

West Dunbartonshire Council

Proposed 2020/21 Annual Audit Report



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

17 November 2021

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Key messages

2020/21 annual accounts

- 1 The financial statements of West Dunbartonshire Council and its group give a true and fair view of its financial position for the year ended 31 March 2021. Our audit opinions on the annual accounts of the council, its group and the section 106 charities administered by the council are unmodified.
- 2 Covid-19 led to delays in the auditing timetable for 2020/21 annual accounts. Submission of the audited annual accounts is in line with revised government timescales.

Financial management and sustainability

- 3 Financial management is effective. Services were delivered within budget and reported a surplus of £0.585 million. In addition, £6.738 million of Covid-19 funding received was carried forward for future years.
- 4 Costs relating to the Covid-19 pandemic totalled £13.692 million in 2020/21. The council received £20.430 million of direct funding, and administered £24.305 million of agency income, provided by the Scottish Government in 2020/21.
- 5 The pandemic impacted progress on the council's capital projects, with slippage of 34 per cent against the 2020/21 programme.
- 6 The council is planning to deliver on its 2021/22 budget with additional Covid-19 funding.
- 7 Covid-19 funding has increased the council's reserves but these will be needed to meet ongoing costs of the pandemic on services. The council is projecting funding gaps increasing to £14.355 million by 2024/25.

Governance and transparency

- 8 The council's revised governance arrangements, introduced at the start of the pandemic, are appropriate and operated effectively during 2020/21.
- 9 The council conducts its business in an open and transparent manner and provided clear information for residents on services affected by the pandemic.

Best Value

- 10** The council continues to make good progress in demonstrating evidence of improvement in its services and has a clear focus on delivering Best Value. The council has addressed the recommendations from the 2018 Best Value Assurance Report.
- 11** The council has effective systems in place to monitor and report its performance and drive continuous improvement.
- 12** The council's overall performance against national benchmarking shows a trend of long-term improvement. However, the council reported a slight decline against its own set of strategic performance indicators for 2020/21.
- 13** Residents of West Dunbartonshire are generally satisfied with their services, with the highest levels of satisfaction with local schools in Scotland

Introduction

1. This report summarises the findings arising from the 2020/21 audit of West Dunbartonshire Council (the council) and its group.
2. We aim to add value to the council through the audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvement
 - reporting our findings and conclusions in public
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
 - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

Scope of the audit

3. The scope of the audit was set out in our 2020/21 Annual Audit Plan presented to the March 2021 meeting of the Audit Committee. This report comprises the findings from:
 - our audit of the council and its group's annual accounts, and the statement of accounts of the Section 106 charities administered by the council,
 - a review of the council's key financial systems,
 - our consideration of the wider dimensions of public sector audit (financial management, financial sustainability, governance and transparency, and value for money) as set out in the [Code of Audit Practice 2016](#),
 - audit work covering the council's arrangements for securing best value, including consideration of the findings and recommendations from our [Best Value Assurance Report \(June 2018\)](#).

Impact of Covid-19

4. The global coronavirus pandemic has had a considerable impact on West Dunbartonshire Council during 2020/21. This has had significant implications for the services it delivers, sickness absence levels, and the suspension of projects and activities, such as progress on constructing affordable homes. Risks related

to the pandemic were included in our Annual Audit Plan, and we have adapted our planned work to address any new emerging risks.

Responsibilities and reporting

5. The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

6. The council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

9. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#). and supplementary guidance.

10. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

11. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

Auditor Independence

12. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the

Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £276,780 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Extension of auditor appointment

13. Auditors appointed under statute by the Accounts Commission are engaged for a five-year period. The current audit engagement was due to end after the conclusion of the 2020/21 audit. Normally at the end of each five-year period a new auditor is appointed, either Audit Scotland or a private sector accountancy firm.

14. In October 2020, the Accounts Commission approved the extension of current audit appointments for a year to include the 2021/22 audit year. This decision reflects the need for stability and continuity given the longer-term impact of Covid-19 on audited bodies and the difficulty of running the necessary audit procurement exercise during the pandemic.

15. This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

The financial statements of West Dunbartonshire Council and its group give a true and fair view of its financial position for the year ended 31 March 2021. Our audit opinions on the annual accounts of the council, its group and the section 106 charities administered by the council are unmodified.

Covid-19 led to delays in the auditing timetable for 2020/21 annual accounts. Submission of the audited annual accounts is in line with revised government timescales.

Our audit opinions on the annual accounts are unmodified

16. The accounts for the council and its group for the year ended 31 March 2021 were approved by the Audit Committee on 17 November 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance
- The annual accounts were signed off in line with the revised timescales permitted to reflect Covid-19

As a result of the continuing impact of Covid-19 the submission deadlines for Local Government audited annual accounts and annual audit reports have been set at 30 November 2021.

17. We received the unaudited annual accounts on 18 June 2021 in line with the original timetable set out in our 2020/21 Annual Audit Plan. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. As a consequence of the Covid-19 pandemic and alternative working arrangements there were some minor delays in the provision of supporting documentation.

However, this did not significantly impact on the ability to meet the revised audit timetable.

18. Covid-19 and remote working also had an impact on the time taken to complete audit work. Remote working meant that audit tasks took longer than usual as the audit team were unable to access staff, records and systems as readily as when physical access was available.

19. As a result of the continuing impact of the Covid-19 pandemic, the submission deadlines for the 2020/21 audited annual accounts and annual audit reports in Local Government were revised by the Scottish Government to 30 November 2021.

20. As the audit team were aware that Covid-19 would have an impact on the audit resources available during July and August, due to the knock-on effect of other audits finishing later than normal, and that certain tasks would take longer to complete when working remotely; we agreed with management in August 2021 that we would work to these revised deadlines to complete the 2020/21 audit.

21. Despite the pressures on the 2020/21 audit process, the conclusion of the audit and approval of the accounts was in line with the revised timetable permitted by the Scottish Government, with the audited accounts signed following the Audit Committee meeting on 17 November 2021. There has been no impact on the scope of our audit from the remote completion of the audit.

The inspection notice was placed in accordance with the required regulations and no objections were raised to the 2020/21 annual report and accounts

22. Regulation 9 of the Local Authority Accounts (Scotland) Regulations 2014 requires a local authority to publish a public notice on its website of the right to inspect its annual accounts. This must remain on the website throughout the inspection period. As part of our audit we confirmed that the 2020/21 Annual Accounts inspection notice, published on the council's website, complied with the regulations.

23. The regulations also require a local authority to give the right of interested persons to object to its accounts, as provided for by section 101 (rights of interested persons to inspect and copy documents and to object to accounts) (11) of the 1974 Act. No objections were raised to the 2020/21 Annual Accounts.

Our audit testing reflected the calculated materiality level of £4.8 million

24. Materiality can be defined as the maximum amount by which auditors believe the annual accounts could be misstated and still not be expected to affect the perceptions and decisions of users of the annual accounts. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to

law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

25. Our initial assessment of materiality for the annual accounts was undertaken during the planning phase of the audit. These materiality levels were reported in our Annual Audit Plan presented to the Audit Committee in March 2021.

26. On receipt of the unaudited 2020/21 Annual Accounts we recalculated our materiality levels based on the financial results for the year ended 31 March 2021. Our audit approach and testing were adapted to reflect the recalculated materiality levels. [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality: This is the figure we calculated to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2021.	£4.890 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of planning materiality.	£2.440 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£0.050 million

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement.

27. [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

We have significant findings to report on the annual accounts

28. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices,

including accounting policies, accounting estimates and financial statements disclosures are satisfactory and appropriate to the council.

29. The significant findings are summarised in [Exhibit 2](#). Where a finding has resulted in a recommendation to management, a cross reference to the action plan in [Appendix 1](#) has been included.

30. In addition to the issues set out below, and in accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Significant trading operations</p> <p>The draft accounts included the results for two council services which had been categorised as significant trading operations (STOs): the Housing Property Maintenance Trading Service and the Grounds Maintenance/Street Cleaning Trading Service.</p> <p>A service is deemed to be a STO where it provides a significant amount of its services to external customers in a competitive trading environment. On review of the trading accounts we concluded that this is not the case, as the majority of these two services are provided to and funded by the council.</p>	<p>Management has removed the note to the accounts and amended the Comprehensive Income and Expenditure Statement to reflect the income and expenditure which related to the services formerly classified as STOs.</p>
<p>2. Sources of social care and Covid-related grant funding</p> <p>Our review of significant sources of income credited to the Comprehensive Income and Expenditure Statement (CIES) found that the disclosures in Note 8 (Grant Income) were incomplete. We identified an additional four social care and Covid-related grants received by the council, totalling £22.883 million, which met the criteria for inclusion as grant income. This did not affect the total income as presented on the CIES.</p>	<p>Management has made the necessary adjustments in the audited accounts.</p>
<p>3. Analysis of rent arrears past due for the bad debt provision</p> <p>Our review of the underlying records for the Housing Revenue Account (HRA) identified</p>	<p>Management has calculated an estimate of the rent arrears based on the arrears receipts of council tax as a proxy, and this is disclosed in the revised accounts. Although this is not</p>

Issue	Resolution
<p>that the council is currently unable to analyse overdue rent arrears by age of the debt. We understand this is due to temporary system limitations which management is actively seeking to address. As a consequence, the council may be unable to adequately identify rent arrears that should be written off.</p> <p>We also note that internal audit's review of the management of rent arrears in July 2021 reported two 'amber' level findings, including that there was a lack of meetings to monitor levels of rent arrears.</p> <p>The estimate in the accounts for the bad debt provision for rent arrears is based on the total value of the debt, and not by age past due. This provision has been calculated at £2.229 million as at 31 March 2021 – equivalent of 61.55% of the total value of rents (£3.621 million) due at that date.</p>	<p>an accurate representation due to lack of data, we are satisfied the estimates in the 2020/21 annual accounts are not materially misstated. However, we recommend the council explores improving its systems capability to ensure the figures in the financial statements represent the most accurate estimates.</p> <p>Recommendation 1 (refer Appendix 1, action plan)</p>
<p>4. Classification of a payment in advance</p> <p>Our review of working papers identified that a prepayment of £1.3 million was incorrectly included within the total value of trade payables. This related to housing benefit transactions paid in advance in 2020/21, and which related to a period in 2021/22.</p> <p>Following review by management, this was reclassified and correctly allocated as a trade receivable.</p>	<p>Management has made the necessary adjustments in the audited 2020/21 annual accounts. The total trade receivables amount was increased by £1.3m, with trade payables increasing by the same value, having a nil effect on net assets.</p>
<p>5. Provision for equal pay and single status payments</p> <p>The provision in the unaudited accounts of £225,000 related to equal pay and single status claims. Following audit review, the council advised that the majority of equal pay claims had been settled and only a small amount had been utilised against the provision in-year. It was agreed that the existing balance no longer met the accounting criteria for a provision.</p>	<p>Management has made the necessary amendments in the accounts.</p>
<p>6. Additional pension benefits</p> <p>Following audit review, management identified that 'unfunded' benefits of £3.008 million had not been included in the IAS 19</p>	<p>Management has amended these figures in the notes to the financial statements. This only affected the disclosure note, and had no</p>

Issue	Resolution
disclosures of employer contributions (£19.558 million) in note 11 relating to pension payments. This also affected the comparative for the prior year, which increased by £2.962 million.	effect on the figures for net expenditure in the core financial statements.

Source: Audit Scotland

All identified misstatements were adjusted in the accounts, increasing net income by £0.225 million.

31. We identified a number of misstatements totalling £6.534 million in the Comprehensive Income and Expenditure Statement, and Balance Sheet. The most significant adjustment was the impact of reclassifying significant trading operations, totalling £2.992 million, which is noted in [Exhibit 2](#) above.

32. In addition, we identified a number of adjustments required between categories in the Cash Flow Statement, which totalled £7.733 million. These did not affect the net cash position at the year-end.

33. Management has revised the accounts to correct all misstatements. As a result of the changes made the total comprehensive net income increased by £0.225 million, with a corresponding increase in total reserves. Further details of these adjustments are included in [Exhibit 2](#).

Annual review of land and property valuations

34. West Dunbartonshire Council, like the majority of Scottish councils, carries out a rolling revaluation programme for its land and property assets. All categories of assets are revalued at least every 5 years, with council dwellings being revalued biannually. We are satisfied with the evidence provided by the council to support 2020/21 land and property assets valuations in the accounts. From 2021/22 in years where a class of assets is not subject to revaluation, the council has agreed to document how it has concluded that the asset values in the annual accounts are fairly stated. Where these reviews indicate a more frequent revaluation of an asset category is required this will be carried out.

The management commentary provides a fair overview of the council's performance and activity for the year

35. Management commentaries included within the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements. The management commentary in the 2020/21 annual accounts provides a good analysis of the organisation's financial performance throughout the year and is fair and balanced.

The deadline for the submission of the council's WGA return has been extended for 2020/21

36. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The council is required to provide information in a WGA return and external auditors are required to review and provide assurance on the WGA return. HM Treasury have informed LG bodies in Scotland that the WGA data collection tool will not be available until December 2021 at the earliest and therefore the submission deadline will be extended into 2022. In accordance with the WGA guidance we will complete the required assurance statement and submit it to the National Audit Office once the WGA return is completed by the council.

We have given an unqualified opinion on the financial statements for the charities administered by the council

37. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charity's legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity administered by the council, where elected members of Scottish local authorities are the sole trustees, irrespective of the size of the charity.

38. West Dunbartonshire Council administer the Dr A K Glen and West Dunbartonshire Charitable Trusts, a registered charity that incorporates five trust funds. A single statement of accounts is produced each year covering the five trust funds and as at 31 March 2021 a cumulative balance of £0.280 million was held in these funds, [Exhibit 3](#).

Exhibit 3

Movement in funds held by charities administered by West Dunbartonshire Council

Charitable Trust Fund	Scottish Charity Number	Opening Balance at 1 April 2020 £000	Closing Balance at 31 March 2021 £000
Dr A K Glen	SC018701	24	25
Alexander Cameron Bequest	SC025070	116	118
UIE Award		25	25
Dunbartonshire Educational Trust Scheme 1962		90	90
McAuley Prize for Mathematics		22	22
Total Net Assets		277	280

Source: Dr A K Glen and West Dunbartonshire Trust Funds audited accounts 2020/21

39. The Trust Fund balances are disclosed in a note in West Dunbartonshire's Annual Accounts but do not represent assets of the council so are not included within the cash and cash equivalents figure shown in the council's balance sheet.

40. Our duties as auditors of the charities administered by West Dunbartonshire Council are to:

- express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR)

41. We have given an unqualified opinion on the financial statements for the charities administered by the council and have nothing to report in respect of other matters.

42. Two wider dimension risks were identified during the planning process. These related to the potential dormancy of certain charitable trusts, and the governance and investment documentation for the following charitable trusts:

- Dunbartonshire Educational Trust Scheme 1962

- McAuley Prize for Mathematics
- UIE Award

43. These are issues that have been ongoing for a number of years and have still to be satisfactorily resolved. As a result, they are both included in the agreed action plan at [Appendix 1](#)

44. None of the charitable trusts made any payments during 2020/21, and only received one application. The trustees consider this is due to the impact of the Covid-19 pandemic, as voluntary groups who would normally consider applications were not active.

45. It is noted that there is minimal information available regarding some trusts, or the application process to access funds, on the West Dunbartonshire Council website. This could serve to further perpetuate the dormancy of the trust funds if information cannot be easily accessed.

46. As the appointed auditors of the Section 106 charities administered by the council, we are required to consider whether the funds held within the trusts are being used for the purposes intended. This includes reporting any inappropriate use of funds or prolonged lack of activity - the 'public benefit' test.

47. A charity is not failing the public benefit test if they are not providing benefit in any particular year. However, if no benefit is being delivered for an extended period then the charity could be considered to be dormant. If a dormant charity has no clear plans to rectify that, it may be appropriate for us as external auditors to report this to the Office of the Scottish Charity Regulator (OSCR) [Refer recommendations CH1 and CH2 in the Action Plan.](#)

Recommendation 1

The trustees of the charities should consider how funds should be used in future to actively achieve their charitable objective. This could include taking steps to make their existence more widely known, and make applications more accessible

No objections to the annual accounts were received

The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The council complied with the regulations and there were no objections to the 2020/21 annual accounts.

Good progress was made on prior year audit recommendations

48. The council has made good progress in implementing our prior year audit recommendations. Details of our follow-ups are set out in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

Financial management is effective. Services were delivered within budget and reported a surplus of £0.585 million. In addition, £6.738 million of Covid-19 funding received was carried forward for future years.

Costs relating to the Covid-19 pandemic totalled £13.692 million in 2020/21. The council received £20.430 million of direct funding, and administered £24.305 million of agency income, provided by the Scottish Government in 2020/21.

The pandemic impacted progress on the council's capital projects, with slippage of 34 per cent against the 2020/21 programme.

The council's financial management processes are effective

49. During the 2020/21 annual budget setting process we observed that elected members were provided with projected funding gaps and savings options early in the budget setting process to enable them to make soundly based decisions on closing any funding gap. Based on our observations of the budget setting process, we are satisfied that the council's budget setting process operates effectively.

50. Performance against budget and projected outturn was reported to members during the year through budgetary control reports, allowing action to be taken on any unplanned variances. Additionally, Covid-19 update papers at each council meeting provided information on additional funding and financial pressures on services.

The council reported an in-year service surplus of £0.585 million. If funding carried forward to future years is included the overall underspend for the year is £5.633 million

51. In March 2020 the council approved a 4.84% increase to council tax and a general fund revenue budget of £229.157 million, which was an increase of £5.724 million from the 2019/20 final budget of £223.433 million. The council planned to balance the budget through the reprofiling of its loan fund repayments, capital receipts and using reserves of £2.110 million.

52. The budget was updated during the year to reflect budget revisions and additional funding provided by the Scottish Government, including Covid-related income, which resulted in a final planned net expenditure of £242.696m.

53. The council reported an overall service budget surplus in 2020/21 of £0.585 million. This excludes the Covid-19 funding and expenditure discussed at [Paragraph 56](#). The surplus was achieved due to management actions in areas such as: control of vacancies and staff cover, general process and efficiency reviews, spending control and implementation of agreed savings targets. There were no significant under and overspends in the services. The council achieved £0.887 million (97 per cent) of its £0.910 million planned efficiency targets. This is an increase from 2019/20, when 82 per cent of identified savings were achieved.

54. A significant proportion of the total Covid-19 funding, £6.738 million from a total of £20.430 million, has been carried forward to be spent in 2021/22. If this unspent Covid-19 related funding is included, the overall underspend for the year is £7.323 million.

The council received £20.430 million of direct funding, and administered £24.305 million of agency income, to alleviate the impact of the Covid-19 pandemic on individuals, businesses and the economy

55. The unprecedented impact on public finances of the Covid-19 pandemic is reported in the [Local Government in Scotland Overview 2021](#). Both the Scottish and UK governments have provided substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

56. The pandemic had major implications for the council during 2020/21 in terms of the services it delivers and the suspension of non-essential projects and activities, including capital construction, particularly during the early part of the year. To ensure that members were sighted on the ongoing financial impact of the pandemic throughout the year, Covid-19 update reports were regularly provided to council meetings throughout 2020/21 identifying key issues for the Council, its residents and businesses, what the council was doing to assist, how services were impacted, and what the financial impact was anticipated to be.

57. During 2020/21 the council incurred total costs relating the Covid-19 pandemic of £13.692 million. The council received £20.430 million of additional Scottish Government funding towards the additional service costs associated with the Covid-19 pandemic through a number of support schemes. These schemes covered a range of areas including money for welfare and hardship funds, free school meals and community food funding, and additional teachers and support staff. A further £7.072 million of funding received in 2020/21 has been carried forward for spend on Covid-19 costs in 2021/22. This consists of £6.738 million from the Scottish Government, plus £0.334 million specifically for educational flexibilities.

58. The council was also required to administer £24.305 million of agency income for a number of Covid-19 support schemes, targeted at different business sectors. The majority of this expenditure (£14.6 million) was for the business support grant scheme.

59. Despite the impact of the pandemic on the economy, the council's in-year collection of council tax decreased only slightly from 95.15% in 2019/20 to 94.18% in 2020/21. This may be due to eased payment terms and follow-up processes.

The housing revenue account reported a surplus of £3.44 million due to delays in repairs and maintenance caused by Covid-19

60. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision. The council does not have the power to budget to accumulate HRA reserves.

61. In March 2020, the council approved a 1.9% increase in the average weekly rent levels for tenants for 2020/21. The rent level was set to reflect the income required to fund the revenue budget of £44.152 million. Significant resources are planned to be invested in the council's new house build and housing supply programme 'More Homes West Dunbartonshire', which aims to deliver 420 new council homes over the next four years. This was reflected in the capital investment budgeted for 2020/21 of £60.006 million.

62. In 2020/21, the council recorded a surplus on HRA services of £3.44million, which has been attributed to lower than expected repairs and maintenance expenditure as a result to Covid-19. As at October 2021, there were 1,121 outstanding repairs which had been reported prior to April 26 2021, when the housing repairs service was permitted to recommence. In common with the rest of the sector, the housing service faces specific skills shortages and higher than usual absence levels.

63. The council's total tenant rent arrears as at March 2021 were £3.621 million. This is a decrease of 8% from the level recorded in 2019/20 (£3.922 million). As we have already noted in this report in [Exhibit 2](#), there are improvements required to analyse rent arrears data by age for the disclosures in the annual accounts.

Tenants are facing lengthy waits to resolve housing repair issues as Covid-19 impacts service levels

64. Issues relating to the Housing Repair telephone contact centre have been reported, with tenants facing a lengthy wait to resolve problems. The council has acknowledged the deterioration in service and is putting in place measures to alleviate this, including planned recruitment.

65. The council faces a challenge of operating these services from a home environment, in addition to service pressures from the backlog of repairs, and increased absence levels.

The council's rent model is overdue for review

66. The council's current rent model for its housing stock, which bases charges on property size, property type and general quality was implemented in June 2010 at a meeting of the Housing, Environment and Economic Development Committee. At that time, the committee resolved that the model was due for review no more than 10 years after implementation, meaning that the review is now overdue.

Recommendation 2

Management should formally consider the requirement to review its rent model, and if it continues to meet the needs of the council and its tenants.

A trend of significant levels of delay to the council's capital projects continues, with 34% of planned capital expenditure slipping beyond milestones

67. We reported in the [Best Value Assurance Report \(June 2018\)](#) that there has been a trend of significant levels of capital slippage at the council over a number of years and recommended that the council review its project management processes and consider performing self-assessments to identify areas for improvement. In response to this recommendation the council agreed improvement actions to address the level of slippage. These actions were completed during 2018/19 and the council anticipated these would lead to improvements in the delivery of the capital programme going forward.

68. For 2020/21, the council approved a capital programme of £132.869 million split between £72.391 million for planned general services capital projects and £60.478 million for HRA capital works.

69. Total capital expenditure in 2020/21 was £92.184 million of which £42.612 million related to general services and £49.572 million to the HRA capital programme. The total in-year slippage was £44.808 million (34 per cent), with slippage of £31.072 million (34 per cent) against the general services programme and £13.736 million (34 per cent) against the HRA programme.

70. The overall level of capital slippage of 34 per cent for 2020/21 is a deterioration from 2019/20 when total slippage was 23 per cent. The majority of slippage occurred due to delays in starting individual projects. These delays occurred for various reasons, not all of which were within the council's control, and the pandemic was clearly a significant factor [Exhibit 4](#). However, the nature and scale of some of these delays suggest that there remains a level of optimism bias when setting project progress targets and completion dates.

Planning permission has been approved for the £34 million regeneration plan for the Exxon site in Bowling, although completion dates have been pushed back to 2025

71. The Glasgow City Region City Deal was the first in Scotland and involves eight councils, including West Dunbartonshire, working together to deliver infrastructure, innovation and employment projects to improve their economic performance. Launched in August 2014, the £1.1 billion deal includes £500 million from the UK and Scottish governments over a 20-year period, plus £130 million from the eight councils. It is estimated that the deal will attract an estimated £3.3 billion of private-sector investment and create 29,000 permanent jobs

72. The project within the City Deal specific to the council is an infrastructure project at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. This is anticipated to cost £34.1 million over 7 years with an expected £29.3 million (86%) funded through grants from the UK and Scottish governments and the remaining £4.8 million (14%) funded by contributions from the council. The project includes a proposal to create an industrial and commercial development at the site and plans for a new road to provide an alternative route in and out of West Dunbartonshire.

73. The council completed a deal in June 2020 to transfer ownership of the site to West Dunbartonshire Council, and secured planning permission in principal for the project in January 2021.

74. The final business case, which was initially forecast for December 2019, is now forecast to be considered in November 2022 to allow sufficient time for the detailed design to take place. Construction works are expected to commence in 2023, and the council is progressing with a number of third party landowners to conclude an transaction transfer of land required to deliver the infrastructure work. Completion is estimated in 2025. We will continue to monitor and report on progress with this significant project.

Exhibit 4

Capital projects reporting significant slippage in 2020/21

Project	Forecast Spend (£m)	Actual Spend (£m)	Slippage (£m) (%)		Explanation for slippage
District heating network expansion	5.500	0.000	5.500	100	Network expansion to Golden Jubilee National Hospital pending positive commercial discussions. Planned end date is 31/03/2022
Gruggies burn flood prevention	4.135	0.178	3.957	96	Delay due to alternative design solutions requiring to be considered. Options and recommendations to be presented for consideration in

Project	Forecast Spend (£m)	Actual Spend (£m)	Slippage (£m) (%)		Explanation for slippage
					advance of the approval and planning permissions. Planned end date 31/03/2023
School estates improvement plan	10.635	6.996	3.639	34	COVID-19 restrictions delayed project progress in 2020/21, with the Renton Campus site closed for 13 weeks. Planned end date 31/03/2024
Vehicle replacement	5.110	3.378	1.732	34	Orders have been placed, but vehicle manufacturers, parts and transport have all been affected by Covid-19. Planned end date 31/03/2021
Posties park sports hub	1.723	0.322	1.402	81	Work started in January 2021. A change of design was requested by planning and there was a delay since the contract was awarded. Planned end date 31/03/2021
Affordable housing supply programme	33.815	29.944	3.871	11	Slippage caused by increased complexities associated with the pandemic, and other smaller overspends. Planned end date 31/03/2025

Source: 2020/21 Capital Programme final outturn reported to June 2021 meeting of West Dunbartonshire Council

The council has high levels of debt relative to annual revenue, with outstanding loans totalling £548 million. Interest rates are historically low but this is a potential risk for the council if rates increase.

75. At 31 March 2021, the council's total outstanding borrowing noted on the balance stood at £548.659 million, an increase of £34.663 million on the 2019/20 level of £513.996 million. Loan repayments of £235.115 million were made during 2020/21, new loans of £270.250 million (long-term loans of £10 million and short-term loans of £260.250 million) were taken out during the year, plus accrual movements of £0.472 million. The additional borrowing was required to help finance the council's capital programme and short-term borrowing was used to take advantage of low interest rates.

76. Analysing both gross and net external debt as a proportion of annual revenue gives an indication of the relative indebtedness of the council. [Exhibit 5](#) shows both gross and net external debt as at 31 March 2021 as a percentage of

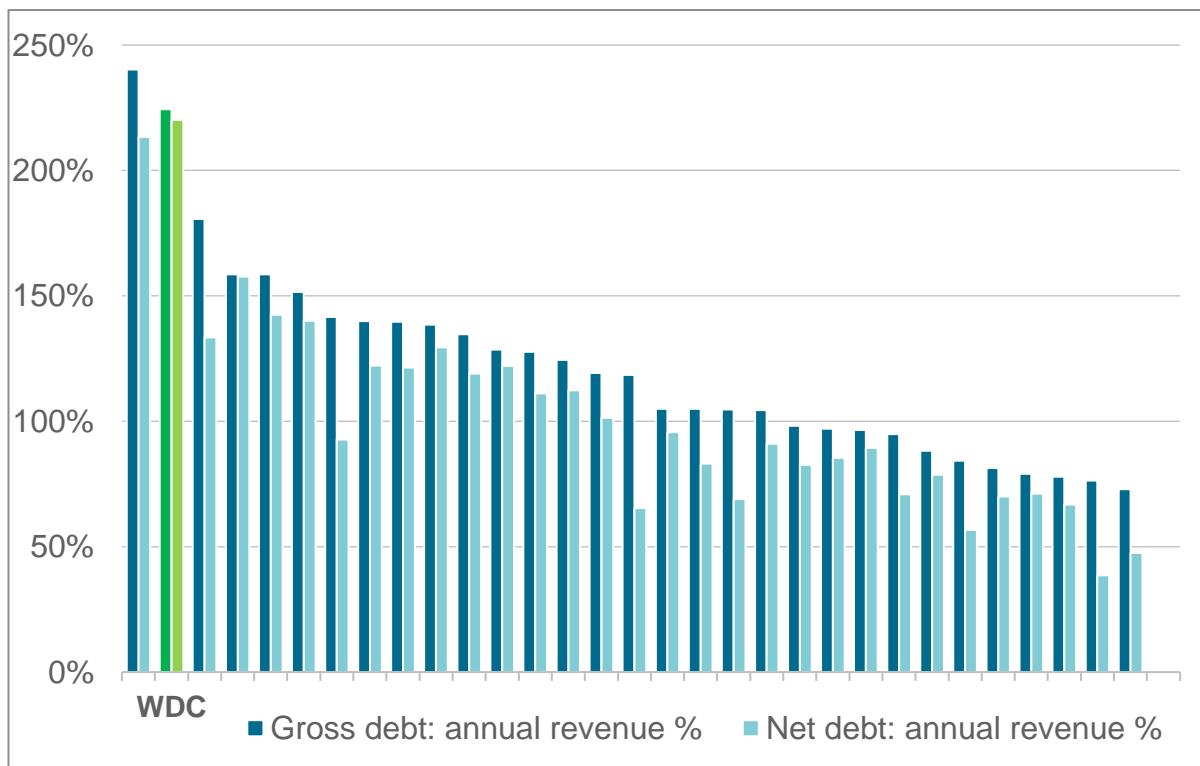
annual revenue (including HRA dwelling rents) for all Scottish councils (excluding Orkney Islands council which has net investments).

77. West Dunbartonshire Council is highlighted as having among the highest debt levels amongst local authorities in Scotland, as at 31 March 2021, as a percentage of annual revenue for the year (with net external debt being total external debt less short-term investments).

78. We recognise that the council's borrowing figure includes debt associated with both the HRA and the council's PPP assets which not all Scottish local authorities have, and that the current cost of borrowing is at historically low levels. However, the significant proportion of borrowing presents a potential future risk for the council if interest rates on debts increase.

Exhibit 5

Gross and net external debt of Scottish local authorities as a percentage of annual revenue for 2020/21



Source: Scottish councils' unaudited 2020/21 accounts (excluding Orkney Islands council)

Financial systems of internal control operated effectively during the year

79. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

80. The findings from our interim work were reported in a management letter to the Section 95 Officer on 3 June 2021. We reported three control risks, one of these had an impact on our audit approach. This related to NDR reliefs, where we found that no verification was carried out on 'recurring' reliefs in 2020/21, however it was carried out for new applications. As a consequence, we carried out additional work on sample testing of NDR reliefs to ensure reliefs were granted appropriately. This testing did not identify any errors or issues.

81. The annual governance statement in the council's 2020/21 annual accounts refers to the fact that, on the basis of work completed by Internal Audit in 2020/21, reasonable assurance can be placed upon the adequacy and effectiveness of the council's internal control systems.

3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered

Main judgements

The council is planning to deliver on its 2021/22 budget with additional Covid-19 funding.

Covid-19 funding has increased the council's reserves but these will be needed to meet ongoing costs of the pandemic on services. The council is projecting funding gaps increasing to £14.355 million by 2024/25

The impact of the Covid-19 pandemic will place financial pressure on the council for future years, with projected funding gaps growing steadily to £14.355 million by 2024/25

82. The financial impact of the pandemic on West Dunbartonshire Council, in common with all other local authorities, is likely to extend across several years and could include a reduction in income as well as increased costs, such as staff costs, to cover the delivery of services. The priorities that demanded councils' attention before the pandemic have become even more pressing, such as reducing inequalities, investing in economic regeneration and housing, and improving outcomes for young people.

83. The council approved a total net revenue budget of £231.919 million for 2021/22 in March 2021. The budget has been revisited throughout the year as more information on additional funding is known. By October 2021 it had increased to £238.784 million as further government Covid-19 income was released. The council anticipates further funding being provided this year although the amounts have not been confirmed

84. The approved budget did not include the use of any of the new financial flexibilities available to mitigate, or defer, the financial impact of Covid-19. These flexibilities have been the subject of ongoing discussions between COSLA and the Scottish Government over the last year and permit:

- capital receipts being used to finance Covid-19 revenue expenditure
- flexibility to amend the accounting treatment of debt included in service concession contracts (for example, public private partnership) contracts, thereby reducing charges to services, and

- a Loans Fund repayment holiday to defer loans fund repayments due to be repaid in 2021/22.

85. As at end of September 2021, a relatively small projected annual overspend of £0.281 million was identified for 2021/22. This does not include any variance for Covid-19 spend which is anticipated to be fully funded by Scottish Government funding. It was also reported that savings and management adjustments actioned within 2021/22 are monitored with current indications showing that the total target of £3.212 million is on target to be fully achieved.

A long-term financial strategy is in place and has been updated to reflect the impact of the pandemic on service pressures

86. The council has a long-term strategy in place which was updated in October 2021. It reflects the impact of the pandemic on financial and service pressures, identifies budget gaps and provides clear links to the council's strategic objectives. Given that financial settlements are only made annually, and the impact of Covid-19 presents a number of unknowns, it is difficult for the council to plan with absolute certainty. To address this, the council has included scenario planning and a risk assessment of the likely impact of any changes in assumptions.

87. Due to the Covid-19 pandemic, the funding position beyond 2021/22 is particularly uncertain, with all councils working to the one-year grant settlement. The long-term financial strategy has identified cumulative anticipated revenue funding gaps within General Services of £5.612 million for 2022/23; £12.414 million for 2023/24; and £14.355 million for 2024/25.

The council has increased usable reserves to £24.211 million, but these will be required in future for Covid-related spend

88. Usable reserves are those that the council is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. The level of usable reserves held by the council increased by £8.377 million, from £15.834 million to £24.211 million during 2020/21, as shown in [Exhibit 6](#)

Exhibit 6**West Dunbartonshire Council's usable reserves**

Reserve	31 March 2020 (£m)	31 March 2021 (£m)
General fund	9.395	15.028
Housing revenue account	3.924	7.364
Capital grants and receipts unapplied	0.132	0.042
Capital reserve	2.169	1.469
Other reserves	0.214	0.308
Total usable reserves	15.834	24.211

Source: Note 29, West Dunbartonshire Council Annual Accounts

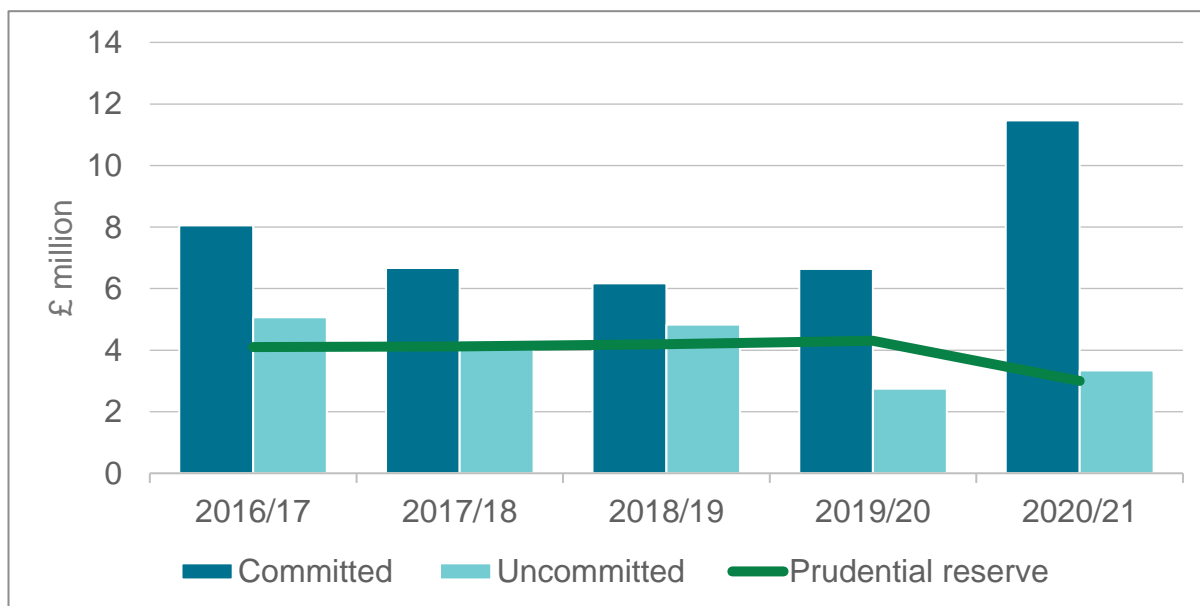
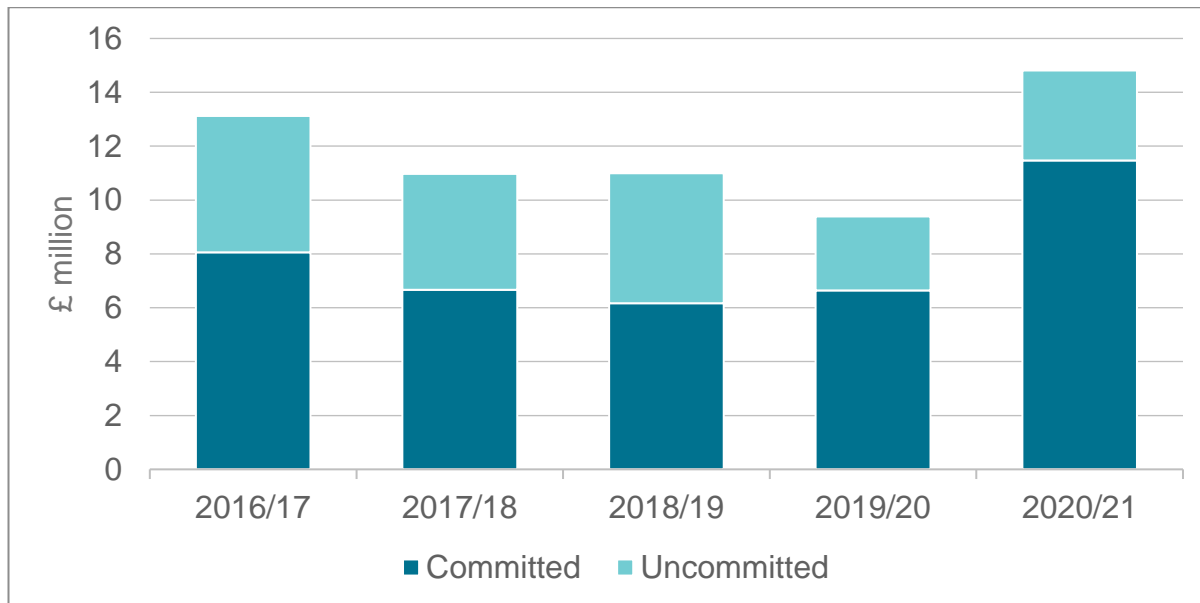
89. In previous audit reports, we have highlighted the council's low value of usable reserves, and the updated long-term financial strategy recognises this risk. While the council generally operates within budgets each year, the level of usable reserve is historically low in comparison to other councils in Scotland. The overall position of the reserves was considered as part of the budget process for 2021/22.

90. There has been an increase in earmarked reserves of £5.633 million. The council received £20.430 million of funding from the Scottish Government to cover Covid-related costs and lost income. Like many authorities, the council has chosen to carry a proportion of this forward to 2021/22, applying £13.692 million of Covid-19 resources into 2020/21, and carrying forward a total earmarked reserve for Covid-19 costs of £7.072 million.

91. [Exhibit 7](#) provides an analysis of the general fund balance over the last five years split between the earmarked and uncommitted elements. In 2020/21, the unearmarked balance of £3.337 million was within the decreased prudential target of £3 million.

Exhibit 7

Analysis of the general fund balance over past five years



Source: West Dunbartonshire Council Annual Accounts 2016/17 to 2020/21

92. The Accounts Commission's [Local Government in Scotland Overview 2021](#) report highlighted that the increase in revenue reserves, as a result of Covid-19, would provide some additional flexibility for councils. However, it noted that councils should continue to recognise the ongoing sustainability challenges of using reserves to fund recurring expenditure, particularly as the impact and challenges of Covid-19 continue to develop. Members will need to take difficult decisions in the future, recognising that reserves can only be spent once.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The council's revised governance arrangements, introduced at the start of the pandemic, are appropriate and operated effectively during 2020/21.

The council conducts its business in an open and transparent manner and provided clear information for residents on services affected by the Covid-19 pandemic.

The council's revised governance arrangements have operated effectively and continued to support good governance.

93. The council has made significant changes to its governance arrangements in response to the pandemic. These have been set out in the Annual Governance Statement within the annual report and accounts and included:

- The use of virtual meetings to allow necessary and urgent matters to be considered.
- Temporary delegations to allow services to continue.
- Use of the existing Scheme of Governance to enable decision making which would be previously have been undertaken by committee.
- A detailed approval log is maintained which includes approval requirements for any decisions with financial implications ensuring an audit trail.

94. Audit committees and Council meetings have been held remotely since June 2020, and service committees restarted with virtual meetings in August 2020. This allowed members to continue to undertake their scrutiny role appropriately. The meetings continued to be audio streamed and recordings made available after the meeting. Meetings continued to be held remotely into 2021/22 and the council now has a hybrid meeting system in place where members have the option to attend the chamber of attend virtually.

95. Remote meetings restrict wider attendance at committees, however meeting papers were available on the council's website to support transparency.

The website also allows the public to access a wide range of information including current service updates and restrictions due to Covid-19, advice for individuals and businesses and how to contact the Council or make a complaint.

96. The revised governance arrangements were appropriate and continue to demonstrate good governance and accountability.

Good practice – Covid-19 elected member briefings

The council has continued to produce regular and comprehensive elected member briefings. The content keeps members informed of any developments in relation to Covid-19 and the impact on delivery of services across West Dunbartonshire

The council conducts its business in an open and transparent manner

97. There continues to be an increasing focus on demonstrating the best use of public money. The council support open and transparent business in several ways such as:

- Live streaming and audio recording of council and service meetings. This was in place prior to the pandemic and continued throughout.
- Council and committee meeting papers and minutes are publicly available on the council website. Elected members briefings are also publicly available.
- The council website contains a wide range of information including the annual accounts, register of members' interests, fraud reporting policies and complaint procedures.

98. We conclude that the council continues to demonstrate a commitment to conducting business in an open and transparent manner.

Internal audit complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS)

99. The internal audit function at West Dunbartonshire Council is provided by its in-house internal audit team. 2020/21 was the first full year of the new shared management arrangement between West Dunbartonshire and Inverclyde Councils.

100. . As part of our planning process, we reviewed the council's internal audit arrangements in accordance with International Standard on auditing (UK) 610 (Using the Work of Internal Auditors). No issues were identified.

101. Our assessment of the internal audit function concluded that it has sound documentation and has a good standard of reporting procedures in place.

Internal audit comply with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

Follow up of Compliance with Procurement Regulations

102. In 2018 weaknesses were reported with the council's procurement arrangements. Since then the council has made improvements. In the 2019/20 Annual Audit Report we reported that for 2019/20 spend data, of the £152.239 million regulated procurement expenditure, £138.854 million or 91.2 per cent was compliant with the regulations.

103. The 2020/21 procurement report reports that of the £154.296 million regulated procurement expenditure, £151.863 million or 98.4 per cent was compliant with the regulations. The council is continuing to aim to achieve 100 per cent compliance.

Arrangements are in place for investigation and reporting data matches identified by the National Fraud Initiative

104. The national Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. Audit Scotland co-ordinate NFI in Scotland. Computerised techniques are used to compare information about individuals held by different public bodies, and on different financial systems, to identify matches that might suggest the existence of fraud or irregularity.

105. The current NFI exercise runs over 2020/21 and 2021/22, and participating bodies began to receive matches for investigation in January 2021. These matches are categorised by risk and all recommended matches, plus any further matches based on findings, should be investigated.

106. As at 15 September 2021, of the initial 5,916 matches received, 740 matches have been actioned and fraud of £2,802 identified.

107. The council has participated in the initiative for a number of years and has processes in place for investigating the data matches identified by the NFI and reporting the results to the Audit Committee.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

108. The council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

109. The risk profile of public bodies during 2020/21 has been significantly affected by the Covid-19 pandemic. This is likely to have increased the risk of fraud and error as control environments and internal controls have had to change to allow for services to operate effectively and respond to issues in a timely manner. We have reviewed the arrangements put in place by West

Dunbartonshire Council to address any heightened risks and concluded that there are appropriate arrangements for the prevention and detection of fraud, error and irregularities.

110. In addition, we have reviewed the arrangements in place to maintain standards of conduct including financial regulations, counter fraud and corruption strategy and whistleblowing arrangements. These are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

111. We concluded that the council has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities.

Good practice points

A sub-committee of the audit committee was formed to consider Audit Scotland's Covid-19 [Guidance for Audit and Risk Committees](#). The guide provides suggested questions to help committees effectively scrutinise and challenge the risks and issues emerging from Covid-19. The sub-group was formed of the chair of the committee, one member of the administration and two lay members of the committee with support from the Shared Service Manager – Audit & Fraud. The report, presented to the Audit Committee in June 2021, found that the committee was following the guidance with only one area, relating to keeping lay members informed with members briefing papers, where additional work was considered.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

The council continues to make good progress in demonstrating evidence of improvement in its services and has a clear focus on delivering Best Value. The council has addressed the recommendations from the 2018 Best Value Assurance Report.

The council has effective systems in place to monitor and report its performance and drive continuous improvement.

The council's overall performance against national benchmarking shows a trend of long-term improvement. However the council reported a slight decline against its own set of strategic performance indicators for 2020/21.

Residents of West Dunbartonshire are generally satisfied with their services, with the highest levels of satisfaction with local schools in Scotland

The council continues to make good progress in demonstrating evidence of improvement in its services and has a clear focus on delivering Best Value

112. Best value is assessed over the five-year audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five-year period.

113. The [Best Value Assurance Report \(June 2018\)](#) for West Dunbartonshire Council was published on 28 June 2018 and reported that the council had made significant improvements in how it works since the previous Best Value report in 2007. It highlighted that the council now demonstrates a focus on delivering Best Value and there was evidence of continuous improvement in its services. The report also included five recommendations which were endorsed by the Accounts Commission.

114. At its meeting on 29 August 2018, the council agreed a Best Value Assurance Improvement Plan which included actions to address all recommendations included in the BVAR. An update against the plan was reported to the Council meeting in February 2020. It noted that all recommendations within the BVAR Improvement Plan had been fully delivered and activity on driving Best Value will continue.

115. In 2018/19 and 2019/20 we reported a summary of the progress made against the BVAR recommendations. Progress against the outstanding actions is summarised in [Exhibit 8](#).

Exhibit 8 Progress against outstanding BVAR recommendations

Recommendation	Audit Scotland view on progress to date
<p>To reduce the level of slippage on the capital plan, the council should review its project management processes.</p>	<p>The review of the project management processes is complete. Covid-19 has impacted on progress with the capital programme</p> <p>As we detail in paragraphs 67 to 70, for 2020/21, the council has reported slippage against the 2020/21 capital programme. Although the project management improvements are complete, there are still delays in progressing projects.</p> <p>In 2020/21 these occurred for various reasons, not all of which were within the council's control, and the pandemic was clearly a significant factor. We will report an update in 2021/22.</p>
<p>Some staff are finding the pace of change challenging and staff absence remains an issue. The council is taking positive steps to try and address this and should continue to explore opportunities for improvement.</p>	<p>Improvement actions complete. There is evidence of improved sickness levels in some services</p> <p>We reported in 2018/19 that the council had taken a range of action to support staff and tackle sickness absence levels. The impact of these actions had not yet been reflected in the reported sickness absence figures, but we accepted that delivering such improvement would be a longer-term process.</p> <p>The latest data from the Local Government Benchmarking Framework data published showed that sickness absence per employee (excluding teachers) in West Dunbartonshire Council again decreased to an average of 11.4 days FTE per employee. This now places the council below the Scotland-wide average of 11.87 days lost.</p> <p>A similar improvement can be seen with teachers, with a further improvement of 5.46 FTE days lost in 2019/20, below the Scottish average of 6.34 days.</p> <p>The council's 2020/21 Annual Performance Report indicates that the equivalent figures have improved further to 8.94 for employees and 1.84 days for teachers. It should be noted that this is in the context of the pandemic where remote working was in place for many employees.</p> <p>There remain concerns. The council has reported challenges in the Housing Maintenance and Repairs team for example, where in September, approximately 10% of the building services workforce was absent. The highest reason given for absence was Covid-19.</p> <p>We will continue to review what the council reports on its sickness levels to ensure that the reported improvement and positive direction of travel is maintained going forward.</p>

The council has effective systems in place to monitor performance and drive continuous improvement, which support scrutiny of service performance

116. The council has effective systems in place to monitor performance and drive continuous improvement. Members and officers effectively scrutinised how services perform:

- Each Strategic Service Management Team considers performance reports during routine management meetings.
- The Performance Monitoring and Review Group considers regular reports from across strategic areas through its online performance management system, Pentana. This monitors the performance indicators linked to the strategic plan.
- Service committees meet every quarter and get regular performance information.
- Service performance is reviewed through the Corporate Services Committee, Education Services Committee, Housing and Communities Committee and Infrastructure, Regeneration & Economic Development Committee and annually through the council.
- Officers and councillors have a good understanding of what the council has achieved and the challenges that remain.

117. Based on our attendance at Council and committee meetings during 2020/21 we have concluded that these performance monitoring and reporting arrangements continue to operate effectively and support scrutiny of service performance.

There was a slight decline in performance against strategic indicators during 2020/21, with 15 per cent being significantly below target

118. The Council's Strategic Plan 2017-22 contains five-year targets with monitoring and reporting on progress annually. Targets are set from a baseline and reviewed over time. Each target has annual milestones and performance against these is reported to the full Council each year in the annual performance report. These measures are considered the most relevant for evidencing the delivery of the key priority and outcome areas defined in the Strategic Plan.

119. The 2020/21 Annual Performance Report was reviewed by members in October 2021. This reported on progress against the milestones set for 2020/21 for the suite of 39 performance targets and showed that 49 per cent of targets were achieved during the year (down from 55 per cent in 2019/20) with 14 (36 per cent) of the targets narrowly missed and six (15 per cent) significantly missed, [Exhibit 9](#).

Exhibit 9**Performance against Strategic Plan key priority and outcome areas**

Strategic Area	2019/20						2020/21					
	Green		Amber		Red		Green		Amber		Red	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A strong local economy and improved job opportunities	6	60	3	30	1	10	4	40%	5	50%	1	10%
Supported individuals, families and carers living independently and with dignity	5	71	1	14	1	14	1	14%	4	57%	2	29%
Meaningful engagement with active, empowered and informed citizens who feel safe and engaged	2	33	3	50	1	17	4	67%	1	17%	1	17%
Open, accountable & accessible local government	5	100	0	0	0	0	5	100%	0	0%	0	0%
Efficient and effective frontline services that improve the everyday lives of residents	4	33	5	42	3	25	5	45%	4	36%	2	18%
Total	22	55	12	30	6	15	19	49%	14	36%	6	15%

KEY: Green – Target met / Amber – Target narrowly missed / Red – Target significantly missed

Source: West Dunbartonshire Council Annual Performance Report data 2019 and 2020/21

Progress has been made in some areas but the challenges of poverty and inequality have been exacerbated by the effects of the pandemic

120. From review of the underlying performance data for the 2020/21 Annual Performance Report we noted good progress has been made in a number of areas including:

- Sickness absence statistics, with both employee and teacher rates improving steadily each year
- increasing the overall resident satisfaction with council services overall, from 87% to 89%

121. However, there remains particular challenges in the following areas:

- The average tariff score for pupils in West Dunbartonshire Council's most deprived areas
- Percentage of households in fuel poverty (30%)
- Percentage of citizens who agree the council listen to community views when designing and delivering services (67%)
- Percentage of total household waste that is recycled (34%)

The council's overall performance against national benchmarking shows a trend of long-term improvement

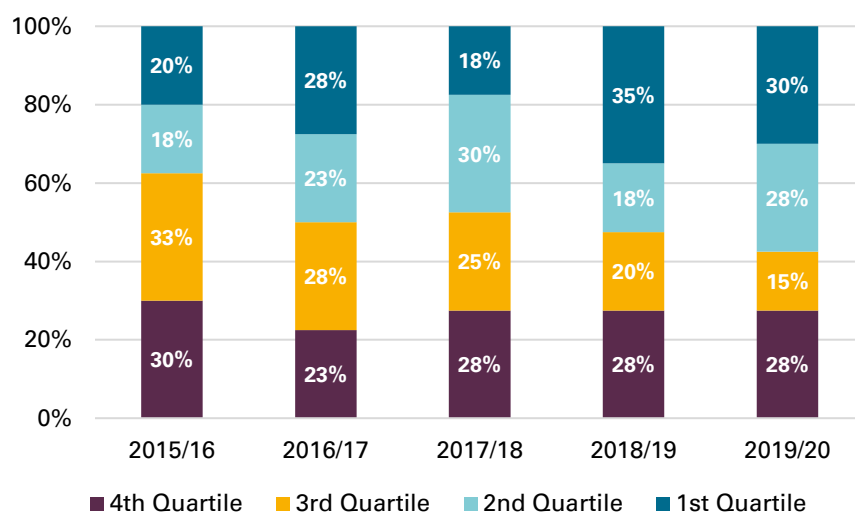
122. The council participates in the Local Government Benchmarking Framework (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The council says that the use of the LGBF allows it to self-assess its performance across years, and to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

123. The most recent [National Benchmarking Overview Report 2019/20](#) by the Improvement Service indicates there are signs of strain in performance, satisfaction, and system capacity beginning to emerge as a whole across Scotland. Performance improvements gained in recent years are now beginning to slow or decline across all key service areas. The report recognises that there are long-term funding pressures on councils and local services.

124. [Exhibit 10](#) shows the council's pace of improvement since 2015/16 compared to Scotland as a whole. This shows the number of indicators in the lowest quartile is relatively static at 28 per cent in recent years, but the number of indicators in the top two quartiles has also increased (from 53 per cent to 58 per cent) over the same period.

Exhibit 10

Performance on Local Government benchmark framework (LGBF) indicators over time



Note: 1. The analysis is based on 40, mainly outcomes-based, indicators which were reported every year within the five-year period. The analysis excludes satisfaction and most cost-based indicators as high or low cost cannot be easily determined as positive or negative as these may be influenced by a council's priorities and local circumstances. Due to comparability issues, indicators related to education attainment have also been excluded.

2. The collection of some social care data included in the analysis was impacted by Covid-19 and these indicators have therefore been calculated slightly differently for 2019/20.

Source: Audit Scotland; and Local Government Benchmarking Framework, Improvement Service, 2019/20

Surveys show that residents of West Dunbartonshire are generally satisfied with a range of key services, with the highest levels of satisfaction with local schools in Scotland

125. The council has also achieved positive results for service satisfaction. The LGBF data includes indicators that assess residents' satisfaction with local services provided by the council and West Dunbartonshire Leisure Trust. These are based on results from national surveys but do not include, for example, satisfaction indicators on adult social care or housing. The latest data shows that the council's performance was in the top half for all seven of the reported satisfaction indicators, [Exhibit 11](#), with satisfaction levels with local schools being the highest in Scotland for the second year running.

Exhibit 11**Performance against LGBF service satisfaction indicators – 2019/20**

Indicator	Satisfaction level (%)	Ranking out of 32 Scottish local authorities	Range of performance across local authorities (%)
Adults satisfied with local schools	87.8	1	58-88
Adults satisfied with refuse collection	82.6	8	56-91
Adults satisfied with street cleaning	68.9	9	51-78
Adults satisfied with leisure facilities	74.1	10	38-91
Adults satisfied with libraries	85	3	49-92
Adults satisfied with museums and galleries	69.2	12	43-90
Adults satisfied with parks and open spaces	86.5	13	38-91

Note: Satisfaction levels are based on average responses to Scottish Household Surveys for 2017 to 2020..

Source: Local Government Benchmarking Framework, Improvement Service, 2019/20

The council is meeting statutory performance indicators (SPIs) expectations on reporting its performance to the public

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced, and engaging performance information.

126. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- Its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- Its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

127. West Dunbartonshire Council continues to participate in the Local Government Benchmarking Framework and publish this data and a range of

other performance information on the council website which adequately covers the requirements set out in the SPI direction issued by the Accounts Commission. As noted above, the council agreed a Best Value Assurance Improvement Plan in response to the 2018 BVAR and progress was reported to Council in February 2020.

National performance audit reports

128. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 3](#).

Appendix 1

Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Analysis of rent arrears</p> <p>Our review of the underlying records for the Housing Revenue Account (HRA) identified that the council is currently unable to analyse overdue rent arrears by age of the debt.</p> <p><i>Risk – the disclosures in the accounts for rent arrears may contain errors, and the council may be unable to adequately identify rent arrears which should be written off.</i></p>	<p>The council should explore improving its systems capability to provide an analysis of rent arrears by age of the debt.</p> <p>Paragraphs 60-63</p>	<p>An extract will be developed from the Housing Management System.</p> <p>Chief Officer – Housing and Employability</p> <p>31 March 2022</p>
<p>2. Review of rent model</p> <p>The council's current rent model for its housing stock, which bases charges on property size, property type and general quality was implemented in June 2010 at a meeting of the Housing, Environment and Economic Development Committee. At that time, the committee resolved that the model was due for review no more than 10 years after implementation, meaning that the review is now overdue.</p> <p><i>Risk – the rent model does not meet the needs of the council and its tenants.</i></p>	<p>The rent model should be reviewed to ensure it meets the needs of the council and its tenants.</p> <p>Paragraph 64</p>	<p>The rent model will be reviewed and reported to Council.</p> <p>Chief Officer – Housing and Employability</p> <p>30 June 2022</p>

Issue/risk	Recommendation	Agreed management action/timing
Recommendations for charities administered by West Dunbartonshire Council		
<p>CH1. Governance and investment documentation</p> <p>As previously reported:</p> <ul style="list-style-type: none"> • The Deed of Trust for the Dunbartonshire Educational Trust Scheme 1962 and UIE award require to be updated. • The governing documentation for the McAuley Price for Mathematics is not available and a new trust deed is required. <p><i>There is a risk that the Trust does not hold the title to the investment. There is also a risk of delay in issuing awards.</i></p>	<p>Management should progress these issues to ensure that adequate governance and investment document is maintained for all trust funds administered by West Dunbartonshire Council.</p> <p>Paragraphs 37-47</p>	<p>Following correspondence with the Scottish Charity Regulator (OSCR), the Council submitted to OSCR an Application for Approval of a Charity Reorganisation Scheme under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005. The response of OSCR is awaited.</p> <p>Work will continue to finalise and renew the Deeds of Trust and options around the investment documentation.</p> <p>Chief Officer – Regulatory & Regeneration</p> <p>31 March 2022</p>
<p>CH2. Dormant trusts</p> <p>As previously reported, some of the trusts have been dormant for a number of years and annual activity on all trusts is minimal.</p> <p><i>There is a risk that funds are lying dormant and do not provide public benefit</i></p>	<p>The council should investigate whether schemes of amalgamation and rationalisation of trust funds could be prepared that would allow, through the alteration of objects and the merging and de-restriction of funds, increased flexibility in terms of potential beneficiaries and awards.</p> <p>Paragraphs 37-47</p>	<p>Options on ensuring the Trusts are active and not dormant will be reviewed and appropriate actions implemented, including any reports to members for approval.</p> <p>Chief Officer - Resources</p> <p>31 March 2022</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>PY1. General fund loans fund repayments</p> <p>The scheduled loans fund repayments were adjusted by</p>	<p>Management should review the scheduling of the general fund loans fund repayments to ensure they comply with</p>	<p>Complete</p> <p>We have reviewed the scheduling of loans fund repayments for 2020/21 and</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>£1.6 million to mitigate the impact of budget pressures.</p> <p>The loans fund repayments do not comply with the council's accounting policy. This is reported as an unadjusted misstatement in the accounts.</p> <p>Management should review the scheduling of the general fund loans fund repayments to ensure they comply with the council's accounting policy.</p>	<p>the council's accounting policy.</p>	<p>confirmed that they are in line with the council's policies.</p>
<p>PY2. Untaken annual leave accrual</p> <p>Our review of the untaken annual leave accrual identified an error within the calculations. 17 members of staff were duplicated within two tabs. This resulted in a decrease of £85,000 in the accrual.</p> <p>There is a risk that the annual leave accrual is not properly calculated.</p>	<p>Management should review its procedures for calculating the annual leave accrual.</p>	<p>Complete</p> <p>We reviewed the methodology and working papers which support the calculation of the untaken leave accrual. No issues were identified in 2020/21.</p>
<p>PY3. Financial guarantees</p> <p>West Dunbartonshire Council issued letters of comfort of both West Dunbartonshire Leisure Trust and Clydebank Property Company.</p> <p>These letters were provided due to the ongoing circumstances surrounding Covid-19 and constitute as financial guarantees. However, the detail had not been included in the annual accounts.</p>	<p>Management should ensure that details of any financial guarantees provided are adequately disclosed within the annual accounts.</p>	<p>Complete</p> <p>Appropriate disclosures have been made in the 2020/21 accounts relating to the financial guarantees provided.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>There is a risk that the annual accounts are not complete and transparent.</p> <p>PY4. Debtors and creditors overstatement</p> <p>After the submission of the unaudited accounts, the council identified an error within receivables and payables. Both were overstated by £0.670 million, resulting in a nil net effect.</p> <p>There is a risk that the figures in the Balance Sheet are overstated.</p>	<p>Management should review the year-end procedures to ensure that journals are correctly posted.</p>	<p>Ongoing</p> <p>As reported in Exhibit 2, our review of supporting documentation for trade payables identified a £1.3m prepayment which resulted in an adjustment to both debtors and creditors. Management should continue to ensure that journals are reviewed for accuracy.</p>
<p>PY5. Capital project delays</p> <p>There were significant delays in a number of capital projects during 2019/20. The nature and scale of some of these delays suggest that there is still a level of optimism bias when setting project start dates for the annual capital programme.</p> <p>There is a risk that the delivery of the annual capital programme is impacted by unrealistic or overly optimistic scheduling.</p>	<p>When developing future capital programmes officers should ensure they set realistic start dates for each project, and give due consideration to all factors that could impact on the commencement and progress of each project.</p>	<p>Ongoing</p> <p>As we have reported in paragraph 69, 34 per cent of the capital programme has been identified as slippage, suggesting there remains a level of unrealistic or overly optimistic scheduling.</p>
<p>PY6. Revised financial plans to reflect Covid-19</p> <p>The council's long-term financial strategy was developed prior to the Covid-19 pandemic.</p> <p>The assumptions made in the Council's long-term financial strategy are out of date as they do not take into account the financial impact of Covid-19.</p>	<p>The council should review its long-term financial strategy to reflect the impact of Covid-19 on the council's finances going forward, including scenario planning of key financial assumptions.</p>	<p>Complete</p> <p>We reviewed the most recent long-term financial plan and our findings are reported at Paragraph 86. The plan adequately reflects the significant impact of Covid-19 on the council's future finances.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>PY7. Uncommitted general fund balance</p> <p>The uncommitted general fund balance of £2.752 million at 31 March 2020 was below the prudential reserve target of £4.122 million, set by the Council for 2019/20. In addition, Covid-19 is placing a significant financial pressure on the council during 2020/21.</p> <p>There is a risk that the council will not have sufficient free reserves to respond to future unforeseen events.</p>	<p>The Council should consider how the uncommitted general fund balance could be increased back to the prudential reserve target.</p>	<p>Complete</p> <p>At the council meeting in November 2021, the long-term financial strategy was refreshed and the prudential target was set at two per cent of the net budget. As reported in the annual accounts, the prudential reserves target for the general fund is now £3m and the level of reserves is £3.337m. The level of reserves remains low, but the prudential target for 2020/21 has been met.</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to management override of controls.</p>	<ul style="list-style-type: none"> • Review of the Annual Governance Statement and the assurances obtained by the Section 95 officer in support of the statement. • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. 	<p>No unusual or inappropriate transactions were identified as part of the detailed testing of journal entries.</p> <p>A review of accounting estimates did not show any instance of bias.</p> <p>Focussed testing of regularity and cut-off assertions did not reveal any lapses in controls.</p> <p>No significant transactions outside the normal course of council business were identified.</p> <p>Our conclusion is that there is no evidence of management override of controls</p>
<p>2. Risk of material misstatement caused by fraud in revenue recognition</p> <p>As set out in ISA (UK) 240, there is a presumed risk of fraud in the recognition of income.</p> <p>The extent and complexity of the council's funding streams means there is a risk that income may be misstated and result in material</p>	<ul style="list-style-type: none"> • Analytical procedures on significant income streams. • Detailed testing of revenue transactions focussing on the areas of greatest risk. • Review of budget monitoring reports focussing on significant budget variances. 	<p>Results and conclusion: On completion of our interim work for 2020/21 we reconsidered this risk considering the results of our interim audit work and the requirements laid out in auditing standards. As a result, we have now rebutted the presumption that a significant material risk exists from fraud over income recognition. This is based on the extent of income which is received from other parts of</p>

Audit risk	Assurance procedure	Results and conclusions
<p>misstatement in the financial statements.</p>		<p>the public sector, including Scottish Government Funding.</p>
<p>3. Risk of material misstatement caused by fraud in expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>The extent and complexity of the council's expenditure means there is a risk that expenditure may be misstated and result in a material misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Analytical procedures on significant expenditure streams. • Detailed testing of expenditure transactions, including cut-off testing, focussing on the areas of greatest risk. • Audit testing of grants, including the sample testing of expenditure and housing benefit transactions. • Review of budget monitoring reports focussing on significant budget variances. • Audit work on the National Fraud Initiative matches. 	<p>Results and conclusion: On completion of our interim audit work for 2020/21 we reconsidered this risk taking into account the results of our interim audit work and the requirements laid out in auditing standards. As a result, we have now rebutted the presumption that a significant material risk exists from fraud over expenditure. This is based on the extent of expenditure which is issued to other parts of the public sector, including expenditure on the IJBs.</p> <p>For the areas that are subject to some risk, we have considered the incidence of fraud using National Fraud Initiative and Counter Fraud Service outcomes. We have assessed that the volume of transactions, that would need to be fraudulent to prove a material risk, is implausible.</p>
<p>4. Estimation and judgements</p> <p>There is a significant degree of estimation and judgement in the measurement and valuation of some material account areas, including:</p> <ul style="list-style-type: none"> • Non-current asset values which rely on expert valuations and management assumptions. • The value of the council's pension liability which is an estimate based on information provided by 	<ul style="list-style-type: none"> • Review of the work of the valuer, including focused substantive testing of the classification and valuation of assets. • Confirm asset values in valuation certificates are correctly reflected within the 2020/21 accounts. • Review of the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used. 	<p>Results: Our review of the council of the internal and external valuation team confirmed the appropriateness of the methodology and assumptions used.</p> <p>We assessed the reliability of the actuary and reviewed their work. No issues were noted.</p> <p>Pension disclosures agreed in full to information from actuaries, or to financial records where applicable. This included verification of</p>

Audit risk	Assurance procedure	Results and conclusions
<p>management and actuarial assumptions.</p> <ul style="list-style-type: none"> The council's provisions for doubtful debts which are based on management's assessment of the recoverability of debts. The value of other provisions which are based on management's assessment of the value and probability of potential future outflows. <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> Review of council's procedures for ensuring actuarial valuations provided are appropriate and include assumptions relating to relevant legal rulings. Confirm pension valuations in actuarial report are correctly reflected within the 2020/21 accounts. Review the provision for doubtful debts calculations to assess whether they are reasonable and complete based on the risk that the debt will not be recovered. Review the basis for other provisions recognised, including detailed testing to source documentation where required. 	<p>pension entries in the audited accounts to the IAS19 report.</p> <p>On completion of our interim work in 2020/21 we reconsidered the risk of estimated and judgements relating to the council's provision for doubtful debts.</p> <p>As a result, we have now rebutted the presumption that a significant material risk exists in this area. This is based on there being several provisions covering different account areas (e.g. council tax and housing) that are individually immaterial. All such provisions would have to be misstated for there to be a material error, given the historical lack of issues with these estimates, this is unlikely.</p> <p>Conclusion: Satisfactory</p>
<p>5. Covid-19 funding streams</p> <p>Councils are receiving additional funding to cover Covid-19 costs and are responsible for approving and distributing various grants and payments across almost 50 new funding streams.</p> <p>Due to the volume and complexity of the various schemes there is an increased risk of fraudulent claims and payments. In addition, there is a risk that the funding streams are not properly accounted for and disclosed in the 2020/21 annual accounts.</p>	<ul style="list-style-type: none"> Review Scottish Government and CIPFA/LASAAC guidance. Review of the controls in place for the payment of grants, with emphasis on the business support grant payments. Review of accounting treatment and disclosures in 2020/21 annual accounts to ensure this is consistent with relevant guidance. 	<p>Results: On completion of our interim work for 2020/21 we reconsidered this risk. Significant amount of these funding streams would have to be misstated for there to be a material error. In addition, a significant portion of funding streams were classified as agency income, ie administered by West Dunbartonshire Council on the Scottish Government's behalf.</p> <p>We reviewed the controls the council has in place and found no issues to report. We concluded this no longer presented a significant material risk in this area.</p> <p>Conclusion: Satisfactory</p>

Audit risk	Assurance procedure	Results and conclusions
<p>6. Covid-19 financial flexibilities</p> <p>Councils are permitted to apply a range of financial flexibility options to mitigate some of the impact of Covid-19 during 2020/21 and 2021/22. These include flexibilities around:</p> <ul style="list-style-type: none"> • The use of capital receipts for revenue expenditure. • The accounting treatment of debt included in service concession arrangements. • Annual loans fund repayments. <p>Additional guidance is expected on how these items should be treated in the council's annual accounts and management has yet to determine whether they will opt to utilise any of the available financial flexibilities during 2020/21.</p> <p>The technical nature of these items presents a risk of a material misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Review Scottish Government and CIPFA/LASAAC guidance. • Discussions with management during the year to consider the accounting treatment of any financial flexibilities utilised. • Review of accounting treatment and disclosures in 2020/21 annual accounts to ensure this is consistent with relevant guidance. 	<p>Results: On completion of our interim work for 2020/21 we reconsidered this risk as the council was not exercising any financial flexibilities, therefore, this was no longer considered to be a significant material risk.</p> <p>Conclusion: Satisfactory</p>
<p>7. Remuneration Report disclosures</p> <p>During 2020, the Council approved a restructuring of the corporate management team. As these changes were made midway through the 2020/21 financial year they will impact on the disclosures required within the financial statements.</p> <p>There is a risk that the appropriate disclosures, in line with the Local Authority Accounts (Scotland)</p>	<ul style="list-style-type: none"> • Review of the remuneration report within the 2020/21 annual accounts to ensure that required information is disclosed for all relevant officers. 	<p>Results: On completion of our interim work for 2020/21 we reconsidered this risk as we no longer consider this to be an area of significant material risk.</p> <p>Conclusion: Satisfactory</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Regulations 2014, are not made.</p>		
<p>8. Untaken annual leave accrual</p> <p>We have previously reported audit adjustments relating to the council's untaken annual leave accrual due to errors in the year-end calculation for the annual accounts.</p> <p>In 2020/21, there is an increased risk that any error in the calculation could result in a material misstatement. This is due to the council's revised policy for carrying forward leave during the Covid-19 pandemic, and the likelihood that this will result in staff having higher untaken leave balances at the year-end than in previous years.</p>	<ul style="list-style-type: none"> Review of procedures put in place for the 2020/21 untaken annual leave accrual calculation. Review of the 2020/21 untaken annual leave accrual calculation during the financial statements audit. 	<p>Results: On completion of our interim work for 2020/21 we reconsidered this risk as we no longer consider this to be an area of significant material risk.</p> <p>Conclusion: Satisfactory</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>9. Services pressures created by Covid-19</p> <p>The Covid-19 pandemic continues to place significant pressure on the provision of council services.</p> <p>There is risk that the pressures caused by the pandemic will impact on the council's ability to meet its strategic objectives.</p>	<ul style="list-style-type: none"> Ongoing monitoring of the council's performance reporting, and other reports and briefings on service impact of Covid-19. Review of annual performance report. 	<p>Results: As we have reported in paragraph 53, the council has delivered services in 2020/21 reporting a small surplus against budget, with around £7 million of Covid-19 funding carried forward to 2021/22.</p> <p>Conclusion: The council recognises that the pandemic will continue to place financial pressures going forward for years to come.</p>
<p>10. Financial sustainability</p> <p>The Council has a projected funding gap of £5.751 million for 2021/22 and a cumulative</p>	<ul style="list-style-type: none"> Continue to monitor the financial position throughout the year and provide an update 	<p>Results: As we have reported in paragraph 53, the council achieved a £0.585m surplus against budgeted</p>

Audit risk	Assurance procedure	Results and conclusions
<p>gap of £12.747 million by 2022/23. At the time of writing this plan, the most up to date revenue position shows a projected annual adverse variance of £2.099 million. Of this projection, £2.102 million is due to the projected impact of Covid-19.</p> <p>Part of the council's budget pressures come from funding its high levels of borrowing.</p> <p>We also reported in 2019/20 that the Council's unearmarked balance of £2.752m was below its prudential target of £4.305 million.</p> <p>There is a risk that the council's financial position may not be sustainable in the long term.</p>	<p>in the 2020/21 Annual Audit Report.</p> <ul style="list-style-type: none"> • Consider the long-term affordability of budget decisions, including any planned use of reserves. • Ongoing assessment of the council's long-term financial strategy, including the assumptions used. • Review of the longer-term financial impact of the Covid-19 pandemic. 	<p>expenditure for 2020/21. Due to the Covid-19 pandemic, the funding position beyond 2021/22 is particularly uncertain, with all councils working to the one-year grant settlement. The long-term financial strategy has identified cumulative anticipated revenue funding gaps within General Services rising to £14.355m for 2024/25.</p> <p>Conclusion: Satisfactory.</p>
<p>11. Capital project delays</p> <p>Gross capital expenditure (including HRA) is projected to be significantly underspent against the original budget for 2020/21. The majority of this is due to the impact of Covid-19 and the ongoing restrictions on capital works.</p> <p>There is a risk that the council's ability to deliver against its strategic plan is affected by the delays and additional costs for investment and improvements to the asset base.</p>	<ul style="list-style-type: none"> • On-going monitoring of capital budget plans and reports. • Follow up of the 2017/18 Best Value Assurance Report recommendations and report an update in the 2020/21 Annual Audit Report. 	<p>Results: As we have reported in paragraph 70, 34 per cent of the capital programme has been identified as slippage,</p> <p>Conclusion: Although Covid-19 is likely to have had a significant impact on the capital programme, there remains a risk of unrealistic or overly optimistic scheduling. We will continue to monitor progress in this area.</p>

Appendix 3

Summary of national performance reports 2020/21

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

May 2021

[Local Government in Scotland Overview 2021](#)

West Dunbartonshire Council

Proposed 2020/21 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk