

WEST DUNBARTONSHIRE COUNCIL

Report by Director of Corporate Services

Audit and Performance Review Committee – 8 March 2006

Subject : Audit Scotland's Final Audit Report to Members 2004/2005

1. Purpose

- 1.1** The purpose of this report is to advise Members of progress in relation to the action plan prepared in response to Audit Scotland's report on the audit of West Dunbartonshire Council's accounts 2004/05.

2. Background

- 2.1** A report by the Director of Corporate Services was submitted to Council on 26 October 2005. The Council agreed to delegate responsibility for monitoring the action plan to the Audit and Performance Review Committee.
- 2.2** This report was then considered by the Audit and Performance Review Committee on 21 December 2005 when it was agreed that a report detailing the updated position would be submitted for consideration at this Committee.

3. Main Issues

- 3.1** The action plan is appended which lists the issues and risks identified by Audit Scotland, with recommendations for improvement. It notes responsibilities, agreed actions and target dates for full implementation against each issue raised.
- 3.2** Details of the progress achieved to date is provided against each recommendation.

4. Personnel Issues

- 4.1** None.

5. Financial Implications

- 5.1** None.

6. Conclusions

- 6.** The agreed actions are currently on track for meeting the target implementation dates.

7. Recommendations

7.1 It is recommended that Members note the current position of the action plan.



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Director of Corporate Services

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Background Papers:	Council – 26 October 2005 Audit and Performance Review Committee – 21 December 2005
Wards Affected:	N/A

Action plan

No.	Issue, risk and recommendation	Responsible officer	Response and agreed action	Action date
1. (para 9)	<p>Statutory financial objectives for trading operations</p> <p>The Council's leisure services trading operation failed to breakeven in 2004/05 and recorded a closing deficit of £20,000, although the cumulative surplus is £5,000.</p> <p>The closing balances on the trading activities had not been adjusted to remove the additional income received from clients to fund additional FRS 17 pension costs.</p> <p>Risk: <i>Trading operations fail to achieve the statutory financial target in 2005/06.</i></p> <p>Recommendation: The Council should ensure that financial plans are in place for all significant trading activities to ensure they break even over the required three years. The position on the recharging of FRS 17 pension costs to client departments should also be kept under review during 2005/06.</p>	Director of Housing and Technical Services	<p>Financial plans are in place to ensure that all statutory trading operations achieve their budgeted position and exceed the three year breakdown requirement.</p> <p>The impact of FRS17 requirements will be kept under review during 2005/06 and will be included in monitoring reports and business plans that will be presented to the appropriate committee throughout the year.</p> <p><i>The period 9 monitoring reports (to 15/01/06) presented to the Community Safety and Environmental Services Committee on 1 March 2006 projected an in year surplus for all trading operations.</i></p>	31 Mar 2006
2. (para 24)	<p>Unspent ring fenced funding</p> <p>Slippage on Better Neighbourhood Services Fund has continued in 2004/05 and there was an outstanding balance of £2.4 million at the year end. The Scottish Executive has advised that they will claw back any outstanding funds remaining at the end of 2005/06.</p> <p>Risk: <i>The benefits of the BNSF are not realised by the Council and all available funding is not fully utilised.</i></p> <p>Recommendation: The progress of spending on BNSF projects should be closely monitored and regularly reported to members.</p>	Head of Finance	<p>Plans are in place to ensure that this money is fully expended by 31 March 2006. The position will be closely monitored and progress reports will continue to be presented to each quarterly Community Planning Partnership Board Meeting.</p> <p><i>The period 9 monitoring report (to 15/01/06) presented to the Community Planning Partnership on 30 January 2006 projected that this balance will be fully expended before 31 March 2006.</i></p>	31 Mar 2006

No.	Issue, risk and recommendation	Responsible officer	Response and agreed action	Action date
3. (para 35)	<p>Risk management arrangements</p> <p>Risk management is not embedded in the Council's corporate and service planning arrangements and is not fully considered as part of best value service reviews or capital investment decisions.</p> <p>Departmental risk registers are out of date and progress is not being regularly monitored and reported to members.</p> <p>Risk: <i>Strategic decisions are made in the absence of full information on the risks facing the Council</i></p> <p>Recommendation: The Council should strengthen its approach to managing risk and more actively consider risk as part of strategic planning and decision making. Subject:</p>	Director of Corporate Services	<p>The Council has now appointed a Corporate Risk Management Adviser and further joined up professional and administrative support has been identified through the establishment of an integrated team arising out of Emergency Planning, Business Continuity, Disaster Recovery, Health and Safety and Civil Contingency functions.</p> <p>The Risk Management Strategy is currently being reviewed and when updated will be presented to Members for approval and thereafter rolled out to Departmental Management.</p> <p>Updated report presented to members as separate agenda item.</p>	31 Mar 2006
4. (para 41)	<p>Asset management and planning</p> <p>The Council does not have a capital strategy and asset management plan. Management information is not available on the use and performance of the Council's assets.</p> <p>Risk: <i>Poor asset management prevents the Council from maximising the use of its assets and cannot inform long term borrowing and investment decisions.</i></p> <p>Recommendation: The Council should continue to develop an asset management plan and performance management framework.</p>	Director of Development and Environmental Services	<p>The Asset Management Working Group will continue the progress already made and are committed to a target date of 31 March 2006 for the completion of an Asset Management Plan.</p> <p>The Plan will have clearly stated objectives in relation to (i.) efficient and effective use of buildings (ii.) delivery of quality services (iii.) customer/user satisfaction and (iv.) maximising the value of Council assets.</p> <p>The Council has recognised the importance of asset management issues and agreed that additional resources should be made available in a number of areas.</p> <p>On Track. Draft Asset Management plan now prepared and the next meeting of the Asset Management Working Group on 30 March 2006 is expected to finalise and approve the document.</p>	31 Mar 2006

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5. (para 41)	<p>Financial strategy</p> <p>The Council's financial strategy is not integrated with corporate and service planning and should be more focused on the medium to long term</p> <p>Risk: <i>Resources are not targeted at the Council's priorities and objectives and service improvements are not delivered.</i></p> <p>Recommendation: The Council should ensure it follows an integrated approach to multi-year service planning and budgeting and that the financial strategy informs future Council objectives and priorities.</p>	Head of Finance	<p>The revised joint planning for 2006/07 and Budget Guidance issued to departments on 12 September 2005 should ensure greater linkage between service planning and budgeting. Capital bids are required for the period 2006/09.</p> <p><i>Bids and enhancements submitted within the 2006/07 budget documentation reflected council priorities. Capital bids were received for the period 2006/09 and a capital plan for years two & three will be presented to Council for approval in August 2006.</i></p>	31 Mar 2006
6. (para 68)	<p>Performance management</p> <p>The Council has recently introduced its corporate performance framework and performance management and reporting processes are bedding into the cycle of management and members reporting.</p> <p>Risk: <i>The performance management systems are not operating as planned and being applied consistently across all services. Members cannot effectively review how the Council is performing and secure improvements in services.</i></p> <p>Recommendation: The Council should continue to review the effectiveness of its corporate performance framework.</p>	Chief Executive	<p>Progress will continue to be reported to both the Best Value Strategy Group and the Corporate Management Team.</p> <p>In addition, regular monitoring reports on Performance Management are presented to the Audit and Performance Review Committee.</p>	Ongoing

<p>7. (para 74)</p>	<p>Housing voids</p> <p>The value of rents lost due to council house voids is continuing to increase and the monitoring information reported to members is not focused on performance against targets for improvement.</p> <p><i>Risk:</i> <i>Performance in managing the level of council house voids continues to deteriorate at an increasing cost to the Council.</i></p> <p><i>Recommendation:</i> Progress in reducing voids should be regularly monitored against approved targets and fully reported to members.</p>	<p>Director of Housing and Technical Services</p>	<p>Progress on improved performance on Voids and Letting Statistics will continue to be reported at regular intervals to the Social Justice Committee.</p> <p>In addition, a number of related Void Management Activities have been streamlined under the responsibility of one manager and a number of initiatives to address low demand properties have been introduced.</p> <p><i>Report to the Social Justice Committee on 8 February 2006 advised that the lost rent due to voids had reduced from 7.4% in 2004/2005 to 6.7% at the end of the third quarter of 2005/2006.</i></p>	<p>31 Mar 2006</p>
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