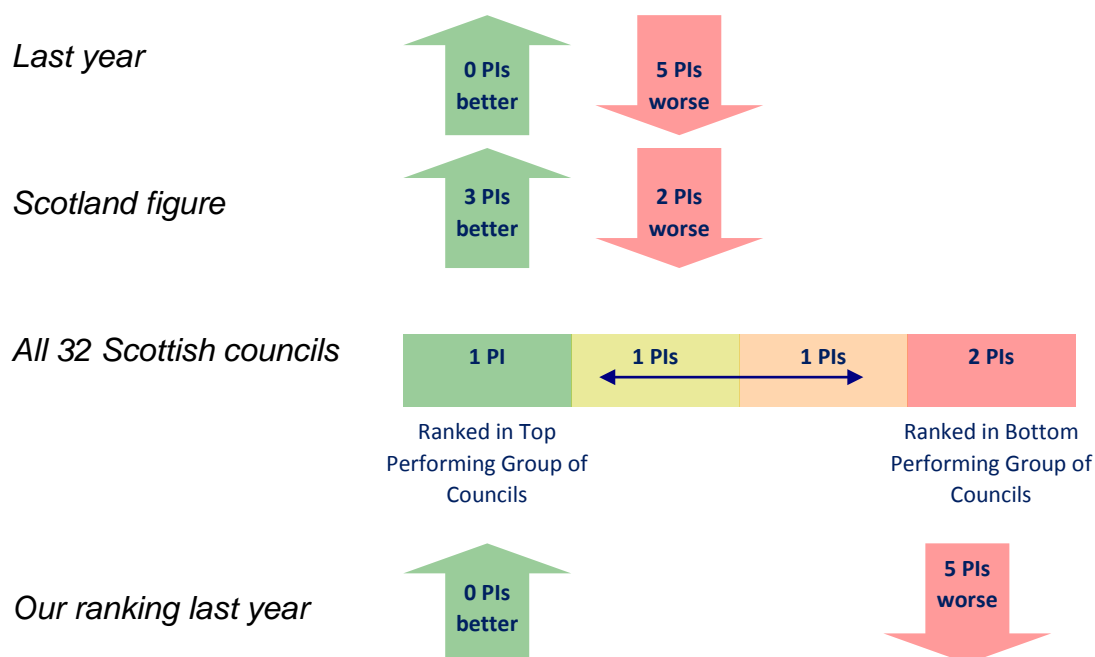
What we are doing to improve services

The Council recognises that assets are a key resource that requires to be effectively managed. Effective management of assets is critical to ensuring that assets are utilised in the most effective and efficient manner to enable the delivery of sustainable services to communities. Regeneration is responsible for the strategic management of the Council's assets, including operational and non-operational properties and is responsible for the delivery of the Corporate Asset Management Plan.

Economic Development

Overview of performance in the Economic Development category

Comparing our performance in 2015/16 to:



Performance highlights

- The percentage of unemployed people assisted into work through employability programmes we operate or fund fell slightly from 19% to 16%. While our ranking also fell, we continue to compare very favourably to the Scotland figure of 14%.
- The number of business gateway start-ups per 10,000 population fell slightly from 24 to 20. While our ranking also fell, we continue to compare very favourably to the Scotland figure of 17

Areas for Development

- The cost per planning application performance deteriorated over the year, with ranking dropping from 28th to 31st in Scotland and a significant increase in the cost per application.
- We rank 32nd in Scotland for the percentage of procurement spent on local small and medium size enterprises, with 5.8% against a Scottish average of 19.7%

What we are doing to improve services

Through our Regeneration service we are investing significant Capital budgets to improve our Towns and communities, including our Queens Quay project in Clydebank investing £15.62m with the potential District Heating Network with a further £12m investment (subject to 50% match funding from Scottish Government). We are investing through our City Region project £27.89m into the former Exxon Bowling site over the next six years and an additional £12.4 through a Regeneration Fund following our actions plans from the previous year's four Charrette interventions.

Following successful Business Gateway integration with our Business Support service the focus remains on job creation with our growth businesses supporting them to create local employment opportunities. The Working4Business initiative has brought together our public partners to ensure our businesses benefit from a 'one-door' approach in supporting their growth ambitions, with a W4B awards planned for 31 May 2017 to celebrate our successful West Dunbartonshire Businesses.

Working4U has been successful in securing additional European resources that complement the Council's own investment in supporting people to overcome the barriers that prevent individuals pursuing and capitalising on training and employment opportunities. In the forthcoming period Working4U will focus on responding to welfare reform, ensuring our learning services continue to meet the quality standards demanded by HMIE Inspectorate, and maintaining good quality, relevant employability services that meet the aspirations of all age groups in our communities within a changing funding environment.

The successful launch of e-building standards in August 2016 has led to 70% of Building Warrant Applications being made via the online portal. The availability of this service will be promoted to increase submission of electronic applications further. As the majority of applications are now made electronically, to ensure that all possible savings and service improvements are capitalised on, the current method of taking paper based plans to site inspections requires to be improved upon. This will be developed and implemented during 2017/18 as part of the e-building standards project.

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead – People & Technology

Audit and Performance Review Committee: 8th March 2017

Subject: Strategic Risk Bi-annual Update

1. Purpose

- 1.1** The purpose of the report is to provide the Committee with the outcome of the latest assessment of Strategic Risks.

2. Recommendations

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

4. Main Issues

Strategic Risk

- 4.1** In line with the risk management framework, a review of strategic risks has taken place as detailed within Appendix 1. Each risk is managed through internal controls, linked actions and associated milestones with the objective being to

reduce or stabilise the level of risk through completion of linked actions over a period of time and / or ensure mitigation factors are adequate should the risks actually materialise.

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

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

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

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

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

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

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

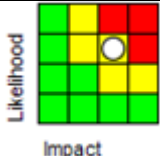
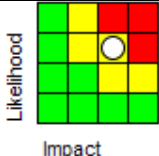
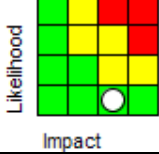
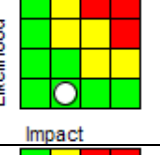

Directorate/Strategic Area Risk

4.3 Management teams have responsibility to embed Strategic Lead Area risks within Delivery plans. This in turn provides evidence that risk management is fully embedded across the Council, a feature that can be well demonstrated by pro-active ownership of each risk.

4.4 Table 1 represents a risk dashboard that includes information such as the original risk, current risk and the target risk, risk status and planned risk management mitigation activities. Each strategic risk is identified and supported by more detailed information available on a “drill-down” basis in Appendix 1.

Table 1/

Table 1

Reporting Key Strategic Risk Information				
Strategic Risk	Original Risk 2012	Current Risk 2017	Target Risk 2017	Risk Status Rationale
SR105 Failure to deliver strong financial governance and sustainable budget management				 Warning
SR106 Council estate and facilities are not fit for purpose				
SR107 Failure to develop or implement innovative use of Information Technology				
SR108 Lack of strategy / plans / vision to ensure a committed and dynamic workforce				
SR109 Failure to embrace opportunities which can be derived from constructive partnership working and joined-up service delivery				
SR110 Failure to ensure positive dialogue with local citizens and communities				
SR112 Failure to implement broad-ranging school improvement to raise attainment and achievement				

- 4.5** SR105 is reviewed as per policy, regularly. This includes consideration of the mitigating actions as contained in appendix 1. This risk is a bit different in that the outside world and UKG and SG funding, the wider UK, European and World economies, etc. generate financial risk to the Council in a short, medium and longer term. The wider environment is monitored by the risk owner who decides that things are still risky in terms of future financial funding for WDC, therefore retain risk score.

5. People Implications

- 5.1** There are no direct people issues connected with this report.

6. Financial and Procurement Implications

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

7. Risk Analysis

- 7.1** Robust risk management and resilience arrangements will demonstrate that effective measures are put in place for the management of risk. The ability to demonstrate risk ownership should benefit the Council in terms of:
- Understanding risk and its potential impact on the Council's priorities;
 - Reducing insurance premiums by recognising that a mature approach to risk management will contribute to a reduction in the number and value of claims across a range of insurance classifications;
 - Assisting with establishing priorities;
 - Contributing towards incident prevention based upon post-incident investigation;
 - Meeting statutory / regulatory requirements;
 - Contributing to a better understanding and assessment of major project activity; and
 - Ensuring better partnership working.

8. Equalities Impact Assessment (EIA)

- 8.1** A screening has been carried out and determined that there is no equalities impact.

9. Consultation

- 9.1** This report has been subject to consultation with service areas in the update of strategic risks.

10. Strategic Assessment

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

Vicki Rogers
Strategic Lead – People & Technology
Date: 3 March 2017

Person to Contact: John Duffy Section Head Risk, Health and Safety
Council Offices, Garshake Road, Dumbarton
Telephone (01389-737897).
Email: john.duffy2@wdc.gcsx.gov.uk

Appendices: Appendix 1 – Strategic Risk Report


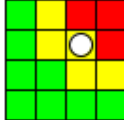
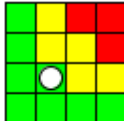
Background Papers: Risk Management Strategy and Methodology
Policy, Strategy and Corporate Plan

Wards Affected: All Wards

Strategic Risk Report 2016-17

Generated on: 03 March 2017


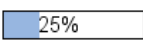

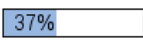

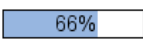

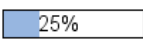

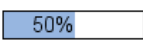


SR105


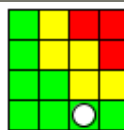
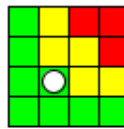
	SR105 Failure to deliver strong financial governance and sustainable budget management	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council fails to deliver strong financial governance through either its budgetary preparation and management processes or maintaining adequate reserves.		9	02-Mar-2017
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/EAAP/152 2. Financial Planning - update to the long term financial strategy and provide update to members regularly (2016/17 and 2017/18)			Resources (SLA)
	FAR/16-17/02 Monitor monthly agreed savings options & management adjustments through the budgetary control process			Resources (SLA)
	FAR/16-17/03 Monitoring of progress through the CMT of strategic projects planned for review during 2016/17, for report to future Council/committees with a view to increasing income / reducing costs for the Council			Resources (SLA)
	FAR/16-17/04 Prepare and deliver short, medium and long term budgets through robust financial planning which reflect the Council's (& other bodies) corporate aims and objectives			Resources (SLA)
	RES/16-17/FI/001 Provide timely and accurate accounting, budgeting and budgetary control processes; and timely delivery of financial accounts statements			Resources (SLA)
	RES/16-17/FI/003 Review and update the Council's long-term finance strategy and report to Elected Members			Resources (SLA)
	RES/16-17/RE/001 Support transformation projects across the organisation			Resources (SLA)

SR106


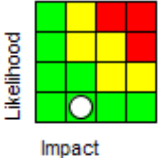
	SR106 Council estate and facilities are not fit for purpose	Current Risk Matrix	Current Rating	Last Review Date
Description	The Council's assets and facilities though improving are not fully fit for purpose with consequent adverse impact on our ability to deliver efficient and effective services. Included in this assessment is Council's property portfolio, housing stock, roads and lighting, fleet and open space	 Likelihood Impact	4	01-Mar-2017
Potential Effect	<ul style="list-style-type: none"> - Assets are not utilised in the most effective and efficient manner - Service cannot be properly delivered to the satisfaction of service users - Service users seek alternative service provision - Increase in reactive maintenance costs - Roads assets in poor conditions - Assets fail to meet relevant standards 	 Likelihood Impact	4	31-Oct-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	There was an initial delay with action E&N/2016/GS/07 when the Heritage Lottery Fund asked that supplementary information was supplied to them to support the funding application. This resulted in the programme slipping by 6 months due to the bids only being considered by them every 6 months. A further four month delay occurred due to delays in the procurement process that were out with our control. The completion dates for this action have now been reassessed.	
Risk Factors	<ul style="list-style-type: none"> - Adequacy of funding available to improve asset base - Adequacy of staff resources allocated to the area of asset management - Council buildings deemed to be unfit for existing purpose - Economic conditions may reduce level of potential capital receipts from surplus property sales - Over one third of the road network is in need of repair and the current long term capital funding only sustains a steady state condition of the road network - Increased public liability claims due to poor condition of roads 			

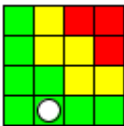





	network			
Internal Controls	<ul style="list-style-type: none"> - Corporate Asset Management Strategy - Schools Estate Strategy - Capital Investment Team - Existence of Asset Management Group with meetings held on a regular basis - Property Asset Management Plan - HRA Capital Investment Programme - Capital plan - Roads and Lighting Asset Implementation Plan - Fleet Asset Implementation - Open Space Asset Implementation Plan - Detailed asset database that shows relevant information on a property by property basis - Sustainability Policy - Housing Improvement Board - Housing Improvement Plan - Housing Asset Management Strategy 	Managed By	Richard Cairns	
		Assigned To	Ronnie Dinnie; Jim McAloon	
Risk Opportunity	<ul style="list-style-type: none"> - Enhance reputation of Council by being able to improve Council estate and service delivery (e.g. new school buildings, Building Upgrades, Garshake replacement and meeting SHQS) - Enhance employee "feel good" factor by providing modern office accommodation equipped with up to date IT facilities - Secure external funding for development of assets (e.g. EC, lottery, Historic and Environment Scotland) - Prioritised Building Upgrade Plan - The continued implementation of the energy efficient street lighting project will both improve the asset and reduce costs significantly through reduced maintenance, energy consumption and carbon output. - The effect of these energy efficiencies has demonstrated that significant savings and environmental benefit can be achieved through the utilisation of developing technology. 			
Progress of Linked Actions	E&N/2016/GS/07 Deliver on HLF - Levensgrove Park		 25%	Environment & Neighbourhood (SLA)
	R/2016/CAM/01 Priorities, plan and implement building upgrades (major works)		 37%	Regeneration (SLA); Regeneration, Environment & Growth (SD)
	R/2016/CAM/02 Develop and implement Community Asset Transfer Policy and Procedures		 66%	Regeneration (SLA); Regeneration, Environment & Growth (SD)
	R/2016/CAM/03 Deliver HRA Capital Projects		 25%	Regeneration (SLA); Regeneration, Environment & Growth (SD)
	R/2016/CAM/07 Deliver £200,000 savings through effective Asset Management		 50%	Regeneration (SLA); Regeneration, Environment & Growth (SD)
	R/2016/CAM/08 Continue to monitor and reduce energy consumption and carbon emissions		 100%	Regeneration (SLA); Regeneration, Environment & Growth (SD)

	SR107 Failure to develop or implement innovative use of Information Technology	Current Risk Matrix	Current Rating	Last Review Date
Description	The risk is that the Council's Information Technology is not sufficiently modernised / brought up to date to enable the delivery of sustainable ICT services to support and enhance the delivery of front line services to the community.	<div>Likelihood</div>  <div>Impact</div>	3	03-Mar-2017
		<div>Target Risk Matrix</div>		
Potential Effect	A lack of consistent, sufficiently robust planning in respect of ICT arrangements is likely to result in the Council being ill prepared to meet future demands in key service areas and lacking the capacity to respond effectively to changing need.	<div>Likelihood</div>  <div>Impact</div>	4	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none">- Degree of compliance with security controls to prevent data loss through poor o/s patching, cyber attack, firewall configurations etc- Extent of wireless connections in the Council network – April 15- implementation of wireless in all schools complete. Garshake and Townhall now wireless. Introduction of segregated network traffic 50% complete for schools.- Number of ICT Help Desk calls resolved at the first point of contact. April 15 SOCITM Benchmark survey indicates target is set too high and WDC IT service not meeting the current target. Review is currently in progress and new target in line with SOCITM benchmark will be implemented for 2015-16.- Extent of functionality development in key Council systems (i.e. lack of development beyond base system leading to ineffective management information) April 15 – several channel shift projects are in progress Workforce mgnt self service, website and intranet redesign, online school payments, P2P, document management and rota scheduling for home care are all contributing to Channel shift.- Fit for purpose Council website, delivering information and services to a significant percentage of the Council's customers. April 15 - Website was redesigned and relaunched in 2013. Intranet redesigned and relaunched in March 2015.- Provide efficient desktop services to meet changing workforce flexibility and property rationalisation requirements. April 15 - ICT Modernisation project implementation in progress and incorporates new desktop delivery which is at user testing stage.- Implementation of mobile and flexible working, enabling a downsizing of required office accommodation through enabling people to work more efficiently and to adopt a more flexible policy towards office accommodation and desk provision. April 2015 - WoTF delivered in Sept 13, Aurora move delivered Feb 2015; issue of tablet devices to SMT and Members complete April 15.- Broadband speed in the Council area - Aug 14 WDC has 2nd highest broadband speeds in Scotland.	Latest Note	August 16. WDC has made significant investment in IT infrastructure to mitigate this risk. All 100 networked locations have new LAN infrastructure. All schools and nurseries have wireless infrastructure as well as some corporate buildings and further investment committed to expanding wifi capability. 90% of locations have new WAN infrastructure and increased network bandwidth with remaining locations planned.	
Risk Factors	<ul style="list-style-type: none">Insufficient resourcing of ICT developments so that benefits and opportunities identified are not realised- poor network security controls implemented. lack of intrusion detections alerts, failure to respond to audit / PEN test findings and recommendations, insufficient resources allocated to security tasks.- Poor project and programme change management arrangements - April 15 - WDC has introduced new Project Management standards and a Strategic Change Board to address this- Poor quality of mobile communication provision - ICT Modernisation investment of £4M agreed and project at			

	implementation stage. Three of the five workstreams are complete and the other two are well established.		
Internal Controls	<ul style="list-style-type: none"> - Information & Communication Technology (ICT) Policy - Governance structures to support integrated planning and decision making in relation to ICT - Use of both internal IT resources from across the Council and skilled specialist advisers in key areas - Fit for purpose data centre (with remote back up site). New shared data centre went live in Dec 2014 and further IT services at testing stage. WDC and EDC are taking a lead role on data centre sharing across Scotland 	Managed By	Vicki Rogers
		Assigned To	Patricia Kerr
Risk Opportunity	<ul style="list-style-type: none"> - annual network penetration tests - Annual PSN compliance audit - Annual External Audit on ICT Controls - ICT Modernisation project and its focus on network security - Provide 21st century state of the art technology for employees and service users - Rationalise IT systems - P2P, replacement IHMS and Work force management projects underway. New Scheduling system for 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. New tablet devices and new Windows mobile phones deployed. - Provide self service style systems to employees and the local community - Aug 14 - WDC website updated in 2013 and employee self service project implemented- staff now having access to online payslip, expenses, leave applications, PDP recording. - Increase the use of electronic document storage and workflow across the Council - Aug 14 - EDRMS framework contract in place since 2010 for departments to call off when reviewing their service and implementing service improvements. WoTH and Aurora projects utilised EDRMS technology to support the move to more flexible working and CHCP homecare implementation in progress. 		
Progress of Linked Actions	PT/16-17/ICT/001 Deliver ICT support to the Property and Resource optimisation projects		<div><div>42%</div></div> People & Technology (SLA)
	PT/16-17/ICT/002 Review the ICT structure and roles in line with changing departmental technology and service requirements		<div><div>83%</div></div> People & Technology (SLA)
	PT/16-17/ICT/004 Deliver robust ICT input to 2016-17 transformational change projects		<div><div>68%</div></div> People & Technology (SLA)


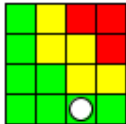
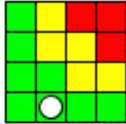

SR108



	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		2	03-Mar-2017
		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	2	31-Mar-2017
Measures of Impact	<ul style="list-style-type: none">- Access to and participation of employees in learning and development activities- Absence rate and trends- Employee turnover- Grievance, discipline and other monitoring information- Employee survey results and associated actions- Reports from external scrutiny bodies and award bodies- Benchmarking with appropriate comparators	Latest Note	Significant and sustained improvement in attendance over 12 month period. Further developments in respect of management and leadership development, succession planning and new programmes launched to ensure competency across management roles. Further development of workforce planning arrangements with a review identified to focus on longer term planning and further enhance the existing framework.	
Risk Factors	<ul style="list-style-type: none">- Lack of appropriate development / shortage of skills may pose a risk to new models of service delivery- Lack of capability to deliver- Workforce unable to adapt to change			
Internal Controls	<ul style="list-style-type: none">- HR processes designed to meet service delivery needs- Develop new structures to reflect strategic priorities and aligned to Future Operation Model (FOM)- Align workforce plan to the Council's strategic planning processes (i.e. have the right people available at the right time with the right skills to fulfil properly all of the Council's strategic priorities-Periodic review of pay arrangements in accordance with EHRC guidance (currently every 3 years)- 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	ODC/SP/1516/001 Enhance leadership effectiveness at all levels through development opportunities		<div><div>100%</div></div>	
	PT/16-17/HR/002 Develop and maintain a robust employment framework (policies, systems and processes) in accordance with emerging case, legislation and good practice		<div><div>66%</div></div>	People & Technology (SLA)
	PT/16-17/HR/004 Develop a Council Workforce plan, reflective of revised organisational structure that sustains a committed workforce that supports the organisation's current and future needs		<div><div>60%</div></div>	People & Technology (SLA)
	PT/16-17/HS/005 Ensure a robust approach to Council's resilience arrangements		<div><div>100%</div></div>	People & Technology (SLA)
	PT/16-17/ICT/003 Extend the services enabled by shared environments and services		<div><div>71%</div></div>	People & Technology


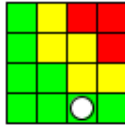
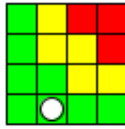

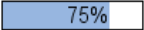
				(SLA)
	PT/16-17/ICT/004 Deliver robust ICT input to 2016-17 transformational change projects		<div><div>68%</div></div>	People & Technology (SLA)
	PT/16-17/OD/001 Promote a model of change and continuous improvement across the organisation		<div><div>75%</div></div>	People & Technology (SLA)
	PT/16-17/OD/002 Enhance leadership and management development		<div><div>75%</div></div>	People & Technology (SLA)
	PT/16-17/OD/003 Support and progress the Workplace of the Future programme		<div><div>75%</div></div>	People & Technology (SLA)

SR109

	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	<div>Likelihood</div>  <div>Impact</div>	3	28-Feb-2017	
		Target Risk Matrix			Target Rating
Potential Effect	<div>- Use of public sector resources not optimised in local area</div> <div>- Council has financial exposure if a partnership relationship fails</div>	<div>Likelihood</div>  <div>Impact</div>	2	31-Mar-2017	
Measures of Impact	Successful delivery of SOA and supporting plans positive partnership inspections	Latest Note	CPWD is working well and taking an increasingly collaborative approach to all service areas and outcomes. This approach is entirely based on the strong partnerships already in place and is likely to further reduce this risk.		
Risk Factors	<div>- inability to deliver improved outcomes which require strong partnership activity</div> <div>- Council's reputation is adversely affected through a failed partnership arrangement</div>				
Internal Controls	<div>- Ensure that partnership opportunities are considered as an option across all Council services</div> <div>- Robust partnership arrangements (e.g. legal documents, service level agreements)</div> <div>- Align the Council's strategic plan with the Single Outcome Agreement (SOA)</div> <div>- Ensure that partners have signed up to deliver on the outcomes and targets set in the SOA</div> <div>- Develop data sharing protocols with partner agencies</div> <div>- Participate in shared service agenda where it is evidently of benefit to the Council</div> <div>- Participate in reform agenda as it impacts on Council area</div> <div>- Develop code of practice for partnerships which would assist in ensuring consistency across the Council</div>	Managed By	Angela Wilson		
		Assigned To	Amanda Coulthard		
Risk Opportunity	<div>- Position West Dunbartonshire as a modernising Council</div> <div>- Police and Fire Reform</div> <div>- Shared Services options</div>				
Progress of Linked Actions	CCC/2016/PPP/04 Ensure Community Planning West Dunbartonshire delivers on requirements of new legislation		<div><div>66%</div></div>	Communicatio ns, Culture & Communities	


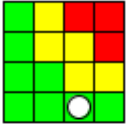
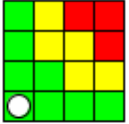
				(SLA); Transformatio n & Public Sector Reform (SD)
	H&E/2016/CCP/01 Support local implementation of Community Empowerment (Scotland) Act			Housing & Employability (SLA); Regeneration, Environment & Growth (SD)






SR110






	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	06-Jan-2017
Potential Effect	- Tensions develop with individuals and local community groups	 Likelihood Impact	2	31-Mar-2017
Measures of Impact	- active community councils and wider community organisations - success of community budgeting development of community led action plans	Latest Note the new approach to engagement and locality based planning / service delivery - Your Community - places dialogue with local residents at the centre of locality planning. Development of community led action plans further enhances our approach. Alongside this the embedding of the public reassurance model within the communities team increases our capacity for local 'street by street' engagement across key areas.		
Risk Factors	Lack of appropriate staff development / skills may be lacking to support new model of service delivery inequity of engagement across the partnership on key local issues council seen as unresponsive to community if feedback from engagement not acted upon apathy within communities leads to little or no engagement some community groups feel their voices are not being heard			
Internal Controls	- Ensure robust mechanisms for public feedback - roll out 'your community' model to ensure local priorities are addressed - Annual budget consultation events - Citizens Panel - Community Council arrangements - Open Forum questions at Council meetings	Managed By Angela Wilson Assigned To Amanda Coulthard		
Risk Opportunity	- Community Empowerment Act - community budgeting asset transfer			
Progress of Linked Actions	H&E/2016/CCP/02 Deliver Your Community across West Dunbartonshire			Housing & Employability (SLA); Regeneration, Environment

				& Growth (SD)
--	--	--	--	---------------

SR112

	SR112 Failure to implement broad-ranging school improvement to raise attainment and achievement	Current Risk Matrix	Current Rating	Last Review Date
				
Description	This risk concerns the support and encouragement of our young people to attain and achieve at the highest level. In particular, it is aimed at bridging the attainment gap and breaking the cycle of disadvantage. This also includes the focus on intervention at early years to improve life chances at all points on the learning journey. A key driver is the Council's participation in the Scottish Attainment Challenge which will be delivered over 4-years from 2015. Year 1 will focus on 4 themes - Transitions (2) (1. Nursery/Primary 2. Primary/Secondary) School Improvement Partnership Project (SIPP) & Science Technology Engineering and Maths.	 Likelihood Impact	3	22-Feb-2017
Potential Effect	The national expectation for education would not be delivered. Improved outcomes for young people would not be attained and achieved. The Council would fail to meet the needs of individual learners. The Service would fail to bridge the attainment gap and break the cycle of disadvantage. The Council would fail in its legal duty for the education of young people within West Dunbartonshire. There would be reputational damage to the service and the wider Council. There would be a lack of income generation from external funding sources.	 Likelihood Impact	1	31-Mar-2017
Measures of Impact	Examination results - HMIE inspection reports - validation reports - stakeholder feedback - local learning community attainment data - control group model - small test of change model - risk matrix model - bespoke model of intervention for young people and families at early stages to improve on attendance/lateness; social and emotional health; supports for mental health issues; parenting/behaviour management skills and early linguistic & cognitive development - pre/post intervention assessment - increased expectation of raising attainment being the responsibility of all - school to school collaboration with locally initiated bottom-up enquiry - higher level of STEM subject uptake in secondary schools - increased numbers of learners entering STEM related career pathways - standardised literacy and numeracy tests	Latest Note	The Scottish Government has authorised the issue of additional funds to address pupil equity, this will support targeted intervention for pupils in lower deciles.	
Risk Factors	Staff resources - adequate funding for projects - workforce development - effective leadership - accurate and timely data collection - accurate and timely reporting - effective communication with partners and external agencies			
Internal Controls	Raising Attainment Strategy Project management by Service Manager Raising Attainment/ Impact review Group (led by Chief Education Officer) Termly progress reports submitted as part of Educational Service committee reports Scottish Attainment Challenge Project Board Raising Attainment specialists in each secondary school Relevant CPD programme to support education staff Lead Officer responsible for managing Multi-Agency Family Support Team Meetings between WDC and Education Scotland/HMIE Standardised data collection templates Numeracy steering group Local Authority Coordinator Partnership working with University of Glasgow Learning Community Partnership Innovation Teams	Managed By Laura Mason Assigned To Julie McGrogan		
Risk Opportunity	Improved attainment - improved attendance - reduced exclusions - reduced violent incidents - reduction requirement for targeted support over time - reduction requirement for specialist placements over time - improved learning &			

	community engagement - children/pupils at risk identified earlier and more effectively - more empowered community providing self-sustaining peer support - increase in the percentage and range of positive destinations over time			
Progress of Linked Actions	E/12-17/RAA/318 Implement the Transitions 2 Project		<div><div>50%</div></div>	Education, Learning & Attainment (SLA)
	E/12-17/RAA/319 Effective delivery of the Broad General Education and articulation with the Senior Phase		<div><div>33%</div></div>	Education, Learning & Attainment (SLA)
	E/12-17/RAA/320 Implement the Transitions 1 Project		<div><div>33%</div></div>	Education, Learning & Attainment (SLA)
	E/12-17/RAA/322 Review Improvement framework in line with HGIOS 4 and HGIOELC		<div><div>100%</div></div>	Education, Learning & Attainment (SLA)
	E/12-17/RAA/343 Further develop the Schools Estate		<div><div>83%</div></div>	Education, Learning & Attainment (SLA)

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown