Agenda

West Dunbartonshire COUNCIL

Audit Committee

Date: Wednesday, 2 March 2022

Time: 14:00

Format: Hybrid Meeting

Contact: Ashley MacIntyre, Committee Officer
ashley.macintyre@west-dunbarton.gov.uk

Dear Member

Please attend a meeting of the **Audit Committee** as detailed above.

The Convener has directed that the powers contained in Section 43 of the Local Government in Scotland Act 2003 will be used and Members will have the option to attend the meeting remotely or in person at the Civic Space, Church Street, Dumbarton.

Yours faithfully

JOYCE WHITE

Chief Executive

Distribution:

Councillor John Mooney (Chair)
Councillor Jim Brown
Councillor Karen Conaghan
Councillor Daniel Lennie
Councillor Jonathan McColl
Councillor John Millar
Councillor Martin Rooney (Vice Chair)
Councillor Brian Walker
Mr C Johnstone
Mr C Todd

All other Councillors for information

Chief Executive
Chief Officers

Date of issue: 17 February 2022

AUDIT COMMITTEE

WEDNESDAY, 2 MARCH 2022

AGENDA

1 STATEMENT BY CHAIR

2 APOLOGIES

3 DECLARATIONS OF INTEREST

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

4 RECORDING OF VOTES

The Committee is asked to agree that all votes taken during the meeting be done by roll call vote to ensure an accurate record.

5 MINUTES OF PREVIOUS MEETING 5 - 7

Submit for approval as a correct record, the Minutes of Meeting of the Audit Committee held on 15 September 2021.

6 OPEN FORUM

The Committee is asked to note that no open forum questions have been submitted by members of the public.

7 STRATEGIC RISKS 2017-22 9 – 58

Submit report by the Chief Officer – People and Technology providing an update on strategic risks for 2017-22

8 TREASURY MANAGEMENT ANNUAL REPORT 2020/21 59 - 73

Submit report by the Chief Officer – Resources providing an opportunity to further scrutinise the annual Treasury Management report which was previously reported to Council on 26 August 2021.

9 TREASURY MANAGEMENT MID YEAR REPORT 2020/21 75 – 88

Submit report by the Chief Officer – Resources providing an opportunity to further scrutinise the Treasury Management mid-year report which was reported to Council on 22 December 2021.

10 INTERNAL AUDIT PLANS 2020/21 AND 2021/22 PROGRESS TO 2 MARCH 2022 89 - 112

Submit report by the Chief Officer – Resources advising of progress at 31 January 2022 against the Internal Audit Plans for 2020/21 and 2021/22.

11 PUBLIC INTEREST DISCLOSURES AND OTHER INTERNAL AUDIT INVESTIGATIONS 19 AUGUST 2021 TO 31 JANUARY 2022 113 - 118

Submit report by the Chief Officer – Resources advising of the outcome of investigations into allegations and disclosures in line with public interest disclosure and business irregularities policies received by Internal Audit between 19 August and 31 January 2022.

12 NATIONAL FRAUD INITIATIVE 2020/21 119 – 123

Submit report by the Chief Officer – Resources providing an update on the current position with regard to the National Fraud Initiative in Scotland 2020/2021 Exercise.

13 NATIONAL NON-DOMESTIC RATES WORKING GROUP FINAL REPORT 125 –131

Submit report by the Chief Officer – Resources providing a summary of activity of the Non-Domestic Rates Working Group since the first meeting.

14 DRAFT ANNUAL AUDIT PLAN 2021/22 To Follow

Submit report by the Chief Officer - Resources in relation to the above.

AUDIT COMMITTEE

At a Hybrid Meeting of the Audit Committee held in the Civic Space, 16 Church Street, Dumbarton on Wednesday, 17 November 2021 at 2.06 p.m.

Present: Councillors Jim Brown, Karen Conaghan, Daniel Lennie, Jonathan McColl, John Millar, John Mooney, Martin Rooney, and Lay Members Mr Christopher Todd and Mr Christopher Johnstone.

Attending: Joyce White, Chief Executive; Angela Wilson, Chief Officer – Supply, Distribution & Property; Malcolm Bennie, Chief Officer – Citizen, Culture & Facilities; Andi Priestman, Shared Service Manager – Audit and Fraud; Julie Slavin, Chief Financial Officer; Andrew Brown, Senior Education Officer and Ashley MacIntyre, Committee Officer.

Also Attending: Fiona Mitchell-Knight, Christopher Gardner and Sanya Ahmed, Audit Scotland.

Apology: An apology for absence was intimated on behalf of Councillor Brian Walker.

Councillor John Mooney in the Chair

STATEMENT BY CHAIR

Councillor Mooney, Chair, welcomed all those present to the meeting which was being held in hybrid format.

DECLARATIONS OF INTEREST

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

RECORDING OF VOTES

The Committee agreed that all votes taken during the meeting be done by roll call vote to ensure an accurate record.

MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of the Audit Committee held on 15 September 2021 were submitted and approved as a correct record.

OPEN FORUM

The Committee noted that no open forum questions had been submitted by members of the public.

PRUDENTIAL INDICATORS 2020/21 TO 2030/31 AND TREASURY MANAGEMENT STRATEGY 2021/22 TO 2030/31

The Chief Officer – Resources noted that this report had previously been approved by Members at the meeting of the Audit Committee held on 16 June 2021, and therefore further consideration was not required today.

The Committee agreed to note that a Treasury Management Annual Report would be brought to the Audit Committee meeting in March 2022.

ANNUAL AUDIT REPORT TO MEMBERS AND CONTROLLER OF AUDIT AUDITED ANNUAL ACCOUNTS 2020/2021

A report was submitted by the Chief Officer – Resources advising of Audit Scotland's findings in relation to the audit of the Council and the audit of Council administered charities; submitting the audited 2020/21 Financial Statements of the Council for 2020/2021 and highlighting matters of interest; and submitting the audited 2020/21 Financial Statements of the Charities administered by the Council and highlighting matters of interest.

After discussion and having heard the Chief Officer – Resources in further explanation of the report and in answer to Members' questions, the Committee agreed:-

(1) to note the contents of this report;

(2) to note the clean audit opinions and the findings of the audits as detailed in Audit Scotland's report dated 17 November 2021; and

(3) to approve the audited Annual Accounts 2020/21 of both the Council and the Council administered Charities and note that these would be reported to the Council on 22 December 2021.

INTERNAL AUDIT PLANS 2020/21 AND 2021/22 PROGRESS TO 18 OCTOBER 2021

A report was submitted by the Chief Officer – Resources advising of progress as at 18 October 2021 against the Internal Audit Plans for 2020/21 and 2021/22.

After discussion and having heard the Shared Service Manager – Audit & Fraud in further explanation of the report, the Committee agreed to note the contents of this report.

VALEDICTORY – STEPHEN WEST

Councillor Mooney, Chair, informed the Committee that this was the last meeting which Mr Stephen West, Chief Officer – Resources would attend before his retirement in December. On behalf of the Committee, Councillor Mooney thanked Mr West for all his hard work, dedication and commitment over the years and wished him well in his retirement.

The other Members present were heard in similar terms, thanking Mr West.

The meeting closed at 2.40 p.m.

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – People & Technology

Audit Committee: 2 March 2022

Subject: Strategic Risks 2017-22

1. Purpose

1.1 To provide an update on the strategic risks for 2017-22.

2. Recommendations

2.1 It is recommended that the Committee note:

- The strategic risks as detailed at Appendix 1; and
- Supplementary EU Assurance Plans as detailed in Appendices 2 and 3.

3. Background

3.1 The Council's strategic risk arrangements are now well-embedded. The appended risks have been fully reviewed and added to since 2017 with re-assessment undertaken bi-annually before being reported to this committee. This report is submitted as agreed to the Corporate Services and Audit Committees on a bi-annual basis.

4. Main Issues

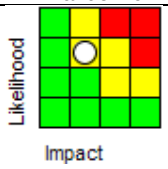
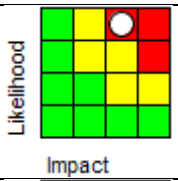
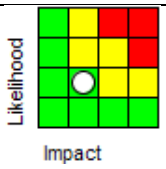
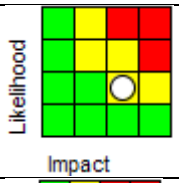
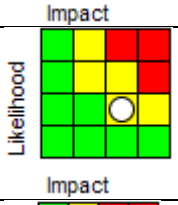
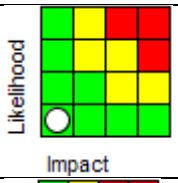
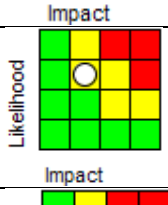
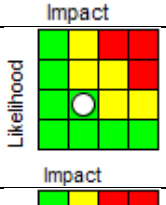
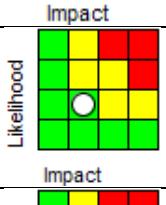
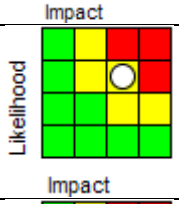
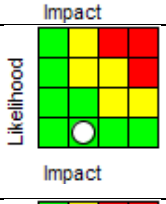
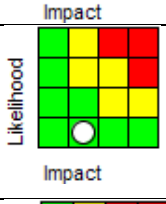
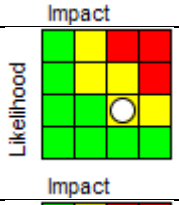
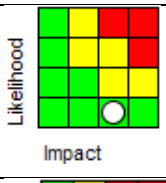
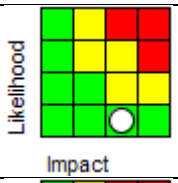
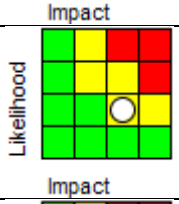
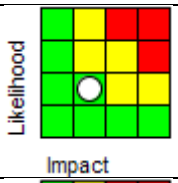
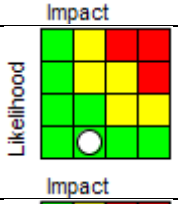
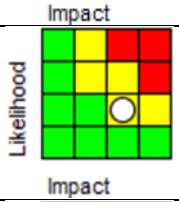
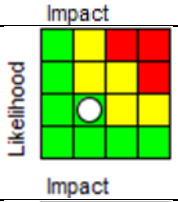
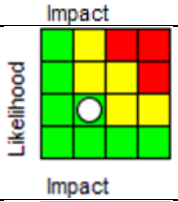
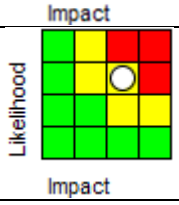
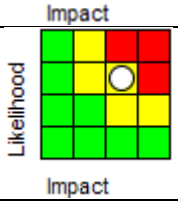
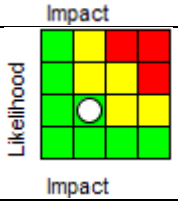
Strategic Risk

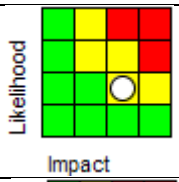
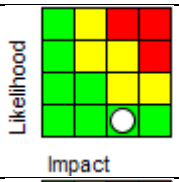
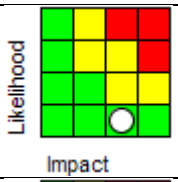
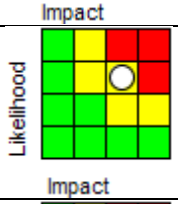
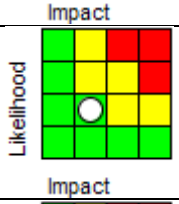
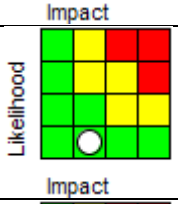
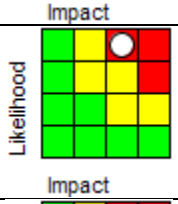
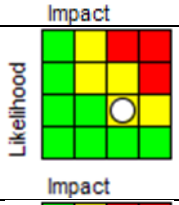
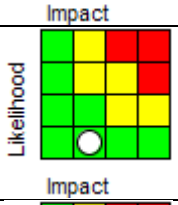
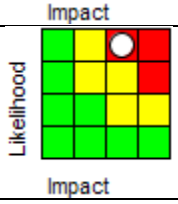
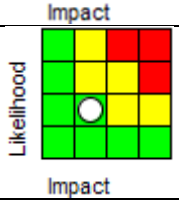
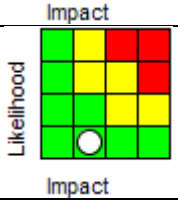
4.1 In line with the Council's Risk Management Framework, a re-assessment of the strategic risks has taken place as detailed within Appendix 1. Each risk is managed through internal controls, linked actions and associated milestones with the objective being to reduce or stabilise the level of risk through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

4.2 Table 1 represents a risk dashboard that includes information on the original, current and target ratings for each strategic risk, as well as an assessment of the current risk status. Each strategic risk is identified and supported by more detailed information available on a "drill-down" basis in Appendix 1. Four Strategic Risks, associated actions and milestones are met, a further three are progressing as expected and closer to reaching their assigned targets. SR011 presents particular challenges as set out in 4.9-4.11. As previously reported, SR001 and SR002 are significantly off target and unlikely to reach

the intended risk outcome. SR008 is also off target which is explained in further detail below.

Table 1 Key Strategic Risk Information

Strategic Risk	Original Risk 2017 *2020 for SR012 Pandemic	Current Risk 2022	Target Risk 2022	Risk Status Rationale
SR 001 Financial Funding.				
SR 002 School improvements.				
SR 003 Council Assets.				
SR 004 Information Technology.				
SR 005 Partnerships.				
SR 006 Citizens and Communities.				
SR 007 Health and Safety of Employees and Others				
SR 008 Cyber Attack.				

SR 009 Early Years Agenda.				
SR 010 Resourced Workforce.				
SR 011 EU Exit				
SR 012 Pandemic (COVID)				

Risk Methodology and Reporting

4.3 Each strategic risk is populated in Pentana in terms of the following template:

- Risk title and code;
- Description;
- Ownership;
- Potential effect;
- Measures of impact;
- Risk factors;
- Internal controls;
- Risk opportunity; and
- Linked actions.

4.4 Each risk has been scored using a “4 x 4” matrix for likelihood and impact in relation to:

- Current risk (with review dates set at pre-determined intervals); and
- Target risk (i.e. 31 March 2022 - the duration of the Strategic Plan).

The risk descriptors used in the “4 x 4” matrix are as follows:

Likelihood

Score	Descriptor
1	Unlikely
2	Likely
3	Very likely
4	Certain

Impact

Score	Descriptor
1	Minor
2	Moderate
3	Significant
4	Critical

4.5 For ownership, each strategic risk is “Managed By” a Chief Officer and “Assigned To” a Senior Officer. Strategic risks are also reported on a bi-annual basis to the Performance & Monitoring Review Group.

Service Risk

4.6 Following the methodology in 4.3 to 4.4 above, each service has service owned operational risk registers in Pentana; these will be fully reviewed through the 2022/23 service planning process alongside development of the Council’s next five year strategic plan.

4.7 Failure to implement broad-ranging school improvement to raise attainment and achievement SR002

SR002 is unlikely to reach its intended outcome due to the pandemic period. The pandemic has affected national and local outcomes in education attainment and equity due to periods of school/ ELC closure; absence due to Covid and shielding. The Education Service has a recovery strategy for attainment which needs a full academic year (August 2021 to June 2022) to have an impact on attainment although it should be noted that employee and pupil absences due to Covid continue to be experienced.

4.8 Threat of Cyber-attack SR008

SR008 is also unlikely to reach its intended outcome. The cyber threat has evolved and grown during the pandemic and will continue to do so post-pandemic. There was an increase in both the scale and severity of cyber-attacks targeting public and private sector over the last two years. In March 2021, a targeted attack on Microsoft Exchange servers saw 30,000 organisations in the US compromised whist in April, the Solarwinds attack had a global impact. More recently the Log4j java vulnerability is amongst the most serious security vulnerabilities to hit the IT industry in decades and has had an impact on all areas of the Internet, including mobile device services within WDC. New ways of working, including increased remote access users, robotic process automations, digital transformations and adoption of Cloud based technologies all have an impact on the risk profile of the organisation and ICT continue to work with service areas to reduce and mitigate emerging risks. This has resulted in WDC undertaking further investment in vulnerability assessment tools and working with suppliers to improve remote access capabilities and mitigate emerging threats. Lack of user awareness within organisations remains one of the biggest Cyber Security threats, with global

ransomware attacks increasing worldwide by 62 percent during 19/20. To combat this we have undertaken a number of information and training events to Elected Members, the Joint Consultative Forum and senior management within WDC. Work has also taken place to improve our security posture in line with the national Public Sector Action plan (PSAP). Monitoring of the National Cyber Security Centre (NCSC) Cyber Security guidance continues to take place in light of any changes regarding the geopolitical instability in Ukraine and the surrounding areas'

4.9 EU Exit SR011

As previously reported, the EU-UK Trade and Cooperation Agreement now defines this area. Local risks were identified as disruption of services, workforce, and congestion at sea and airports, concerns around the supply of medicines were anticipated. Britain and Brussels reached an agreement in late 2020 that avoided tariffs or quotas on goods. However, traders are still confronted with new paperwork and unpredictable delays (noting further changes below). There is a continuing risk across the whole of the UK regarding the distribution of goods due to a shortage of HGV drivers. It continues to remain difficult to 'unpick' direct EU exit impacts from those resultant from the Covid pandemic, noting these have been recently exacerbated by the emergence of the Omicron variant. Challenges for West Dunbartonshire Council, and further afield have included shortages in supply for school meal items in addition to previously highlighted supply chain concerns including for construction materials..

All global manufacturers of IT equipment are experiencing significant impacts across material availability, manufacturing capacity, transportation & logistics. This is having a particular impact on the availability of mobile computing devices such as laptops and Chromebooks. The main component supply issues are specifically around the lack of LCD screens and circuit boards. In addition, demand for these devices is at record levels as organisations move towards remote working and learning. Currently, demand is still outstripping supply across the whole industry and expected to last into 2023.

With reference to previously documented challenges to the haulage industry, it is important to note changes to the UK Border Model effective from 1st January 2022 which may impact supply chains for all goods imported from the EU. These changes are summarised as follows:

- From 1st January 2022: Importers will have to pre-notify of any animals, food and feed being imported at least four hours in advance of the product reaching the UK.
- From 1st July 2022: Certification, documenting and physical checks will be introduced for all regulated animal & plant products; meat & meat products and high-risk foods not of animal origin.
- From 1st September 2022: Certification, documenting and physical checks will be introduced for all dairy products.

- From 1st November 2022: Certification, documenting and physical checks will be introduced for all remaining products of animal origin.

It is likely that delays in deliveries of products including clothing and food will result, particularly as changes to import requirements continue to be implemented. The Department of Transport continue to engage with the haulage industry to mitigate these impacts. Several WDC projects are seeing a potential link between construction price inflation, rarity of materials and EU exit. The Covid-19 pandemic continues to be a concurrent factor and there is anecdotal evidence from contractors that there is a bigger pull in the EU as a single market, for the materials that are there. This is having serious implications for affordability and it is current. These price increases are being closely tracked by WDC teams whose projects may be impacted, and other partners. Although the direct impact to West Dunbartonshire cannot be measured at this time it is recognised that impacts will be experienced across the UK as a whole.

4.10 This was initially assessed as high risk. The severity of this risk was reduced in the previous assessment given there has been little local impact since the UK left the EU and the rating of 6 is retained for this reporting period. However it remains important to acknowledge ongoing uncertainty, and changes to the UK Border Model from 1st January 2022 which present potential additional impacts on supply chains while affected industry sectors adapt. There are still 11 actions associated with SR011, with multiple owners, and the associated EU Exit plans are appended as usual.

4.11 The Council's Resilience Groups continue to work with the Civil Contingencies Service (CCS) as the main driver to support and monitor impact. Key officers and the Civil Contingencies Officer actively review the EU Exit Assurance Action Plans and have done so in advance of this committee.

4.12 <u>Pandemic **(**COVID-19) SR012</u>

The impact of COVID has resulted in the development of a significant number of procedures, assessments and mitigations to support the various UK and Scottish Government initiatives and ultimately reduce the risk of transmission in the workforce and local community.

4.11 As a result, the Council has experienced significant COVID related spend across all service areas. In 21/22 this is currently in the region on £11.1m.

4.12 In respect of the strategic risk and consequent operational risks, four key areas have been identified and are listed below. The response and recovery landscape remains fluid.

- **Workforce:**
  The Council is faced with significant workforce demands in relation to absence, reduction, recruitment and wellbeing. Risk rating amended from amber to green since last reported.

- **Service Delivery:**
  The Council is faced with significant delivery demands in relation to moving services online, disruption, reduction and quality. Risk rating amended from amber to green since last reported.

- **Protection:**
  The Council is faced with significant demands for protection in relation to additional and constant changing legislation and guidelines, PPE requirements, supply chain, cost of PPE and ensuring workforce safety. Risk rating remains at green since last reported.

- **Public Uncertainty:**
  The Council is faced with significant demands around public uncertainty and leads to additional burdens upon services, seeking information, advice and support. Risk rating remains at green since last reported.

5. People Implications

5.1 There are no people implications associated with this report, other than in relation to the mitigation of risks

6. Financial and Procurement Implications

6.1 There are no financial and/or procurement implications directly associated with this report however there are in relation to the expenditure linked to mitigation.

7. Risk Analysis

7.1 Failure to ensure robust risk management is likely to result in the Council being criticised by External Auditors for not having an integrated approach to embedding risk management within the authority with the result that a “no scrutiny required” status would not be achieved.

7.2 Progressing with a robust risk management approach will demonstrate that the Council is taking ownership of risk management and ensuring effective measures are in place. The ability to demonstrate risk ownership should benefit the Council in terms of:

- Understanding risk and its potential impact on the Council’s priorities and objectives;
- Reducing insurance premiums going forward by recognising that a mature approach to risk management will contribute to a reduction in the number and value of claims across a range of insurance classifications;
- Contributing towards incident prevention based upon post-incident investigation;
- Meeting statutory/regulatory requirements; and
  Ensuring better partnership working with external and internal partners.

8. Equalities Impact Assessment (EIA)

8.1 An equalities screening was undertaken that identified no impact on a particular protected group.

9. Consultation

9.1 The strategic risks have been discussed with the Chief Officers and senior management representatives on the Operational Resilience Group. The reports to committee are available to the Trades Union and consultation undertaken as required.

10. Strategic Assessment

10.1 At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 - 2022 are as follows:

- A Strong local economy and improved employment opportunities;
- Supported individuals, families and carers living independently and with dignity;
- Meaningful community engagement with active empowered and informed citizens who feel safe and engaged;
- Open, accountable and accessible local government; and
- Efficient and effective frontline services that improve the everyday lives of resident

10.2 The strategic risks have been identified to complement the main strategic priorities.

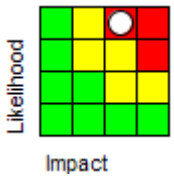
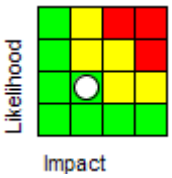
Name: Victoria Rogers
Designation: Chief Officer People & Technology
Date: 25th January 2022

Person to Contact:	Anna Murray, Risk & Health and Safety Graduate Email Anna.Murray@west-dunbarton.gov.uk
Appendices:	Appendix 1: Detailed Strategic Risk List Appendix 2: WDC HSCP EU Exit Action Plan Appendix 3: WDC EU Exit Action Plan Appendix 4: Elected Members' Bulletin February 2022
Background Papers:	Report to Council on 25 October 2017 - West Dunbartonshire Council Strategic Plan 2017-22 Risk Management Framework EIA screening

Strategic Risk Report

Generated on: 25 January 2022

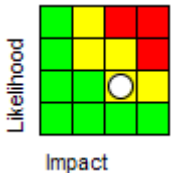
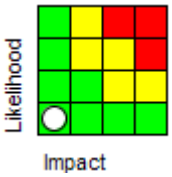
	SR 001 Significant financial funding reductions / limitations from Scottish Government	It is expected that the Council will be faced with significant ongoing funding reductions/limited increases from the Scottish Government settlement. This is based on recent settlements and ongoing projected population change with West Dunbartonshire. This coincides with a period where costs are expected to rise in relation to social care due to an aging population; inflationary increases with RPI at a level not seen since 1991; post-COVID-19 ongoing costs; likely increased cost of borrowing as interest rates increase and pay award pressures linked to inflation. The ongoing population decline of West Dunbartonshire versus the average population for the whole of Scotland leads directly to funding reductions with marginal impact on service delivery cost/need. Pay awards and other inflationary pressures are expected to continue to be higher than any settlement position. Covid-19 introduces a risk in relation to the potential net cost to the Council versus the ongoing funding support and/or financial flexibilities provided by the Scottish Government, though this is anticipated to be fully funded.

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	12-Jan-2022	**12**		31-Mar-2022	**4**	Gillian McNeilly

Potential Effect	Shortfall in finances and therefore the Council is unable to provide all services as intended.
Measures of Impact	- Reduction in government grant - Demographic change (population decline/growth, aging population) - Cost reduction required including cutting level and/or quality of service provision - Increased Debt (collection of Council Tax, HRA rents, etc)
Risk Factors	- Level of government grant - Lack of time to plan for changes in the level of grant funding due to single year settlements and settlement information from Scottish Government - General inflationary factors -Bank of England Base Rate increases -ongoing prevalence and impact of COVID-19 - Significant additional burdens - Capital receipts
Internal Controls	- 10 year Financial Strategy subject to regular review - Monitor and maintain General Services and Housing Revenue Account prudential targets - Reporting and monitoring of Treasury Management Strategy - Budgetary control process - Regular budgetary control and savings monitoring reports provided to CMT and Council / committees - Rigorous debt collection processes - Annual Internal Audit Plan - Work of External Auditors (external control) - Annual Governance Statement - Procurement Improvement Plan
Latest Note	For the remainder of the Strategic Plan period there is a very high likelihood that the funding received from the Scottish Government will be reduced as the population of West Dunbartonshire continues to decline compared to the Scottish average position. There is a potential for some additional funds arising from Barnett Consequentials, however these may not be "free" funds and may be linked to Scottish Government priorities.
Risk Opportunity	- Annual exercise to identify efficiencies - Projects to implement new ways of working (e.g. digitisation, asset management) - Enhance the reputation of the Council as an organisation which manages its finances soundly

Linked Actions Code & Title	Progress	Status	Assigned To
RES/21-22/009 Report agreed savings options and management adjustments through the budgetray control process	66%		Gillian McNeilly
RES/21-22/007 Review and update the long term finance strategy	50%		Laurence Slavin

	SR 002 Failure to implement broad-ranging school improvement to raise attainment and achievement	This risk concerns the delivery of excellence and equity for our young people to support them to attain and achieve at the highest level. In particular, it is aimed at bridging the attainment gap and breaking the cycle of disadvantage. This also includes the focus on intervention at early years to improve life chances at all points on the learning journey. A key driver is the Council's participation in the Scottish Attainment Challenge which will be delivered over 4-years from 2015. Year 3 commenced in April 2017 and will bring together the workstreams to deliver a self improving school system programme.

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	12-Jan-2022	**6**		31-Mar-2022	**1**	Julie McGrogan

Potential Effect	The national expectation for education would not be delivered. Improved outcomes for young people would not be attained and achieved. The Council would fail to meet the needs of individual learners. The Service would fail to bridge the attainment gap and break the cycle of disadvantage. The Council would fail in its legal duty for the education of young people within West Dunbartonshire. There would be reputational damage to the service and the wider Council. There would be a lack of income generation from external funding sources.
Measures of Impact	Examination results - Her Majesty's Inspectors of Education inspection reports - validation reports - stakeholder feedback - local learning community attainment data - control group model - small test of change model - risk matrix model - bespoke model of intervention for young people and families at early stages to improve on attendance/lateness; social and emotional health; supports for mental health issues; parenting/behaviour management skills and early linguistic & cognitive development - pre/post intervention assessment - increased expectation of raising attainment being the responsibility of all - school to school collaboration with locally initiated bottom-up enquiry - higher level of Science Technology and Maths subject uptake in secondary schools - increased numbers of learners entering STEM related career pathways - standardised literacy and numeracy tests Evidence gathering is underway to provide robust evidence of attainment by end June. Direct comparison of latest years attainment data in 2015-19 should reflect different context of 2021
Risk Factors	Staff resources - adequate funding for projects - workforce development - effective leadership - accurate and timely data collection - accurate and timely reporting - effective communication with partners and external agencies - disrupted learning - staff absence - pupil absence - adapted model of delivery to ensure safety - limiting curriculum flexibility - learning style flexibility - impact of COVID on social and emotional wellbeing - risk to funding streams. In March 2020 children were home working remotely for 7 months. There is increased risk of targets to narrow the attainment gap and increase attainment being affected. A contingency and recovery plan are in place. Therefore, this is not severe risk. However, it is predicted that there will be some impact due to extended periods of school closure. Need to ensure that assessment is not disproportionate and becomes a burden to pupils. The ongoing disruption due to the pandemic will have an impact on attainment.
Internal Controls	Raising Attainment Strategy Project management by Senior Education Officer Raising Attainment Project Board (led by Chief Education Officer) Termly progress reports submitted as part of Educational Service committee reports Relevant Continuous Professional Development programme to support education staff Meetings between WDC and Education Scotland/Her Majesty's Inspectors of Education BGE Attainment and Performance Data Educational Services Improvement Framework Literacy, Numeracy and HWB Steering Group National Improvement Framework (NIF)

	Education Recovery Plan
Latest Note	Building on achievements made since 2015 the service is developing plans to both accelerate and embed progress in academic sessions 2021/22 and 2022/23, these plans are being reviewed to reflect the refreshed SAC programme. The key risk to ongoing progress is SG's plan for a tapered SAC funding model between 2022 to 2026.
Risk Opportunity	Improved attainment - improved attendance - reduced exclusions - reduced violent incidents - reduction requirement for targeted support over time - reduction requirement for specialist placements over time - improved learning & community engagement - children/pupils at risk identified earlier and more effectively - more empowered community providing self-sustaining peer support - increase in the percentage and range of positive destinations over time - increased access to digital learning resources

Linked Actions Code & Title	Progress	Status
ELA/21-22/DP/01 Deliver the best start in learning	67%	
ELA/21-22/DP/03 Increase attainment and positive destinations	24%	
ELA/21-22/DP/04 Review and improve support for reducing inequity	23%	
ELA/21-22/DP/05 Develop empowered leadership to provide the highest quality of learning and teaching	27%	

	SR 003 Councils Assets	Risk: That the Council's assets and facilities are not fully fit for purpose with consequent adverse impact on our ability to deliver efficient and effective services. Assets included in this assessment are; the Council's property portfolio, housing stock, roads and lighting, fleet and open space

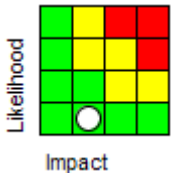
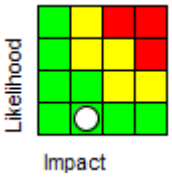
Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
Likelihood / Impact	12-Jan-2022	**4**	Likelihood / Impact	31-Mar-2022	**4**	Craig Jardine; Michelle Lynn; Gail Macfarlane; Alan Young

Potential Effect	- Assets are not utilised in the most effective and efficient manner - Service cannot be properly delivered to the satisfaction of service users - Service users seek alternative service provision -Increase in reactive maintenance costs/ demand/ volume -Council assets in poor conditions -Council assets fail to meet relevant standards
Measures of Impact	- Condition surveys - Suitability surveys - Road Condition SPI - Customer perceptions of service delivery - Investment levels in upkeep and improvement of asset base and facilities -Asset user satisfaction -Operating costs and savings
Risk Factors	Adequacy of funding available to improve asset base - Adequacy of staff resources allocated to the area of asset management - Council buildings/ assets deemed to be unfit for existing purpose - Economic conditions may reduce level of potential capital receipts from surplus property sales -Over one third of the road network is in need of repair and the current long term capital funding only sustains a steady state condition of the road network - Increased public liability claims due to poor condition of roads network - Increase public liability claims due to poor condition of footpaths and roads which are not part of our adopted network.
Internal Controls	- Corporate Asset Management Strategy (scheduled refresh in 2nd half of 2021/22 year) - Learning Estate Strategy - Capital Investment Team - Capital project meetings are carried out monthly in addition to project specific meetings. - Property Asset Management Plan - HRA Capital Investment Programme (refreshed and delivered annually) - Capital plan

	- Roads and Lighting Asset Implementation Plan - Fleet Asset Implementation - Open Space Asset Implementation Plan - Detailed asset database that shows relevant information on a property by property basis in relation to operational, non-operational and HRA properties. - Sustainability Policy - More Homes Better Home Project Board.
Latest Note	The current plan will continue into 2022/23. The new 5 year Corporate Asset Management Strategy and Property Action Plan will be developed in 2022/23 to ensure it meets the aspirations of the new Strategic Plan.
Risk Opportunity	-Enhance reputation of Council by being able to improve Council -Estate, assets and service delivery (e.g. new school buildings, operational building upgrades, office and depot rationalisation projects, housing investment programme to meet SHQS/EESSH, roads upgrade programme, vehicle replacement programme, greenspace upgrade projects) - Enhance employee "feel good" factor by providing modern office accommodation equipped with up to date IT facilities -Improved satisfaction from tenants and public building users - Secure external funding for development of assets (e.g. EC, lottery, Historic and Environment Scotland) - Prioritised Building Upgrade Plan - The continued implementation of the energy efficient street lighting project will both improve the asset and reduce costs significantly through reduced maintenance, energy consumption and carbon output. - The effect of these energy efficiencies has demonstrated that significant savings and environmental benefit can be achieved through the utilisation of developing technology.

Linked Actions Code & Title	Progress	Status	Assigned To
R&N/21-22/021 Review the composition of the vehicle fleet and ensure the conversion from the current diesel powered fleet to a low /zero CO2 emissions fleet is implemented in a planned and sustainable way (via Fleet Strategy)	60%		Kenny Lang
SD&P/2022/CAM/01 Develop and implement new Corporate Asset management plan 2021-26	75%		Craig Jardine
SD&P/2022/CAM/02 Develop and implement new Property Asset action plan	75%		Craig Jardine
SD&P/2022/HAI/01 Ensure the Council's Housing stock progresses towards the achievement of the energy efficiency standard for social housing.	80%		Alan Young
SD&P/2022/HAI/02 Deliver the HRA Capital Investment programme for 2021/22	80%		Alan Young

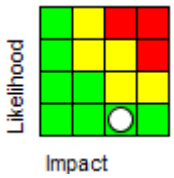
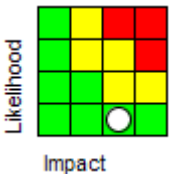
	SR 004 Information Technology	Failure to keep pace with changing technology environment during periods of austerity and supplier rather than business led change

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	07-Jan-2022	**2**		31-Mar-2022	**2**	James Gallacher; Patricia Kerr; Brian Miller

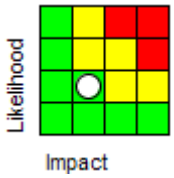
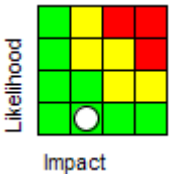
Potential Effect	A lack of consistent, sufficiently robust planning in respect of ICT arrangements is likely to result in the Council being ill prepared to meet future demands in key service areas and lacking the capacity to respond effectively to changing need.
Measures of Impact	- Degree of compliance with security controls to prevent data loss through poor o/s patching, cyber attack, firewall configurations etc - Extent of wireless connections in the Council network – all schools and refurbished Office accommodation complete - Number of ICT Help Desk calls resolved within half day - exceeding target of 35%. Target was increased. - Extent of functionality development in key Council systems (i.e. lack of development beyond base system leading to ineffective management information) – several channel shift projects delivered and more are in

	progress Workforce mgnt self service, Housing mgnt system replacement, CMIS upgraded and hosted, increased volume of web and intranet traffic, SEEMIS replacement, streamlined financial and purchasing processes, document management. - Fit for purpose Council website, delivering information and services to a significant percentage of the Council's customers. - Provide efficient desktop services to meet changing workforce flexibility and property rationalisation requirements. Thin client deployment complete in corporate estate and started in Education. 5-year Device replacement programme in place. - Implementation of mobile and flexible working, enabling a downsizing of required office accommodation through enabling people to work more efficiently and to adopt a more flexible policy towards office accommodation and desk provision. Bridge St, Aurora, CTCO, Municipal, Church St complete. - Broadband speed in the Council area - WDC has 2nd highest broadband speeds in Scotland. Investigating funding options for fibre network.
Risk Factors	Insufficient resourcing of ICT developments so that benefits and opportunities identified are not realised - poor network security controls implemented. lack of intrusion detections alerts, failure to respond to audit / PSN test findings and recommendations, insufficient resources allocated to security tasks. Service redesigned and resources aligned to security tasks and improved monitoring processes and tools implemented. Additional tools being purchased to help support remote working environment. - Poor project and programme change management arrangements. - Poor quality of mobile communication provision. - Poor uptake on channel shift
Internal Controls	- Capital programme established for technology refresh projects - Information & Communication Technology (ICT) Policy - Governance structures such as ICT Steering Board, Education ICT Steering Board, Digital Transformation Board in place to support integrated planning and decision making in relation to ICT - Use of both internal IT resources from across the Council and skilled specialist advisers in key areas - Fit for purpose data centre (with remote back up site). Shared data centre went live in Dec 2014 and replacement WDC data centre live January 2018. WDC and EDC are taking a lead role on data centre sharing across Scotland
Latest Note	Jan 2022. Council spend plans continue to include investment in technology thereby demonstrating the Council's ongoing commitment to technology solutions and improvements.
Risk Opportunity	-COVID-19 has increased the number of users and services working remotely. Several manual processes amended and driving process reviews across the Council. Opportunity to redesign infrastructure and introduce new tools to support hybrid working environments. - rapid deployment of conferencing technologies has helped drive demand and give visibility to importance and suitability of digital technologies and processes - annual network penetration tests - Annual PSN compliance audit - Annual External Audit on ICT Controls - Continued investment and Modernisation of ICT infrastructure and its focus on network security and resilience. - Provide 21st century state of the art technology for employees and service users - Rationalise IT systems - Use of innovative IT linked service delivery models to effect change - Provide Council employees with secure access to email and supporting systems at times and locations of choice Increased use of mobile devices eg tablet devices and mobile phones. - Provide self service style systems to employees and the local community

Linked Actions Code & Title	Progress	Status	Assigned To
P&T/2022/ICT/01 Support the Councils transformation and improvement projects	50%		James Gallacher; Patricia Kerr; Brian Miller
P&T/2022/ICT/02 Deliver secure and compliant infrastructure to support Council wide services	33%		James Gallacher; Patricia Kerr; Brian Miller
P&T/2022/ICT/03 Deliver process and technology improvements to the ICT service	60%		James Gallacher; Patricia Kerr; Brian Miller
WFP/P&T/21-22/05/ICT Build succession planning and explore and initiate workforce shadowing/ transfer opportunities across P&T	75%		Patricia Kerr

	SR 005 Partnerships	The Council fails to engage adequately with partnership bodies				
Current Risk Matrix	**Last Review Date**	**Current Rating**	**Target Risk Matrix**	**Target Date**	**Target Rating**	**Assigned To**
	12-Jan-2022	**3**		31-Mar-2022	**3**	Amanda Graham
Potential Effect	failure of partnership impacts on Councils obligations under Community Empowerment Act					
Measures of Impact	partnership response to COVID19 Successful delivery of LOIP and supporting plans positive partnership inspections					
Risk Factors	-COVID19 response is agency specific and leads to gaps and missed opportunities - inability to deliver improved outcomes which require strong partnership activity - Council's reputation is adversely affected through a failed partnership arrangement					
Internal Controls	- Robust partnership arrangements through community planning partnership - Align the Council's strategic plan with the Local Outcome Improvement Plan (LOIP) - Ensure that partners have signed up to deliver on the outcomes and targets set in the LOIP - Develop data sharing protocols with partner agencies - Participate in reform agenda as it impacts on Council area					
Latest Note	No change to risk assessment. Whilst the Community Planning Partnership is now being managed under a shared service agreement, it is well established with strong partnership working arrangements in place reducing likelihood of this risk being realised.					
Risk Opportunity	- Position West Dunbartonshire as a modernising Council					

Linked Actions Code & Title	Progress	Status	Assigned To
H&E/2022/CT/02 Develop a detailed Delivery Plan through consultation with CPWD and the local community to ensure the aims of the CE Strategy are deliverable.	66%		Elaine Troup
H&E/2022/CT/03 Complete the Review of the Scheme for Establishment for Community Councils	33%		Elaine Troup
CCF/2022/CO/01 Review Community Planning arrangements to create a long-term sustainable model for WDC	100%		Amanda Graham

	SR 006 Citizens and communities	The risk is that the Council does not establish or maintain positive communications with local residents and the communities it represents				
Current Risk Matrix	**Last Review Date**	**Current Rating**	**Target Risk Matrix**	**Target Date**	**Target Rating**	**Assigned To**
	12-Jan-2022	**4**		31-Mar-2022	**2**	Amanda Graham
Potential Effect	- Tensions develop with citizens and local community groups -reputational damage to council services -lack of trust in service provision					
Measures of Impact	- informed and engaged citizens participating in consultation activity - telephone survey monthly, quarterly and annual measures -increased social media engagement and reach					
Risk Factors	pace of change in response to COVID19 means services may not be communicating fully and effectively citizens may be suffering from information overwhelm and not engage in the high volume of updates being shared by services Services are having to change and update plans in response to new information - meaning it can be difficult to keep up with current position and ensure the message is shared					

	Lack of appropriate staff development / skills may be lacking to support new model of service delivery inequity of engagement across the partnership on key local issues council seen as unresponsive to community if feedback from engagement not acted upon apathy within communities leads to little or no engagement some community groups feel their voices are not being heard
Internal Controls	- Ensure robust mechanisms for public feedback (Embedding the Strategic Engagement Framework) - Annual budget consultation events - Citizens Panel - Open Forum questions at Council meetings - continue to deliver 4 issues of housing news each year - delivery of effective communications and public information through social media - use of telephone survey
Latest Note	We continue to promote and ensure strong communications and engagement through the Engaging Communities Framework. As well as gathering resident feedback, we ensure that key information is communicated through a variety of media channels including online, social media and publications such as Housing News.
Risk Opportunity	citizens are more comfortable with the digital platform as a result of the enforced cessation of face to face services - this presents an opportunity to modernise communication Community Empowerment Act participation requests asset transfer

Linked Actions Code & Title	Progress	Status	Assigned To
CCF/2122/SR/02 Produce four publications of Housing News per year	75%		Amanda Graham
CCF/2122/SR/03 Gather Citizens feedback through regular engagement channels including Citizens Panel and Telephone Survey	75%		Amanda Graham
CCF/2122/SR/01 Ensure communications are widely distributed across all channels to residents	100%		Amanda Graham

	SR 007 Health and Safety of Employees and Others	Failure to meet the Council's duty to protect the health, safety and welfare of its employees and other people who might be affected by its business, either in the provision of an effective health and safety management system or in ensuring adherence to that system as part of an embedded health and safety culture.

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
Likelihood / Impact	17-Jan-2022	**4**	Likelihood / Impact	31-Mar-2022	**4**	John Duffy; Alison McBride

Potential Effect	Risk of an employee, service user, pupil (young person)or member of the public being seriously / fatally injured by fault of the Council. There are various risks associated with the outcome: reputational risk regarding negative publicity; financial risk in terms of claims management compensation to the injured party; risk of prosecution by the HSE resulting in a fine or, , Strategic Leads/Directors / Chief Executive being subject to criminal charges.
Measures of Impact	Time and cost associated with in-house/HSE investigation. Service delivery impact in terms of injury-related absence and potentially enforced cessation of work activities. Impact of legal proceedings, in terms of costs, potential reputational damage and, worst case, risk of criminal charges.
Risk Factors	Resources, robust policies and practices, adequate H&S strategy.
Internal Controls	• Council has in place a robust H&S policy and strategy (and separate Fire Risk Management Strategy) that includes service specific health and safety plans, duties and responsibilities for Chief Officers, managers and employees. • Adequate H&S resources in place to fulfil statutory obligations in terms of the Health and Safety at Work etc. Act and the Management of Health and Safety at Work Regulations. • Embedded H&S culture that discusses H&S issues at a top level and cascades throughout the organisation through the health and safety committee system. • Monthly reports to PaMG on organisational safety performance. • Each link H&S Officer attends Chief Officer meeting to report on service safety performance •Chief Officers have H&S committees at Directorate and Corporate level.

	• Workplace inspection and audit programme. • Service risk profiling. • H&S training needs analysis for every employee group. • Toolbox talks take place at directorate level. • The Council has in place a Trade Union Health and Safety Partnership Agreement. • Council promotes health and safety training for TUs to diploma level.
Latest Note	Target Risk was reviewed and given current pandemic no change.
Risk Opportunity	Demonstrate to committees, elected members, Trade Unions, employees, the community and other external partners of robust H&S culture.

Linked Actions Code & Title	Progress	Status	Assigned To
P&T/2022/H&S/01 Embed an organisational health and safety culture though extending organisational use of Figtree and understanding of health & safety	62%		John Duffy; Anna Murray

	SR 008 Threat of Cyber-attack	Data, systems and/or infrastructure are impacted as result of security attacks which are increasing in number at a time when this threat is already placing demands on resources to deliver increased levels of security controls.

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
Likelihood / Impact	07-Jan-2022	**9**	Likelihood / Impact	31-Mar-2022	**4**	Iain Kerr

Potential Effect	• Disruption of Services impacting service delivery to citizens • Loss of Data • Staff and Citizen data loss with the potential for misuse such as identity fraud • Mis-information being delivered to the public via WDC communication channels • Potential for significant fines currently under the Data Protection Act and from May 2018 under the provisions of the General Data Protection Regulations • Reputational damage • Redirection of resources to deal with the effects of an attack and away from BAU work
Measures of Impact	• Recorded attempts from external sources to breach council cyber defences • Recorded cyber related incidents in the Cyber incident log • Quantity of breaches/incidents reported to the Information Commissioners Office • Fines levied for breaches
Risk Factors	• Inappropriate Cyber defences at the perimeter of the council networks • Inappropriate delivery of security patches to desktop and server estates • Compliance with security standards such as PSN, PCI, Public Sector Action Plan on Cyber resilience for Scotland • Continually changing threat landscape • Maintaining relevant skill sets among employee group / cost of securing expert resources
Internal Controls	• Implementation of internal Policies on Patching and hardware/software hardening and expanded during COVID to patch thin build devices remotely. • Annual PSN compliance audit including a comprehensive IT Health Check • Governance structure in place, ICT Steering Board consisting of senior management and relevant stakeholders meeting bi-monthly or as required in response to incidents/events • Programme of Internal and External ICT audits • PCI working group

	• Information Security/Data Protection forum • Multiple layers of Cyber defences • Network Segration • Rolling programme of security awareness sessions • Interagency and cross Council working groups and sharing. • National Digital Office / Scottish Government Public Sector Security programme and guidance
Latest Note	Jan 2022. Recent cyber threats coupled with attackers focus on exploiting vulnerabilities means the risk profile remains as significant however the Council has and will continue to invest in mitigating technologies (e.g. for scanning purposes) which helps to mitigate the likelihood. Monitoring and management of the ICT estate continues to be a key priority for the ICT service as well as raising awareness regarding cyber threats and user education.
Risk Opportunity	• Increase Cyber resilience and awareness for staff, members and citizens • Contribute to Scottish Government Public Sector Action Plan on Cyber resilience for Scotland • Upskill employees to address current and emerging threats • Increased employee awareness across Council

Linked Actions Code & Title	Progress	Status	Assigned To
P&T/2022/ICT/01 Support the Councils transformation and improvement projects	50%		James Gallacher; Patricia Kerr; Brian Miller
P&T/2022/ICT/02 Deliver secure and compliant infrastructure to support Council wide services	33%		James Gallacher; Patricia Kerr; Brian Miller
P&T/2022/ICT/03 Deliver process and technology improvements to the ICT service	60%		James Gallacher; Patricia Kerr; Brian Miller
WFP/P&T/21-22/04/ICT Support Digital Transformation implementation and plan through ROI, consultancy only where necessary skills not internally available	75%		Patricia Kerr
WFP/P&T/21-22/05/ICT Build succession planning and explore and initiate workforce shadowing/ transfer opportunities across P&T	75%		Patricia Kerr

	SR 009 Failure to deliver the Early Years Agenda	Timescales for delivery of 1140 hours has been revised by the SG due to the impact of COVID 19 on progress with delivery. The statutory delivery date for eligible 2 year olds and all 3 and 4 year olds has been revised to August 2021. There is no risk to West Dunbartonshire Council as the statutory entitlement was delivered by May 2021 for all eligible 2 year olds and entitlement for all 3 and 4 year olds.

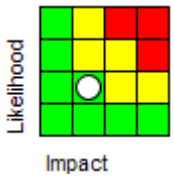
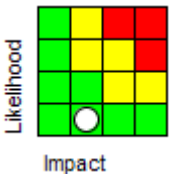
Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
Likelihood / Impact	12-Jan-2022	**3**	Likelihood / Impact	31-Mar-2022	**3**	Kathy Morrison

Potential Effect	Reputational damage Failure to meet the Scottish Governments delivery plan to increase free ELC hours Children would not receive the best start in life Failure to meet our statutory duties Partner providers may be adversely affected
Measures of Impact	Care Inspectorate standards All ELC meet the National Standard Criteria Key project milestones Scottish Government requirements

	Parental expectations Key personnel positions
Risk Factors	Maintaining level of Scottish Government investment Availability of contractors within project timescales Recruitment of suitable staffing for centres Creation of flexible delivery model Staff engagement with the Early Years Strategy Quality of communication with parents and staff Successful transition to new delivery model Impact of closure due to COVID-19 will delay some projects
Internal Controls	Reports to Education Services Committee Early Learning and Childcare Strategy 2016 - 20 Care Inspectorate Children and Young Peoples Act (S) 2014 Education Governance Board Revised implementation plan for recovery Revised DLO building programme of works for outstanding projects Early Years Implementation Board Financial reports - budget monitoring and review Inter departmental working Partnership SLA's Workforce Development Reports to Scottish Government Improvement Service
Latest Note	There are capital projects remaining in our ELC plan, specifically these are building and service improvement projects which require to meet Care Inspectorate and Environmental standards. 5 ELC were awaiting reinspection, of the 5 two have been reinspected with positive evaluations of 'GOOD' and above. Statutory consultation is planned for the end of the current school session.
Risk Opportunity	Parents and children will receive a more flexible childcare service Greater opportunities to tackle the impacts of inequalities on the very young and vulnerable children Improvement in quality assessment and moderation and interactive play-based methodologies across the Early Level Accessible provision will play a vital role in reducing the poverty related attainment gap through high quality early learning and childcare Opportunities for professional learning to meet the standard required

Linked Actions Code & Title	Progress	Status	Assigned To
CCF/2022/FM/03 Undertake planning, recruitment and procurement in readiness for expansion of Free School Meals to primary school pupils in P4-P7	20%		Lynda Dinnie
CCF/2022/FM/02 Provide FM support to Early Years 1140 Expansion programme	100%		Lynda Dinnie

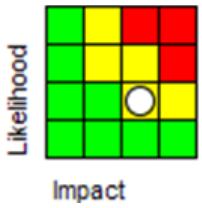
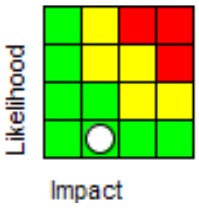
	SR 010 Ensure an appropriately resourced workforce.	Failure to ensure that there is an appropriately resourced workforce in place to meet future organisational needs, either in effectively executing the Council's 2017-22 Workforce Plan, or in ensuring that the Plan is adapted over time if and when earlier assumed circumstances change.

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	12-Jan-2022	**4**		31-Mar-2022	**2**	Alison McBride
Potential Effect	- Low staff morale - Inability to deliver services effectively - Reduced level of service - Lack of improvement or increase in staff absences - Council underachieves as an organisation - Employee conflict					

Measures of Impact	- Access to and participation of employees in learning and development activities - Absence rate and trends - Employee turnover - Grievance, discipline and other monitoring information - Employee survey results and associated actions - Reports from external scrutiny bodies and award bodies - Benchmarking with appropriate comparators
Risk Factors	- Lack of appropriate development / shortage of skills may pose a risk to new models of service delivery - Lack of capability to deliver - Workforce unable to adapt to change
Internal Controls	- HR processes designed to meet service delivery needs - Develop new structures to reflect strategic priorities and aligned to Future Operation Model (FOM) - Align workforce plan to the Council's strategic planning processes (i.e. have the right people available at the right time with the right skills to fulfil properly all of the Council's strategic priorities) - Periodic review of pay arrangements in accordance with EHRC guidance (currently every 3 years) - Incorporation of succession planning into workforce planning framework - Identify training programmes to reskill staff as identified by training needs analysis - Effective use of SWITCH to support alternative careers - Flexible HR policies, in particular recruitment & selection, learning & development (including elearning), continuous improvement / development flexible working, attendance management, employee wellbeing related polices - Effective use of Occupational Health Service - Robust Be the Best Conversations process - Effective leadership and management behaviours and practice
Latest Note	Workforce planning has developed well alongside service delivery planning. This has been supported by better use of data in this area to inform decision making via the use of the console. New ACAS guidance (issued July 17) Return to Work and Hybrid Working reinforces the work WDC have undertaken to date, particularly around the workstyle exercise, employee consultation, remote working guidance, planned/ phased return and variations to contracts which all see WDC well placed in supporting the workforce. Further work to develop the approach to working flexibly has commenced. Despite a robust package of wellbeing resources being available, absence levels are starting to rise, with stress and MSK absences prevalent. WDC continue to provide additional access to counselling. Development course for mid to senior leaders has commenced in January 2022. Trickle rollout has now been completed for the whole of the organisation and will be used for employee feedback and engagement. There will be a launch of the Trade Union Learning Agreement which encourages all employees to participate in regular learning and development. WDC Fit for Future programme continues to support services.
Risk Opportunity	- Identity previously unknown skills and talents in the workforce - Realise the potential of staff

Linked Actions Code & Title	**Progress**	**Status**	**Assigned To**
P&T/2022/OD/01 Build workforce skills and support for the future across all services through innovative development programmes and bespoke interventions	20%		Lorraine Mair
P&T/2022/SHR/01 Embed good people practice through a focus on employee well-being, sound policies and workforce planning	60%		Louise Hastings; Alison McBride

	SR 011 EU Exit	The Council has continued to proactively prepare for EU Exit, working alongside key partners and officers. Overtime, there may be service disruption, finance pressure, economic impacts. Since the UK left the EU, there has been no significant or noted impact of EU Exit in West Dunbartonshire. The emergence of the Omicron variant of Covid-19 has placed concurrent pressures on services, however these and challenges continue to be effectively managed through the Resilience Groups.

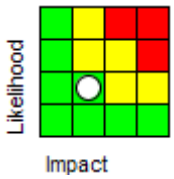
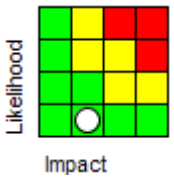
Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	19-Jan-2022	**6**		31-Mar-2022	**2**	Operational Resilience Group

Potential Effect	West Dunbartonshire Council has reviewed the risks on a regular basis taking particular attention of any local risks ensuring mitigating actions were put in place to minimise any local impact. Local impacts are yet to be realised however they are still being monitored through the EU Exit Assurance Action Plans (Council & HSCP). These continue to be live documents which are regularly reported to Audit Committee and Corporate Services Committee. For further information on the potential effect please refer to WD HSCP EU Exit Assurance Plan & WDC EU Exit Action Plan.
Measures of Impact	The measure of impact is detailed in both EU Exit Assurance Plans
Risk Factors	Financial Workforce Goods, services & supply chains Community Regulation Insurance Education Global Pandemic
Internal Controls	All internal controls are managed through both EU Exit Assurance Action Plans. In addition, the Council's Resilience Groups continue to work with the Civil Contingencies Service (CCS) to act as the main driver to support and monitor the new Trade and Cooperation agreement. The Civil Contingencies Officer participates in EU Exit calls hosted by COSLA and working with other LAs to address any issues and raise concerns to Scottish Government. However, COSLA have reduced the frequency of their meetings. Additionally, the emergence of the Omicron variant of Covid has resulted in a greater focus on managing the impacts associated specifically from the ongoing pandemic. The Civil Contingencies Officer crossed referred both plans with the updated UK Planning Assumptions of reasonable worst-case scenarios and is a live document allowing officers to update their respective fields if and when required.
Latest Note	The rating of 6 is retained from the previous assessment. It remains challenging to 'unpick' direct EU Exit impacts from those resultant from the Covid pandemic. Additionally, staggered changes to the UK Border Model from 1st January 2022 presents potential additional impacts on supply chains while affected industry sectors adapt.

Linked Actions Code & Title	Progress	Status	Assigned To
SR011-10 Workforce Planning	100%	✓	Victoria Rogers
SR011-2 Regeneration	100%	✓	Peter Hessett
SR011-3 Procurement	100%	✓	Annabel Travers
SR011-4 Legal & Evironmental Health	100%	✓	Peter Hessett
SR011-5 P&T impact of EU nationals employed by WDC	100%	✓	Victoria Rogers
SR011-7 Communications	100%	✓	Amanda Graham

SR011-8 Resilience	100%		Victoria Rogers
SR011-9 Education	100%		Laura Mason

	SR 012 Pandemic (COVID)	The Council is faced with significant ongoing demands with disruption to service delivery, increasing PPE and workforce pressures as a result of Covid 19 and subsequent local and national outbreaks. This involves both responding to the crisis and from services returning to a new normality based on Response, Recovery and Renew guidance produced by Scottish and National Government. NB. Financial risk is also reflected in SR001

Current Risk Matrix	Last Review Date	Current Rating	Target Risk Matrix	Target Date	Target Rating	Assigned To
	29-Jan-2022	**4**		31-Mar-2022	**2**	John Duffy; Alison McBride

Potential Effect	Reduced service delivery, disruption to service provision, demand for increased workforce in many areas, increased financial pressures and difficulty in responding effectively to demands from employees, Trade Unions and the wider public.
Measures of Impact	Reduction in government funding Reduction in revenue and income Service reductions or closures/reducing quality/limiting quantity Reduction in WDC/WDLT workforce Increased debt owed to the Council Reputational damage to WDLT and Council due to reduced delivery/quality of services
Risk Factors	Levels of government funding for COVID 19 Second wave of COVID-19 Local outbreaks, non compliance resulting in further restrictions or local lockdown Workforce reduction/absence/recruitment difficulties/wellbeing impacted/additional PPE requirements/difficulty with supply chain/increased costs Concerns from Elected Members/employees/Trade Unions about provision/ safety of service/facilities Additional hardware/software to cope with prolonged remote working Significant additional burden in Capital receipts
Internal Controls	10 year Financial Strategy as referred within SR001 Powers delegated to council officers to speed up critical decision making during pandemic Business continuity plans – organisational and service specific SRG/SRRG established as a key decision-making body guided by strategic council aims. Decisions noted and reported periodically to full Council. Regular sharing of information and guidance to officers and managers in relation to COVID-19 via exception reporting and situation (SITREP) reporting to ORG/SRG ORG established as an operational delivery body to ensure consistent messages and SRG decisions implemented, governance and compliance managed via SRRG. Dedicated Intranet page established; acting as a vehicle for sharing current information and best practice. WDC officers/councillors are actively participating in national forums to update SG as to WDC's position and stay updated on national advice Regular Workforce updates issued to ensure clarity of message and provide clear advice WDC/WDLT management to undertake reviews to find efficiencies to reduce costs and improve sustainability opportunities for savings and greater sustainability. Additional forums for collective consultation and information sharing established with trade unions.
Latest Note	Covid booster programme is progressing well in WDC. There has been significant disruption due to Omicron however, it seems indications are the direction of travel is cautiously positive. Whilst WDC have experienced some employee absence due to Omicron, services have been maintained. Schools are open, restrictions are easing and isolation periods reduced with rules around self-isolation of household contacts having eased (providing negative LFTs). Risk assessments have been reviewed and employees are encouraged to complete regular LFTs. Offices re-opened, although SG guidance around Omicron enforced return to home-working. Plans to re-open are due to commence at the end of January. In light of the above the risk rating has reduced from 6 to 4. Whilst any further outbreaks would have an

	impact, WDC resilience plans are well established.		
Risk Opportunity	Enhance reputation of Council by being able to provide confidence clear guidance and supports Continue to build on digital service delivery via Digital Board plans. Continue with estate, assets and service delivery Enhance employees "feeling valued" by providing good conditions, wellbeing opportunities and supports Secure external funding for assisting in the delivery of council aims		
Sub-Risks Description	**Sub-Risks Measures of Impact/Internal Controls**	**Sub-Risks Traffic Light Icon**	**Sub-Risks Managed By**
Workforce	**The Council is faced with significant workforce demands in relation to absence, reduction, recruitment and wellbeing.** Employees' absence as a result of self-isolation, infection or caring requirements. Workforce reductions - due to insufficient funding, employees leaving due to caring requirements and anxiety. Recruitment issues caused by insufficient funding, demand in certain areas and skills. Wellbeing with employees working for an extended period at home, mental health, DSE and ongoing supports. Business Continuity Plans reflect employees' absences of up to 30% in determining how critical services will be delivered such diverting non critical roles to support key roles. Volunteer process in place to allow managers to apply for support and have volunteers identified and matched. To reduce the loss of key worker the council have promoted flexible working arrangements, providing childcare facilities and access to health supports. National and Government schemes accessed such as DWP Kickstart to supplement and support the local vaccination centres. West Dunbartonshire has been very receptive to the vaccine programme with high uptake across most age cohorts. This means the majority of West Dunbartonshire constituents have been vaccinated which helps build immunity, reduced the risk of developing coronavirus and makes symptoms milder. Wellbeing strategy in place with a focus on Mental Health supports, OH provider has delivered bespoke supports and i-learn has been expanded to support additional needs of the workforce. Significant internal demand on OH supports increasing costs substantially – little evidence of use of national supports for social care workers. New ACAS guidance (issued July 17) Return to Work and Hybrid Working reinforces the value and innovative approaches undertaken to date, particularly around the workstyle exercise, employee consultation, remote working guidance, planned/ phased return and variations to contracts which mean we are well placed for these changes. Numbers of employees absent due to Covid and/or isolating is reducing. Plans are now progressing with offices re-opening at the end of January with all offices planning to be opened by end of February.		All relevant managers/ORG members
Service Delivery	**The Council is faced with significant delivery demands in relation to moving services online, disruption, reduction and quality.** Services are disrupted as a result of employee's absence, increased demand or lack of equipment/supplies. Reduction & quality are impacted due to insufficient funding leading to reduced numbers of employees and impacting on quality-of-service delivery. The Council have moved where possible to meet the needs of citizens via a more digital delivery method. Transformation projects will be reviewed in light of the developments made in this area. Business Continuity Plans identify critical activities and the minimum resources required to deliver critical activities – these were updated within the last 12 months. Employees are being supported at home with the correct equipment (DSE),ensuring employees take time off, receive regular breaks and		All relevant managers/ORG members

	other supports such as BTB conversations. Absence levels are now improving in relation to Covid/isolating and all services have been maintained throughout.		
Protection	**The Council is faced with significant demands for protection in relation to additional and constant changing legislation and guidelines, PPE requirements, supply chain, cost of PPE and ensuring workforce safety.** WDC officers are actively participating in national forums to stay updated on national advice and ensure this is cascaded council wide. Officers from across the organisation review the SG COVID website daily to capture any changes. PPE demands continue and supply chain issues could impact upon our ability to purchase key equipment or resources, or affect any areas where we are reliant on a contractor. Business Continuity Plans consider supplier dependencies, including potential alternative suppliers. WDC have an established Risk assessment process to ensure safe practices for work. Lateral flow tests are available to WDC employees to ensure regular testing and distributed alongside PPE.		All relevant managers/ORG members
Public uncertainty	**The Council is faced with significant demands around public uncertainty and leads to additional burdens upon services, seeking information, advice and support.** Council continue to work with key stakeholders and citizens to ensure clarity of information as services recommence, ensuring this is shared with members of the public via social media/Council website, alongside FAQs being made available where necessary. Information on updated Government advice is distributed through these channels regularly, and as soon as possible after Govt announcements, Requests made via the contact centre to reduce burden on services. Both symptomatic and asymptomatic testing has been undertaken across WDC. Messaging has been clear and a drive to ensure services review their digital presence is underway. Plans are progressing to open buildings for Phase 1&2 early Feb, with the remainder opening at the end of Feb, with a plan to reopen to public following this.		All relevant managers/ORG members

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

West Dunbartonshire HSCP
EU- Exit Assurance Action Plan – Updated January 2022

Background: The themes of Issues/Risks identified below are based on the updated UK and Scottish Planning assumptions (September 2020). On the 31st December 2020, the Transition Period concluding EU Law jurisdiction in the UK and access to the EU Single Market ended. The new relationship is now defined by the EU-UK Trade and Cooperation Agreement (TCA).

The undernoted risks were identified and mitigating action was put in place to minimise any disruption. The Civil Contingencies Officer reached out to the contributing officers in the middle of July (2021) to determine if there were any concerns as a result of the UK departure from the EU. At this time, the risks and mitigating actions remain unchanged. The document will remain live and will be regularly reviewed and updated, if required.

Contributing Officers: Mark Harris, Civil Contingencies Officer (CCS); Lynda Dinnie, Facilities Manager; Audrey Slater, Head of People and Change (HSCP); Julie Slavin, Chief Financial Officer (HSCP); Sylvia Chatfield, Head of Mental Health, Learning Disability and Addictions,

Travel, Freight & Borders – Mark Harris – January 2022			
Broad Risk	**WD HSCP Impact**	**Action/Mitigation**	**Comments Updated – Mark Harris**
Transport	- Key medicines/equipment and PPE may be delayed.	Continue the positive dialogue with GPs and Pharmaceutical colleagues that have been in place. Ongoing talks to Government and NHS about how EU Exit might affect medicine supplies, equipment and PPE in the short medium and long term. A Serious Short Protocol would be introduced in the case of a serious shortage and is only one tool that can be used to manage shortages. The Gov't has well established processes for managing shortages in collaboration with manufacturers and suppliers, clinicians, NHS and the Medicines and Healthcare Products Regulatory Agency,	We will continue to liaise with NHS colleagues to obtain early notification of issues nationally and monitor. The formation of a senior Pharmacy Incident Response Team has been identified to address urgent and emerging issues with medicines supply. There have been no issues locally.

Disruption to Service – Mark Harris, Lynda Dinnie, Julie Slavin - January 2022			
Broad Risk	**WD HSCP Impact**	**Action/Mitigation**	**Comments Update - Mark Harris, Lynda Dinnie, Julie Slavin**
Reduction, delay or stoppage in supply of medicines and medical supplies specially, radiopharmaceuticals, blood products, medical devices and clinical consumables. It is anticipated that any disruption will occur during the first three months after the end of the transition period.	- While this issue is being coordinated nationally by the NHS, there is potential impact on Care Homes, Care at Home and Healthcare - A shortage of some medicines were been reported but not necessarily attributable to EU-Exit.	Continue the positive dialogue with GPs and Pharmaceutical colleagues that have been in place. Pharmacy teams are constantly reviewing and updating local processes for managing medicine shortages. Incontinence Care products are hosted across Glasgow Greater and Clyde (GGC) so any additional cost would be picked up by the host. Hand Hygiene Products – Care Homes and Home Care Teams estimate that 6K per month is spent on aprons, bibs and gloves, pressure care products and protective clothing. PPE should be procured through BAU routes however, NSS Hub arrangements was extended until June 2021 then the Memorandum of Understand was extended until March next year. As a result of Covid-19 costs have inflated due to COVID-19 and the need for additional PPE.	NHS have nationally provided updates as follows: Pharmacy team have reviewed & updated local processes for managing medicines shortages including assessing whether additional people resource is required. Medicines – no significant supply issues identified for the last 6 months or so. Any price increases have been mainly attributed to the pandemic and covered by SG Covid funding; SG has established a Scottish Medicine Shortage Response Group which will review evidence and intelligence, recommend action, and instigate escalation to the UK Medicines Shortage Group, of which SG is a member. The supply of PPE is stable and stock regularly replenished through supplies from NSS to local hubs. This arrangement is in place until the end of March 2022 and discussions are ongoing on possible extension until Sept 2022.

Reduction of Clinical Consumables	- Insufficient Incontinence Care Products, Hand Hygiene Products, Aprons, Bibs gloves, moving handling products etc	Moving and Handling products – this type of equipment is purchased through Equipu contracts – Glasgow are the lead host authority therefore would be responsible for any additional costs. There was a reduction in activity due to COVID-19 restrictions and backlog in assessments.	
Certain types of fresh food supply may decrease / prices of certain foods may increase	- Potential additional costs for services that purchase / supply food - Impacts on food provision at care homes and children homes. Possible food increase of 15% to 20% due to tariff changes, sterling depreciation and border disruption.		Facilities Services continue to maintain a very limited stock of tinned and dried food that is maintained year round, in case of single premise emergencies – while this is not EU Exit specific, it could be utilised in the event of a localised issue being experienced. It has recently been suggested that Care Homes and children's houses should hold their own emergency stock items. School Food Legislation is very strict and the types of products which Facilities Services hold are unlikely to benefit in the HSCP setting. WDC has continued to monitor this and in line with Govt and CoSLA recommendations, there is no intention to stockpile beyond this contingency as storage capacity and freezer space prohibits this. In addition, if we started to see local shortages catering managers and cooks have their own procurement cards, which they presently use to purchase provisions via Scot Exel Suppliers however, the cards can also be used elsewhere if necessary. Overall, no significant issues identified with supply, in particular around Aids and Adaptations procured through the Equipu contract;

Care Home Closures	- Commissioned care being handed back to HSCPs	Central Procurement contacted all external providers of care services – Care homes, Home Care and Supporting Living to complete a template, which covered workforce and supply chain. Surveys were also sent to Care homes to review their EU-Exit preparedness.	The response was only around 20%. However, those who did reply did not highlight any immediate risks to workforce, as those employed are mainly British Nationals. Although, concern about the availability of fresh food and medicines was highlighted. The most immediate risk to external care home providers is related to the impacts of Covid-19 on reduced occupancy levels and staff absence. This is monitored on a daily basis and HSCP support provided where appropriate and regular sustainability payments have been made (in line with CoSLA guidance) since October 2020.
Workforce – Audrey Slater HR Lead HSCP – January 2022			
Broad Risk	**WDC HSCP Impact**	**Action/Mitigation**	**Comments**
Loss of employees – both highly skilled and lower skilled / entry level	- Impact on Care for People. Agency Employees - Potential risk if contracts are subcontracted companies employing EU nations - Increased pressure on unpaid carers - Potential Failures of external providers delivering Care at Home due to employees shortages - The impact of EU withdrawal may result in a loss of skilled labour in key sectors. Whilst construction is one obvious	Signposting of key information / support in relation to EU Workers within the Council https://www.gov.scot/brexit/ .	**90% of Care at Home** is delivered by Council Workforce with **no immediate concerns** around EU Nationals as this is predominately comprised of local residents who are UK citizen. In addition, WDC does not have reliable figures for the numbers of EU nationals living and working in West Dunbartonshire. WD HSCP has deemed this risk as **LOW.** The Council itself invests in apprenticeships training and works closely with local colleges to increase the number of apprenticeships in specific areas of predicted demand. However, these actions will not be of sufficient scale and will not address short-term shocks to labour supply. There was an initial concern around the loss of EU workers driving up demand for labour, and the current labour pool in the City Region cannot easily and

	area of risk where skilled labour is already tight, West Dunbartonshire also has a significant Healthcare workforce in the Golden Jubilee Hospital which is due to expand as an NHS centre of excellence.		quickly replace these people. As a consequence there could have been pressures on the supply and cost of skilled and indeed unskilled labour. This is currently **low** but could rise in years to come. At this time, there has been no local workforce issues. Based on extrapolation from the work of the Fraser of Allander there could be between 2000 to 4000 EU nationals living in West Dunbartonshire, However, it is considered that this figure is **unlikely** to be representative of WD area. It is more likely that the majority of them are employed/reside elsewhere in the City Region. Overall, **no significant issues** identified regarding EU nationals leaving either internal or external social care services. However the concurrent impact of Covid self isolation and managing outbreaks continues to be a challenge around Delayed Discharge etc but Scottish Government have recognised this and additional funding has been provided to support this now and recurrently in the next financial year.
Concurrent Risks – Julie Slavin and Mark Harris – January 2022			
Broad Risk	**WD HSCP Impact**	**Action/Mitigation**	**Comments**
Seasonal Flu	- If there is an impact on the procurement to the flu vaccination this could have impact on the well-being of our most vulnerable in society	Continued engagement with Scottish Government Health Resilience Unit, NHS Boards and Health and Social Care Partnerships.	**<u>Seasonal Vaccination Programme</u>** Vaccines for the Seasonal Programme as procured by NHS Scotland National Procurement. This year's flu vaccine programme began in September 2021 There are no concerns around the delivery of the vaccine as a result of EU Exit. Joint partnership working ensured

			the combined vaccination programmes continue to be delivered successfully. The Covid-19 Booster and Seasonal Flu Programme has been delivered in conjunction with WDC colleagues.
Disruptive Weather Global Pandemic (COVID 19)	- Potential for unprecedented weather conditions which leads to reduction of employees, putting pressures on services to deliver - The ability to respond to two concurrent issues ensuring our workforce remain safe and well. - The residents of WDC becoming unwell putting additional pressure on NHS GGC and local care at home teams.	Business Continuity Plans in place. Resilience Structures continue to be in place for COVID-19 and can flex accordingly.	Regular weather monitoring in place by CCS and Roads Service. Plans are in place to respond to more severe instances of disruptive weather, while it is expected that key learning from Storm Arwen, particularly affecting North East Scotland / the Borders will be important in understanding the impacts and where the response could be improved for future incidents. West Dunbartonshire HSCP has flexed and adapted its resources to account for the impacts experienced e.g. workforce availability affected by positive cases / self-isolation requirements throughout the emergence of the Omicron variant of Covid 19. Essential services have been prioritised and daily monitoring has facilitated effective planning and response in the locality.
Other Impacts – Julie Slavin Finance Lead HSCP – January 2022			
Broad Risk	**WD HSCP Impact**	**Action/Mitigation**	**Comments**
Significant impact on support for older/disabled people/those with mental health issues	- In the early stages of EU Exit preparedness, it was recognised that older people that do not require any services from the HSCP may require additional support if there were	Continue to monitor	The short supply of certain anti-depressants has stabilised, although the price remains above previous year's rates. Over the last year and a half, we have seen how quickly the HSCP responded to the pandemic and how

	medicine or food shortages that may affect their wellbeing and subsequently require support from HSCP. The same could also be said from those with addictions and mental health issues -*Supplies have stabilised.		quickly services mobilised to provide support remotely or face to face after appropriate risk assessment. There are also new pathways into mental health and addiction services funded by the Scottish Government through Local Mobilisation Plans.
Increase in unscheduled care and delayed discharge		Continue to monitor (at present no issues as a result of EU Exit)	For those who are not known/open to services at this stage referrals through the "Duty Team" allow access to HSCP services/support. This promotes the positive dialogue with GPs and Pharmaceutical colleagues.
Social care providers willing but unable to meet requirements		Continue to monitor (at present no issues as a result of EU Exit)	PPE requirements are met through regular deliveries by NSS to local HSCP hubs. Section 12 payments continue to be used to support families in distress and this includes support for food costs and other essentials. No notable variation in need or demand to date and this continues to be monitored by finance and social work managers.
Children and families Social Work Section 12 payment	- Overtime we may see an increase due to increase food costs and inflation putting pressure on HSCP to fund those falling below the breadline.	Continue to monitor (at present no issues as a result of EU Exit)	Locally there has been no impact on the most vulnerable as a result of EU Exit. Given the sensitive nature of this risk the HSCP will continue to actively monitor and escalate any concerns.
Adult Social Care - consider loss or shortage of workers who provide routine services	The impact on the adult social care workforce is expected to be minimal in West Dunbartonshire, as this workforce is predominantly comprised of local residents who are UK citizens. No impact at this time.	Continue to monitor. Transferring employees within the HSCP who have received appropriate training to pressure points. This is not as a result of EU Exit.	Risk low – currently no impact, however the impact of Covid self-isolation and managing outbreaks continues to be a challenge

Business Continuity – Mark Harris – January 2022			
Broad risk	**WD Impact(s)**	**Action**	**Comments**
Assess impact of EU-Exit on Business Continuity Plans	Potential disruption to services - Food - Medicines - Employees	A review of the Council and HSCP will be undertaken this year taking cognisance of the lessons learned from COVID-19. Continued engagement with CoSLA and Scottish Government. Civil Contingencies Officer (CCO) continues to dial into COSLA teleconferences Resilience Structures in place: Local Response Management Team (LRMT), Strategic Resilience Group (SRG), Operational Resilience Group (ORG) and Resilience Group (RG).	Business Continuity planning remains an operational focus. Any changes will be reflected into the respective Business Continuity Plans. The scheduled review of Business Continuity Plans at a corporate-wide level has been paused to account for the prioritisation of response to Covid and concurrent risks – this remains a high priority and is expected to be a key consideration in 2022. . COSLA Leaders' Meeting to consider key issues and emergent challenges is taking place at the end of January 2022. A meeting of the COSLA EU Exit Group took place on 21st January 2022 key points / emerging risks are summarised for information in the WDC / WD HSCP Action Plan updates. Key groups continue to meet regularly to consider key risks from a strategic, managerial and operational perspective.

West Dunbartonshire Council
EU- Exit Assurance Action Plan – Updated January 2022

Background: The themes of Issues/Risks identified below are based on the updated UK and Scottish Planning assumptions (September 2020). On the 31st December 2020, the Transition Period concluding EU Law jurisdiction in the UK and access to the EU Single Market ended. The new relationship is now defined by the EU-UK Trade and Cooperation Agreement (TCA).

The undernoted risks were identified, and mitigating action was put in place to minimise any disruption. The document will remain live and will be regularly reviewed and updated, if required.

Contributing Officers – Mark Harris, Civil Contingencies Officer; Stella Kinloch, Section Head Transactional Services & Finance Service Centre; Derek McLean, Procurement Business Partner; Cameron Taylor, WDLT Health and Safety Co-ordinator; Stephen Brooks, Working4U Manager; Kenny Lang, Joint Services Fleet and Waste Manager; Lynda Dinnie, Facilities Manager; Alison McBride, Strategic People and Change Manager Patricia Kerr, ICT Manager and Michael McGuinness, Economic Development Manager.

Border Disruption –Stella Kinloch and Mark Harris – January 2022		
Broad Risk	**Action**	**Comments**
Congestion at sea ports & airports through delayed processes with potential impacts to: - Ports / Airports - Warehouse distribution centres - Motorway / Trunk Road network - Rail Network	- Funding case to Scottish Government has been submitted through COSLA for LA Environmental Health resources nationally to support the delivery of services related to hub export sites and imports through Border Control Posts and in-land check points. Resource allocation will depend on the need to engage in food import controls and / or enhanced export certification work to support the Scottish food sector. Food Standards Scotland are assisting with resource for export hub	WDC EH Team continues to be linked in through the Scottish Food Enforcement Liaison Committee to work with groups looking at EU Exit implications. While the position is being led nationally, by DEFRA. The risk-based system developed by the Scottish Food Enforcement Liaison Committee has been accepted for use on a UK basis. Continued linkages to the various groups involved (including APHA, Scottish Government, Food Standards Scotland and Food Authorities (Local Authorities) and Port Health Working Groups (Imports and Exports). Scottish Government is aware of potential bottlenecks in the delivery of the system, with Local Authorities potentially having to resource hubs for delivery of the system. Food Standards Scotland has recruited temporary staff to assist with delivery at hubs. This is being monitored. Through a change in the EH undergraduate education system, funded training (placement) for trainee Environmental Health Officers is now available to LAs. EH have engaged with the new undergraduate scheme and a trainee EH was expected to start in September 2021. **Further customs controls became effective from 1st January 2022 and to be introduced on a phased basis throughout 2022 present further challenges. Further information:** **https://www.gov.uk/government/news/less-than-a-month-until-full-customs-controls-are-introduced**

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Border Disruption –Stella Kinloch and Mark Harris – January 2022		
Broad Risk	**Action**	**Comments**
	delivery and LA mutual aid provision is a consideration - Requirement to directly deliver controls or the requirement to assist other food authorities in these matters (Regional / National Hubs for food export certification or port health controls for food import) - Signposting of Scottish Government EU Exit website providing information on passports / personal travel https://www.gov.scot/brexit/	The likelihood of WDC becoming a port authority for food is still **unknown**. The demand for an establishment of an export hub(s) in WDC also still **unknown**. From 1st July 2022 further checks will be required on: requirements for full safety and security declarations for all imports, new requirements for Export Health Certificates, requirements for Phytosanitary (relating to, or measures for control of plant diseases) Certificates and physical checks on sanitary and phytosanitary goods at Border Control Posts. **A key issue concerns ongoing discussions around who will lead on official controls. A Governmental paper is expected on this by late January 2022 offering a proposal on border control posts. Potential that APHA takes this role from LA Env Health or potentially a hybrid (mutual delivery) model - TBC and critical for us to know.** Information on DPEs and BIPs related to the EU are given here along with a Brexit reference. https://ec.europa.eu/food/safety/official_controls/legislation/imports/animal_en https://ec.europa.eu/food/safety/official_controls/legislation/imports/non-animal_en https://ec.europa.eu/food/animals/vet-border-control/bip_en There is a continuing risk across the whole of the UK regarding the distribution of goods due to a shortage of HGV drivers. However, this is not strictly the result of EU Exit as COVID has played a part in the shortfall. The result being delays in deliveries of products including clothing and food. Officials at the Department of Transport are in discussion with the haulage industry to tackle the crisis. One suggestion is to offer a fast-track licensing process to encourage people to come forward to help ahead of the winter months.
Return of UK Nationals, currently in residence within other EU countries.	- Consider remit and membership of previous multi-disciplinary Syrian	Existing arrangements for the impact areas are in place and could cope with the numbers returning to local area. At this time, there is no indication that this poses a risk to WDC.

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Border Disruption –Stella Kinloch and Mark Harris – January 2022		
Broad Risk	**Action**	**Comments**
	Refugee working group – as risks are similar.	

Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
Reduction, delay or stoppage in supply of medicines and medical supplies.			Please see bespoke HSCP Action Plan.
Reduction, delay or stoppage in movement, holding of animals and supply of veterinary medicines / supplies	-Concerns with regards to livestock welfare and disposal	Continued engagement with APHA and DEFRA	APHA and DEFRA look after the animal movements and it is under vet control for medicines etc. for farm animals. This continues to be monitored. No impact locally.
Reduction, delay or stoppage in supplies of other consumables	- Impacts on capital or infrastructure projects, e.g. new school at Renton - Impacts on other services provided through other nations, e.g. software - Impact to Chemicals (Leisure Trust) - Impact to construction industry due to import of raw	Services to consider supply and projects in line with significant assurance work carried out by Procurement. Supply, etc, which is continually monitored. Continued engagement with Facilities Manager re school and care home provisions. **Refer to Broad Risk**: *Certain types of fresh food may decrease /prices of certain foods many increase*	Considerable work carried out by Scotland Excel to provide assurances. The Corporate Procurement Unit (CPU) sent out a supplier / provider questionnaire however, of the suppliers / providers that did respond, those responses were generic. The CPU also sent out questionnaires to the Council's service areas to ascertain contingency plans should a supplier / provider not meet the specification / delivery due to Brexit. Several WDC projects are seeing a potential link between construction price inflation, rarity of materials and EU exit. Covid-19 is also a potential factor and there is anecdotal evidence from contractors that there is a bigger pull in the EU as a single market, for the materials that are there. This is having serious implications for affordability and it is current. These price increases are being closely tracked by WDC and other partners. Although, the direct impact to West Dunbartonshire cannot be measured at this time it is recognised that there will be an inclusive impact due to it being a UK wide issue

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Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
	material and construction products - Polyaluminium Chloride (PAC) – supplier: Brenntag UK -Calcium Hypochlorite (HTH) – supplier: Brenntag UK -Carbon Dioxide – supplier: Air Products UK	Check on existing and future contracts in terms of where the risk lies. (service led) Continued engagement with supply chain for critical contracts to ensure early visibility of import issues WD Leisure continuing to monitor WD Leisure continuing to monitor WD Leisure continuing to monitor	**Emerging risk – Establishment of the UK Safety Mark (UKCA) from January 2023** – within the UK, the 'CE' Marking (EU-wide) is applied for consumer goods - would also affect such areas as construction products. Standards are expected to be similar but will inevitably be a degree of divergence. For businesses supplying goods, need to work to new system and WDC will have a role in regulation and enforcement. Further information: https://www.gov.uk/guidance/using-the-ukca-marking#history Late supply and resource issues may result in the Renton Campus Project not being delivered on time. National groups are indicating that a 5% uplift in new tender prices being returned with no signs of the market settling down. Availability of raw materials, supply chain resources and deliveries from Europe continue to be subject to uncertainty. REG and Legal have checked existing and future contracts in terms of where the risk lies and mitigate where possible. THE CPU will continue to monitor the supply chain and liaise with suppliers to ensure minimal disruption. Scottish Water / UK Water Suppliers have provided written assurance that their supply will be maintained. Hydrochloric acid is one of the main components of PAC. It has been advised that Scottish Water will be prioritised if shortages become critical. WD Leisure has now discontinued its CO2 contract and solely uses sodium bisulphate for pH control. No disruption to supply is anticipated.

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Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
Impact upon low income groups as a result of lack of supply of foods or price increase of fuel, food, etc	- Potential welfare requirements (including Welfare Fund) enhanced - Potential impacts upon foodbank/food provision capacity	Engagement with Working 4U/Communities Teams to gauge how foodbanks may be affected / can be linked in with Consideration on messaging with regards to the type of supplies foodbanks need Consider the level of social welfare funding available against potential need (W4U - include consideration of fuel poverty) Continued engagement with local food banks	Continued risk of additional costs due to welfare needs of the public. While not exclusively attributable to EU exit, cost of living increases and inflationary pressures in the UK are increasingly apparent and would be expected to impact lower-income groups WDC has continued to provide funding to support two local foodbank charities. The food banks have built strong a relationship with the Council. As such, this will enable regular monitoring of potential impacts or shortages and allow concerns to be raised using appropriate and recognised channels. Regular campaigns to encourage donations to West Dunbartonshire Community Foodbanks is ongoing. Activity on the Intranet to encourage officers to donate and highlighting thanks for those who have donated to keep the project relevant. Foodbanks continue to have **sufficient** stock supplies and money to purchase stock if it was to run low. They have highlighted that their social media campaigns have typically led to upsurge in donations, which continues to be the case. The group has contact with the Communities Team with regards community budgeting grants. Working 4U liaise with local organisations (foodbanks and third sector organisations) providing access to low cost cafes and support for 'food on a budget' for people with limited resources. The aim is to work with key organisations to develop an action plan that will include action to: • Raise awareness of the need for services; • promote availability of food and services; • maintain/increase supplies of food and donations to the organisations (from individuals, local business, public and third sector organisations; • Support access to additional funds for the provision of food.

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Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
			Covid-19 Food insecurity Group was established to address emergency food demands. This infrastructure will remain intact for the near future, continues to monitor the extent of demand for assistance and can be extended to support those in need if the true impact of EU Exit is realised.
Fuel Supply Disruption	- Potential requests for Council Resources - Potential impact on Council reserves	Roads / Transportation to consider ensuring Council reserves are at optimal levels and processes in the event of requests from partner agencies	As part of planning for a no deal, the UK and Scottish Government assumptions suggested there would **not be an impact on fuel levels**, etc. A Trade and Cooperation Deal has been agreed therefore, there are no immediate concerns. However, we will continue to monitor.
Increased unemployment as a result of economic disruption	- Greater number of people in receipt of benefits with additional knock-on demand for support services. Including welfare/debt advice, employability support and discretionary welfare payments	Working 4U will work with strategic partners to ensure information about access to services is widely available Continued review of services to ensure increasing areas of demand are addressed	Working 4U continue to coordinate efforts of service providers through joint working with strategic partners in: • The West Dunbartonshire Information and Advice Partnership • The local strategic employability group
Certain types of fresh food may decrease /prices of certain foods many increase	- Potential additional costs for services/that purchase/supply foods to increase by up to 20% due to tariff changes, sterling depreciation and boarder disruption	**Short term:** Consider earmarking additional resource, or consider use of prudential reserve if required **Long term**: Consider building in additional costs into the long term finance strategy based on evidence post- EU Exit	WDC budget for supply of food to Education and HSCP is set. Risk of additional costs. The risk of cost increases arising from EU-Exit has been advised to Council in the budget preparation reports since October 2018. The budget report advised that any price variations would be reported and that it is expected that the Council would manage such price variations should they arise through ongoing budgetary control and, if necessary, use of free reserves. This will continue to be monitored carefully noting recent inflationary impacts on the cost of consumables at a UK-wide level.

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Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
	- Impacts on food provision at schools, care homes, etc		Facilities Management continue to maintain a very limited stock of tinned and dried food that is maintained year round, in case of single premise emergencies – while this is not EU Exit specific, it could be utilised in the event of a localised issue being experienced. In line with Scottish Government and CoSLA advice, there is **no intention** to stockpile beyond this contingency as storage capacity as freezer space prohibits this. In addition, nursery and school meals are produced in line with national legislation, which details nutrient requirements. Most meals are therefore produced using fresh fruit, vegetables and other produce, which has an extremely limited shelf life and is not suitable for stockpiling. In addition, considerable work has been undertaken by Scotland Excel to engage with suppliers in an effort to ensure a robust supply chain where at all possible. If we started to see local shortages catering managers and cooks have their own procurement cards, which they presently use to purchase provisions via Scot Exel Suppliers however, the cards can also be used elsewhere if necessary. **Update January 2022** Schools in WDC have been experiencing food shortages in schools. High schools can't baguettes or bread. We are being advised that there isn't stock issues however the schools aren't receiving products. One of our facilities/catering officers has spoken with some of the manufactures who supply Brakes and they are advising that there are no shortages of product. Our facilities/Catering officer has compiled a reporting spreadsheet and has asked all Catering Managers and Cooks to record all shortages/substitutes to

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Disruption to Service – Craig Jardine Derek McLean, Cameron Taylor, Stephen Brooks, Kenny Lang and Lynda Dinnie – January 2022			
Broad Risk	**WD Impact**	**Action**	**Comments**
			allow us to identify issues more specifically. The team is also speaking to Scotland Excel and to Brakes. The Civil Contingencies Officer reached out other Local Authorities in Scotland to determine if similar issues were being realised. Argyll and Bute, Shetland and D&G responded advising of similar challenges.

Information & Data Sharing – Stella Kinloch January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
Disrupt in flow of personal data due to legal requirements affecting law enforcement / intelligence sharing between UK & EU	- Delay in PVGs, significant impact on teaching & care staff - SSSC registration requirements	Seek information / assurance / guidance from Scottish Government	Recruiting Managers should make use of certificates of good conduct provided by the individual, as part of the safer recruitment checks to be carried out where the successful candidate is not a UK citizen. Current position for PVG checking EU nations are updated to include where individuals are applying for roles with children include: Germany, Lithuania, Netherlands, Portugal, Romania, Hungary, Greece, France, Ireland, Italy, Spain, Poland **No impact to date**

Demonstrations & Disorder – Local Police Division – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
Increase in protests in relation to: EU Exit - Irish / Northern Irish tension - Economic Instability	- Increased license requests - Lack of Police / Partner resourcing to events	Ensure awareness with relevant Leads / Officers for this.	Continued local engagement through WEST Local Resilience Partnership.

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Workforce – Stella Kinloch / Mark Harris – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
Loss of staff – both highly skilled and lower skilled / entry level	- Impact on Care for People, Agency workers - Significant concern in Education regarding supply teachers, learning assistants, probationer allocations and officers with language skills -Potential risk if contracts are subcontracted companies employing EU-nationals	Signposting of key information / support in relation to EU Workers within the Council https://www.gov.scot/brexit/ Education is revising processes with regards recruitment to reflect guidance and in relation to engagement with universities on earlier allocation of probationers	EU Nationals have already been identified within the organisation, letters were issued. Managers have access to a Right to Work report within HR21. HR continue to officer support to affected parties, if required. Noting right to work at point of engagement is the evidence requirement. There is no requirement to insist on Settled Status for any EU employees – identifying those of EU origin maybe seen, as discriminatory therefore no further action is required by WDC. WMS records providing country of origin remain up to date. HR Assistance remains available to all employees who may require assistance with the application process. The EU Settlement Scheme closed on the **30th June 2021**. However, those who missed out can still apply if they have 'reasonable grounds' for not applying by the deadline. **No impacts to date** REG has consulted with existing contractors to seek assurance of continued project plans or the contingencies they have in place. WDC HR has identified **31 employees** with contractual obligation whose origin is EU or EEA. A full review of all employee roles and impact on each service area has been undertaken and there is a **low risk** to service delivery, as there are no unique or difficult to fill positions identified, nor one single service impacted significantly should EU nationals return to country of origin. Section Head continues to monitor for any change notifications. Discretionary funds etc are in place however, the citizen or employee are required to make a claim for EUSS as these are safety nets until the person meets the requirements.
Access to benefits Consider impact of		Communications via HR Workforce to Managers and	The Council will continue to support and offer assistance to aid citizens and employees to complete their status application.

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Workforce – Stella Kinloch / Mark Harris – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
loss of benefits arising from circumstances where low income groups and vulnerable people may be more affected by removal of EUSS on 30 June 2021.	- In terms of Workforce approx. less than 30 employees require EUSS. - Impact to UC maybe the most severe flag with no recourse to public funds.	Employees direct via online comms. Link to Working 4U to ensure West Dunbartonshire wide comms highlights support and impacts on Benefits where EUSS is not in place.	Wider, the *Stay in Scotland* campaign was launched by Scottish Government on 17th January 2022, and this is being supported by comms teams. Its main purpose is to help EU citizens prove their immigration status and access identification online. Additionally to promote organisations funded by Scottish Government to help vulnerable people access the scheme. The existing CoSLA International Organisation for Migration (IOM) service remains operational providing case worker support for local authorities. support) is still running and can be accessed by LA's. On a UK-wide basis the Home Office have acknowledged a significant backlog of initial applications and processing of movement from 'pre-settled' to 'settled' status –this is crucial for access to service and benefits.

Economic Instability – Michael McGuinness – January 2022			
Broad risk	**WD Impact(s)**	**Action**	**Comments**
Provision of information to Local businesses	- Potential impact that the local business community will seek sources of information to allow them to adapt, following Brexit and use up limited resources of Business Support delivering Covid grants.	Communications and the web team need to be ready to respond proactively to any messages that the wider Council needs to issue following Brexit. Promotion of good sources of information for local businesses to adapt to the new environment will be provided.	Governments guidance has been provided regarding the transition phase: https://www.gov.uk/transition https://www.prepareforbrexit.scot/ https://www.gov.scot/brexit/ There are also number of online tools to support the Business community as part of the transition from Europe. The Scottish Chamber, FSB, Business Gateway and Scottish Enterprise provide a range of tools and guidance support https://www.scottishchambers.org.uk/press-releases/prepare-for-brexit/ https://www.fsb.org.uk/campaign/uktransition.html https://www.bgateway.com/support-to-prepare-your-business-for-brexit https://www.scottish-enterprise.com/support-for-businesses/trading-after-brexit

Economic Instability – Michael McGuinness – January 2022			
Broad risk	**WD Impact(s)**	**Action**	**Comments**
The likelihood of an economic crisis has increased and will have major impacts on disposable incomes and employability. The rate of inflation in excess of 5% will have an impact on disposable income together with increased fuel costs will impact on our most vulnerable members of the community. Surprisingly, early indicators of employment rates are healthier than first feared.	- This presents a risk to our workforce, our communities and local economy. This will affect our vulnerable communities and hinder local economic growth. This clearly presents a challenge for WD due to the already high rates of deprivation and unemployment. There is also a risk that individuals may require additional support as a result of EU Exit putting more pressure on the local authority.	Working 4U will work with strategic partners to ensure information about access to services is widely available Continued review of services to ensure increasing areas of demand are addressed	See above and page 5/6 relating to Increased unemployment as a result of economic disruption. Employment levels are healthier than anticipated in early 2022.

Business Continuity – Mark Harris – January 2022			
Broad risk	**WD Impact(s)**	**Action**	**Comments**
Assess impact of EU-Exit on Business Continuity Plans	Potential disruption to services - Food - Medicines - Staff	A review of the Council and HSCP will be undertaken this year taking cognisance of the lessons learned from COVID-19.	Business Continuity planning remains an operational focus. Any changes will be reflected into the respective Business Continuity Plans. CoSLA has reduced the frequency of the EU Exit calls however, the CCO continues to dial in and disseminate key information. A meeting of the

		The Civil Contingencies Officer (CCO) is continuing to engage with CoSLA and Scottish Government	COSLA EU Exit Group took place on 21st January 2022 key points / emerging risks are incorporated into the WDC / WD HSCP Action Plan.
Notable risk of disruptive concurrent event (Disruptive Weather, COVID-19, local incident). Covid-19 has not reduced the risk from pandemic influenza, a novel emerging infectious disease and coordinated industrial action.	Many of our officers have worked tirelessly through this pandemic without much leave to date. This *may* lead to key officers being on leave (as required for wellbeing) as we prepare for the months ahead. The impacts of the omicron variant of Covid have placed further pressures on services.	WDC has produced a suite of Business Continuity Plans and an Essential Service_Key worker List Resilience Structures in place. Strategic and Operational Resilience Groups and Resilience Group	SRG and ORG discussing allocation of leave, staggering leave for key roles and ensuring business continuity arrangements are robust. Regular weather monitoring in place by CCS and Roads Service. The Mass Vaccination Programme is being successful delivered across WDC, there were some issues with the supply chain initially however this was rectified early on it is unclear if this was a result EU Exit. We are now gearing up for the delivery of the Covid-19 Booster and Seasonal Flu Programme in conjunction with WDC colleagues.

Other Considerations – Laurence Slavin, Vicky-Jane Hastings and Patricia Kerr – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
EU Funds / Grants	- Ongoing projects, planned projects or staffing that are reliant on EU funding, either directly or indirectly through the Scottish Government	Both the UK and Scottish Government have provided written reassurance that ESF will be continued in current form until 2023	Under the UK Withdrawal Agreement Bill, the UK will continue to participate in programmes funded under the current 2014-2020 Multiannual Financial Framework (MFF) until their closure. As described in Articles 137 and 138 of the Agreement. This applies to all ESF,ERDF & ETC projects signed by end of 2020 with funding ending in 2023. https://www.gov.uk/government/publications/continued-uk-participation-in-eu-programmes/eu-funded-programmes-under-the-withdrawal-agreement

Live Document

Other Considerations – Laurence Slavin, Vicky-Jane Hastings and Patricia Kerr – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
Impact on the European Structural Fund	- Impact on outstanding allocations of structural funding committed by Managing Authorities under the 2014-2020 programmes	The previous UK treasury Guarantee was no longer required, following the UK Withdrawal Agreement Bill being approved, the previous guidance was withdrawn)	https://www.gov.uk/government/publications/new-withdrawal-agreement-and-political-declaration Hilary Pearce Head of European Structural Funds and State Aid Division is fully engaging with other Managing Authority heads across the UK and in relevant UKG departments to ensure her and her team are kept up to date with developments. A letter providing clarification was issued by Hilary Pearce on the 27th January 2020: 20200127 - Letter - HP to Lead Partners -
Other Financial Considerations	-Impact of any fluctuations in the currency rate to expenditure. -Impact on future economic growth Impact on any regeneration projects and plans	Ensure council services purchasing though currency exchange remain within budget	Revenue spend Our transactions are in UK Sterling Pounds (£) but there may be an increase in the cost due to market fluctuations. WDC are subjected annually to an approx. 3% increase for many ICT systems. The actual increase is built into the budget each year, however due to exchange rate fluctuations there is a lack of certainty and this may lead to an overspend. See comments below re reports to Council on the budget-setting process and approach to managing this financial risk. Capital spend (ICT) Again, WDC transactions are in £ and there may be an increase in the cost if the market does fluctuate. For capital projects, WDC approach is to adjust the volumes to remain within budget as device prices change every 6 months on the frameworks anyway. WDC have in the past asked for capital funding approval to be accelerated from future years where we have an urgent requirement and have no budget left. Costs will be monitored and any variations reported through normal budgetary control processes, which highlight reasons for cost increases. This remains valid- Jan 2022. Several suppliers have advised of delivery lead-time delays.

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Other Considerations – Laurence Slavin, Vicky-Jane Hastings and Patricia Kerr – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
Expenditure	- Impact of increasing inflation – costs to the council (excluding food): e.g. Energy costs; care agency costs	Monitor increases in costs of those identified as high risk/ high volume Monitor overall position through budgetary control process **SHORT TERM:** consider earmarking additional resources at the year-end for the risk; or consider use of prudential reserve if required short term. **LONGER TERM:** consider building-in additional costs into the long term finance strategy based on evidence post-Brexit	Energy bought in advance – short-term risk minimal; however could have a longer-term impact. The risk of cost increases arising from Brexit has been advised to Council in budget preparation reports since October 2018 and will continue to be advised. The final budget report each year advises that any price variations will continue to be reported. It is expected that Council would manage such price variations should they arise through ongoing budgetary control and, if necessary, use of free reserves.
Funding Support	- Impact to Council of chancellor revisiting the budget and affecting local government funding settlements	Monitor ongoing Brexit discussions and potential impact on the councils finances & the wider implications of the Scottish economy	Continue to monitor now the Trade and Cooperation deal has been agreed.
Capital Receipts	- Capital Receipts do not materialise or are lower than anticipated	Longer term vision on capital programme for both income and expenditure levels Regular Strategic Asset Management Group updates feeding through to the capital budgetary control report (to both Council and CMT) Capital Disposal Strategy with longer term vision to allow	Capital receipt opportunities are regularly discussed at SAMG and PAMG. The Council will continue to monitor the housing market to monitor and react to any impact.

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Other Considerations – Laurence Slavin, Vicky-Jane Hastings and Patricia Kerr – January 2022			
Broad Risk	**WDC Impact(s)**	**Action**	**Comments**
		movement in the assets due sold and timing of those assets Capital programme being monitored by CMT, Council and Committees on a regular basis Early identification of possible issues to allow action to reduce spend or identify further surplus assets for possible disposal to minimise shortfall.	

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Elected Members' Bulletin
February 2022

Chief Officer Area: People & Technology

Subject: Return to the Workplace

1. Category: Public

2. Background:

Scottish Government guidance in the COVID Route map includes a phased return to office working. The Council's plan involve 3 phases, some aspects of which had commenced prior to the festive break. Phase 1 groups had returned to the workplace and preparations were underway for the return of phase 2. All preparations were subsequently paused due to the emergence and transmission rates of Omicron and working from home as the default and where possible was reintroduced.

As restrictions are lifted against the backdrop of an improving picture, the reopening of offices is again moving forward.

3. Main Issues:

As a reminder the element of return are set out below:

Phase 1 – 1st Floor Church St: this phase also involved consolidating several teams based in Bridge St and moving them into Church St. **Return date w/c 7/2/22.**

Phase 2 – Ground Floor Church St, CTCO, Municipal Building, Clydebank Town Hall: this phase includes Elected Members. **Return date w/c 7/2/22.**

Phase 3 – 2nd Floor Church St, depots: this phase includes the Senior Leadership space however managers may return with their teams in advance of this area being available. **Return date w/c 28/2/22** (to allow for device updates and manager briefings).

In respect of all phases, our planned approach to supporting employees, managers and Elected Members, during what may be a challenging adjustment, includes updated service assessments, ICT device updates, briefings with managers, employees and our Joint Trades Union colleagues. Satisfaction surveys, risk assessments and updated building protocols will also be reviewed and reissued as required.

Opening to the Public

Plans to enable the public to call into offices with an appointment are in place to commence week beginning 7th March. Initial discussions with the Citizen Services Manager have been held and plans are underway with service managers to ensure suitable arrangements are in place. Risk Assessments require to be reviewed and Corporate Communications will be involved in communicating plans to citizens.

Capacity Restrictions

Teams working in Church St are asked not to host any external/dispersed team meetings during the month of March to allow the capacity to be monitored. This will be the first time all offices are open and all teams returned since March 2020 and safety is our primary concern.

Protocols are in place, across all buildings and everyone will adhere to 1m distancing. Employees will be expected to wear masks in communal areas and moving around (unless exempt), observe good hygiene practices, take regular LFTS (these are available via the PPE store, from pharmacies or GOV.UK) and sign in/out of office. The PPE store will continue to operate from Bridge St.

Some service redesign may be required due to the changes and improvements in operating practices since the beginning of the pandemic and services who have successfully moved processes to a digital approach will ensure these remain.

The majority of our office based workforce will be working in a hybrid workstyle, this will means a mixture of online, virtual, hybrid and face to face meetings and activities. As things settle, patterns may emerge around best practice for different activities and protocols/guidance and training will be adapted and/or developed to reflect and support this.

4. Resource Issues (if any):

The return project is largely supported by OD, Change and Digital; People & Change and the Asset Management teams. This is being delivered from within existing resources with the support of the relevant managers as their teams return.

5. What it means for WDC:

A full and safe return to offices should be concluded by end February/early March with a period of monitoring until April at the earliest. As before, all plans are subject to Scottish Government guidance applicable at the time.

Person to Contact: Victoria Rogers
Telephone: 07795 266028
Background papers: N/A
Date: 1st February 2022

West Dunbartonshire Council

Report by the Chief Officer - Resources

Audit Committee: 2 March 2022

Subject: Treasury Management Annual Report 2020/21

1. Purpose

1.1 The purpose of this report is to provide Members with the opportunity to further scrutinise the annual Treasury Management report which was previously reported to Council on 26 August 2021.

2. Recommendations

2.1 Members are requested to further consider the information provided within the Annual Report as appended to this report.

3. Background

3.1 In accordance with the Treasury Policy governing the Council's treasury management activities during 2020/21, the Chief Officer - Resources is required to provide an Annual Report to Members regarding the Treasury function.

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

4. Main Issues

Treasury Management Stewardship Report

4.1 A copy of the report is attached (Appendix 1).

4.2 The report gives details of loans borrowed and loans repaid during the course of the year, interest rates and debt rescheduling which was undertaken.

4.3 External borrowing (excluding PPP) has increased from £509.678m at the beginning of the year to £544.813m at the end of the year. This is due to new borrowing required to fund the capital programmes. Over the year as new debt has been borrowed and maturing debt replaced the average interest rate on loans held has reduced from 2.36% at 31 March 2020 to 1.92% at 31 March 2021 and this is lower than anticipated within the 2020/21 budget (with the average interest rate paid during 2020/21 being 2.11% in comparison to 2.25% in 2019/20).

4.4 Consideration was given to available interest rates, and mainly short term borrowing has been utilised to finance the current capital programme which has resulted in the reduction of interest rates held.

4.5 Investments have decreased from £19.389m at the beginning of the year to £17.475m at the year-end. The average interest rate on these investments held as at 31 March 2021 decreased from 0.74% to 0.02% due to market conditions affected by covid and this is lower than anticipated within the 2020/21 budget.

4.6 All year end actual indicators advised within Appendix 1 of this report are within the limits previously agreed by Council.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

7.1 There are no financial or procurement implications.

8. Risk Analysis

8.1 Although this report provides a historic position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit Committee:

(a) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and

(b) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts or other funding are available.

9. Equalities Impact Assessment

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

10. Environmental Sustainability

10.1 No assessment of environmental sustainability was required in relation to this report

11. Consultation

11.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

12. Strategic Assessment

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

12.2 Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

Laurence Slavin
Chief Officer - Resources
Date: 27 January 2022

Person to Contact: Gillian McNeilly,
Finance Manager
Council Offices, Church Street
Email: gillian.mcneilly@west-dunbarton.gov.uk

Appendix: Annual Report 2020/21 -Treasury Management and Actual Prudential Indicators

Background Papers: Loans register and portfolio;
Debt rescheduling schedules;
Prudential Indicators 2021/22 to 2030/31 and Treasury Management Strategy 2021/22 to 2030/31 (Council 4 March 2021); and
Treasury Management Annual Report 2019/20 (Council 30 September 2020)

Wards Affected: No wards directly affected.

Annual Report 2020/21
Treasury Management and Actual Prudential Indicators

1. Introduction

1.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government in Scotland Act 2003 (the Act), provides the powers to borrow and invest as well as providing controls and limits on this activity. The Act permits the Scottish Ministers to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2020/21);

- Statutory Instrument (SSI) 29 of 2004, requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, and therefore to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services; and the treasury activity with regard to the CIPFA Code of Practice for Treasury Management in Local Authorities; and

- Statutory Instrument (SI) 2016 No 123 requires the Council to document its policy on the prudent repayment of loans fund advances.

1.2 This Council has adopted both the CIPFA Code of Practice for Treasury Management in the Public Sector and the Prudential Code and operates its treasury management service and capital programme in compliance with these Codes and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis.

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. One recommendation was that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury investments. For 2020/21, a Capital Strategy was reported and approved by Council on 4 March 2020.

1.3 During 2020/21 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the new financial year (Council 4 March 2020);
- a mid-year treasury update report (Council 16 December 2020); and
- an annual report following the financial year-end describing the activity compared to the strategy (this report).

1.4 This report sets out:

- A summary of the strategy agreed for 2020/21;
- The Council's treasury position at 31 March 2021;
- The main Prudential Indicators and compliance with limits;
- A summary of the economic factors affecting the strategy over 2020/21;
- The Treasury activity during 2020/21;
- Performance indicators set for 2020/21;
- Disclosure regarding the repayment of loan Fund advances for 2020/21; and
- Risk and Performance.

2. A Summary of the Strategy for 2020/21

2.1 **Borrowing** - keeping note of the slightly over-borrowed position of the Council as at 31 March 2020 and the risk within the economic forecast at that time, caution was adopted with the 2020/21 treasury operations. The Section 95 Officer planned to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

2.2 **Investments -** with the economic background at the time, the investment climate had one over-riding risk consideration - counterparty security risk. As a result of the underlying concerns, officers maintained an operational investment strategy which tightened the controls already in place in the approved investment strategy. The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective.

2.3 Based on the above, the treasury strategy was to postpone borrowing (by not borrowing in advance of need) and in particular minimise longer term borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

3. The Council's Treasury Position at 31 March 2021

3.1 During 2020/21, the Chief Officer – Resources, in line with the Treasury Strategy, managed the debt position with the use of internal funds as well as a mix of short term and long term external borrowing, and the treasury position at 31 March 2021 compared with the previous year was:

Table 1

Treasury position – excluding PPP	31 March 2021		31 March 2020	
	Principal	**Average Rate**	**Principal**	**Average Rate**
Fixed Interest Rate Debt	£544.813m	1.92%	£509.678m	2.36%
Variable Interest Rate Debt	£0.000m	0.00%	£0.000m	0.00%
Total Debt	**£544.813m**	**1.92%**	**£509.678m**	**2.36%**
Total Investments	**£17.475m**	**0.02%**	**£21.246m**	**0.74%**
Net borrowing position	**£527.338m**		**£488.432m**	

3.2 From the above table, it can be seen that the average interest rate on the debt held as at 31 March has reduced from 2.36% in 2020 to 1.92% in 2021. At the same time the average interest rate has reduced on the investments held as at 31 March from 0.74% in 2020 to 0.02% in 2021.

3.3 The external debt figure included within Table 1 includes both short term and long term debt. The low average interest rate is due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates.

3.4 There are four treasury prudential indicators which cover the activity of the treasury function. Complying with these indicators reduces the risk of an adverse movement in interest rates impacting negatively on the Council's overall position:

- Upper limits on variable rate exposure;
- Upper limits on fixed rate exposure;
- Maturity structures of borrowing; and
- Total principal funds invested for greater than 365 days.

3.5 Table 2 shows the actual upper limits set per debt type and maturity as at 31 March 2021.

Table 2

	2020/21 Actual	**2020/21 Indicator**	
Upper limits on variable interest rates	0%	50%	
Upper limits on fixed interest rates	100%	100%	
Maturity structure fixed rate borrowing *(%)*	**Year end**	**Max**	**Min**
Under 12 months	48.0%	50%	0%
12 months to 2 years	2.0%	50%	0%
2 years to 5 years	5.6%	50%	0%
5 years to 10 years	4.6%	50%	0%
10 years to 20 years	3.6%	50%	0%
20 years to 30 years	5.4%	50%	0%
30 years to 40 years	4.2%	50%	0%
40 years to 50 years	20.9%	100%	0%
50 years to 60 years	5.7%	100%	0%
60 years to 70 years	0.0%	100%	0%
Maximum principal funds invested *>365 days*	£0.495m	£7m	Nil

4. The Main Prudential Indicators and Compliance with Limits

4.1 The Council is required by the Prudential Code to report the actual prudential indicators after the year end.

4.1.1 Capital Expenditure and its Financing

This indicator shows total capital expenditure for the year and how this was financed. The decrease in capital expenditure between revised estimate and actual as noted below in Table 3 is due to expenditure which slipped from 2020/21 into the 2021/22 capital programme, together with resources. The indicators for 2021/22 will be revised in line with this.

Table 3

	2020/21 Actual	2020/21 Revised Estimate*
Capital expenditure:	£92.184m	£97.902m
Resourced by:		
Capital receipts and grants	£27.002m	£32.654m
Revenue	£8.911m	£7.810m
Capital expenditure - additional need to borrow for in-year capital spend	**£56.271m**	**£57.438m**

* From the mid-year Treasury Strategy – Council 16 December 2020

4.1.2 Gross Borrowing and the Capital Financing Requirement (CFR)

In order to ensure that borrowing levels are prudent, over the medium term the Council's gross borrowing must only be used for capital purposes. Gross borrowing should not therefore, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21.

4.1.3 The Chief Officer - Resources reports that the Council has complied with this indicator over the medium term (as can be seen by comparing the gross debt figure at 31 March 2021 with the anticipated CFR at 31 March 2024 as detailed in Table 4 below), and in the short term, the adjusted gross borrowing position also under the CFR as at 31 March 2021.

Table 4

	2020/21 Actual	2020/21 Revised Indicator*
Gross borrowing position per Table1	£544.813m	£551.127m
Long term liability	£96.292m	£96.337m
Adjusted gross borrowing position	**£641.105m**	**£647.464m**
Capital Financing Requirement	**£646.190m**	**£647.972m**

* From the mid-year Treasury Strategy – Council 16 December 2020

	2020/21 Actual
CFR at 31 March 2021	
2020/21 Actual	**£646.190m**
Estimated Movement in CFR*	
2021/22	£56.486m
2022/23	£32.419m
2023/24	£56.027m
Anticipated CFR at 31 March 2024	**£791.122m**
Gross Debt at 31 March 2021	**£641.105m**

* Estimated movement from the Treasury Strategy 2021/22 – 22 March 2021

4.1.4 The Authorised Limit

The Authorised Limit is the "Affordable Borrowing Limit" required by Section 35 of the Local Government in Scotland Act 2003. The Council does not have the power to borrow above this level. The information in Table 5 demonstrates that during 2020/21 the Council has maintained gross borrowing within its Authorised Limit.

4.1.5 The Operational Boundary

The Operational Boundary is the borrowing position that the Council expects to work around during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The information in Table 5 demonstrates that during 2020/21 the Council has maintained gross borrowing within its Operational Boundary.

4.1.6 Actual financing costs as a proportion of net revenue stream

This indicator shows the actual impact of capital expenditure in 2020/21 compared to the projected impact of the General Services Capital Plan Refresh and the HRA Capital Plan Update as approved by Members on 22 March 2021 and 3 March 2021, respectively. The cost of capital is described as loan charges within the revenue budgets

Table 5

	2020/21	
Revised Indicator - Authorised Limit*	£776.957m	
Revised Indicator - Operational Boundary*	£712.210m	
Maximum gross borrowing position during 2020/21	£644.755m	
Minimum gross borrowing position during 2020/21	£575.256m	
	Estimated	**Actual**
Financing costs as a proportion of net revenue stream:		
General Fund	4.65%	4.07%
Housing	22.56%	23.59%

* From the mid-year Treasury Strategy – Council 16 December 2020

5. Summary of the Economic Factors affecting the Strategy during 2020/21

5.1 The Economy and Interest Rates

UK / Scotland. Coronavirus. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage and by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy.

Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing (QE).The MPC increased the QE by £100bn in June and by £150bn in November to a total of £895bn which includes QE undertaken prior to the pandemic. While the Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut the Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

Government support. The Chancellor has implemented repeated rounds of support to businesses by way of low cost loans and other measures, and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit. The Budget on 3rd March 2021 increased fiscal support to the economy and employment during 2021 and 2022 likely followed by tax rises to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. An area of concern is that the government's debt is now more sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low.

BREXIT. The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; and this now needs to be formalised on a permanent basis.

USA. The US economy did not suffer as much damage as the UK economy due to the pandemic. The Democrats won the presidential election in November 2020 and have control of both Congress and the Senate. This enabled the Democrats to pass a $1.9trn (8.8% of GDP) stimulus package in March on top of the $900bn

fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly will promote a rapid easing of restrictions and strong economic recovery during 2021.

EU. Both the roll out and take up of vaccines has been slow in the EU in 2021; this led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth.

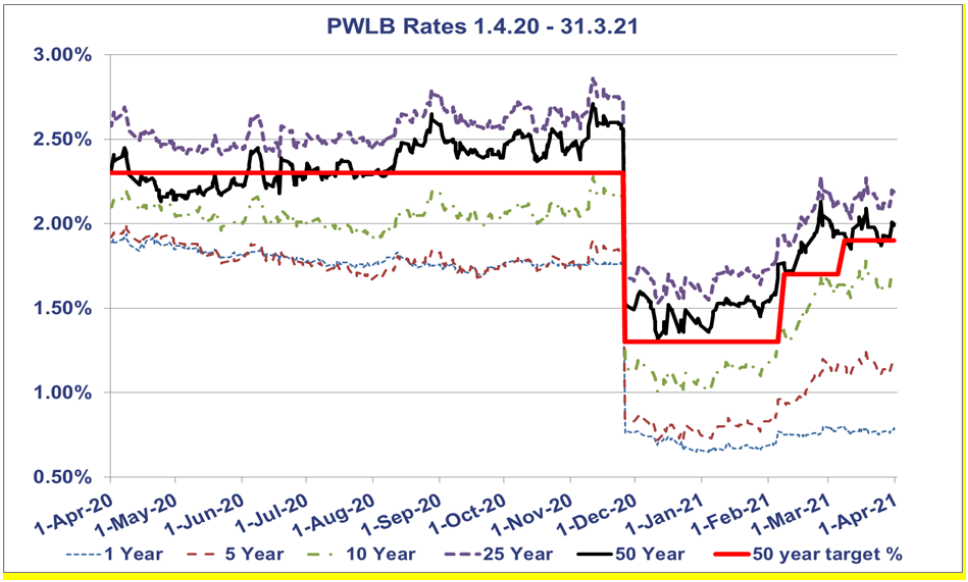
Japan. Three rounds of government fiscal support in 2020 together with Japan's relative success in containing the virus without draconian measures so far, and the roll out of vaccines gathering momentum in 2021, should help to ensure a strong recovery in 2021 and to get back to pre-virus levels by Q3.

World growth. World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. After the pandemic exposed how frail extended supply lines were around the world, it is now likely to lead to a sharp retrenchment of economies into two blocs of western democracies versus autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products and vice versa. This is likely to reduce world growth rates.

5.2 Borrowing Rates in 2020/21

The graph for PWLB interest rates below shows that, after remaining relatively static until interest rates reduced significantly during November 2020, most PWLB rates have been on a general upward trend since.



Source: Link Treasury Management Annual Report Template 2020/21 (Scotland)

6. Treasury Activity during 2020/21

6.1 **Borrowing** – The Council raised new long term loans of £10.000m and new short term loans of £260.250m during 2020/21 for the replacement of naturally maturing debt and to finance the Council's capital programme.

6.2 **Rescheduling** – No debt rescheduling has taken place in 2020/21.

6.3 **Repayment** – The Council repaid naturally maturing debt of £236.296m.

6.4 **Summary of Debt Transactions** – The overall position of the debt activity resulted in the average annual interest rate paid throughout the year, year on year falling to 2.11% (2020/21) from 2.25% (2019/20).

6.5 **Investment Policy –** The Scottish Government issued The Local Government Investments (Scotland) Regulations 2010 on 1 April 2010.

6.6 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

6.7 The Council's short term cash investments decreased from £21.246m at the beginning of the year to £17.475m at the end of the year with an average balance of £13.601m and received an average return of 0.25% over the year. In addition to the short term cash investments the Council also had 2 long term investments in Clydebank Property Company and Hub West Scotland with a total value of £0.495m as at 31 March 2021 as identified in table 2 above (investments over 364 days).

7. Performance Indicators set for 2020/21

7.1 The treasury strategy defined a set of performance indicators covering the following areas:

7.1.1 **Security** - In the context of benchmarking, assessing security is a very subjective area. Security is currently evidenced by the application of minimum

quality criteria to financial institutions that the Council may choose to invest in, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard & Poors). The Council has benchmarked security risk by assessing the historical likelihood of default for investments placed with any institution with a long term credit rating of A- (this is the minimum long term credit rating used in the Council's investment strategy). The Council's maximum security risk is that 0.09% of investments placed with financial institutions could theoretically default based on global historical data. During the year all investments within the Council's portfolio were repaid on their due dates with no defaults of the principal sums recorded.

7.1.2 **Liquidity** – As required by the CIPFA Treasury Management Code of Practice the Council has stated that it will "ensure that it has adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives". In respect to liquidity as defined above the liquidity arrangements during the year were maintained in line with the facilities and benchmarks previously set by the Council as follows:

- Bank overdraft - £1.000m; and
- Liquid short term deposits of at least £5.000m available overnight.

7.1.3 **Return** – For the financial year the investment return averaged 0.25% which is a decrease of 0.49% from the previous year. Table 6 illustrates that the Council's average return identified of 0.25% was above the average return from the Council's bankers investment account (0.10%) and higher than the LIBID rates (noted in table 6) which are the local measures of return investment benchmarks approved in March 2012.

The Council's bankers (and therefore the bank with which the investment account is held) are currently the Clydesdale Bank plc which falls within the Category 3 Investment Category approved in the investment strategy approved in February 2017. Due to the credit rating of this bank this category specified a maximum limit £5million which may be held on an overnight basis only thus limiting the ability to attract interest on this account.

Table 6

Benchmark	Benchmark Return	Average Return
Internal returns above the 7 day LIBID rate	0.07%	0.25%
Internal returns above the 1 month LIBID rate	0.05%	0.25%

8. Disclosure regarding the repayment of loans fund advances for 2021/22

8.1 The policy on the prudent repayment of loans fund advances was detailed in the Mid-Year Monitoring Report 2020/21 - Treasury Management and Prudential Indicators reported to Council on 16 December 2020. The Chief Officer - Resources can report that the policy has been complied within during 2020/21.

8.2 Table 7 shows the movement in the level of loan fund advances between 1 April 2020 and 31 March 2021 (excluding PPP).

Table 7

	General Fund	Housing
Opening Balance at 1 April 2020	**£295.078m**	**£201.998m**
New Advances in 2020/21	£19.775m	£36.496m
Repayments in 2020/21	(£2.150m)	(£5.020m)
Closing Balance at 31 March 2021	**£312.703m**	**£233.474m**

8.3 Table 8 details the anticipated repayment profile of the balance on the internal loans fund advances (excluding PPP) for both General Services and Housing held at 31 March 2021 (note, this is not external debt).

Table 8

Future Repayment Profile at 31 March 2021	**General Fund**	**Housing**	**Total**
	£m	**£m**	**£m**
Under 12 months	£2.118	£6.614	£8.732
2 years to 5 years	£9.892	£29.504	£39.396
6 years to 10 years	£16.438	£40.502	£56.940
11 years to 15 years	£23.348	£33.809	£57.157
16 years to 20 years	£23.742	£38.077	£61.819
21 years to 25 years	£17.555	£44.916	£62.471
26 years to 30 years	£12.221	£28.721	£40.942
31 years to 35 years	£10.314	£5.496	£15.810
36 years to 40 years	£11.443	£1.255	£12.697
41 years to 45 years	£10.384	£0.403	£10.787
46 years to 50 years	£11.539	£0.269	£11.808
51 years to 55 years	£15.497	£0.413	£15.911
56 years to 60 years	£21.021	£0.609	£21.629
61 year +	£127.192	£2.886	£130.078
Total	**£312.703**	**£233.474**	**£546.177**

9. Risk and Performance

9.1 The Council has complied with all relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach. Ongoing consideration of future affordability and sustainability are reported and considered by Members each year when setting the Council's General Fund and HRA capital and revenue budgets.

9.2 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's treasury advisers, has proactively managed its treasury position within the current economic climate taking advantage of lower interest rates where it is deemed appropriate. The Council has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, with the majority of debt comprised of long-term loans.

9.3 Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

West Dunbartonshire Council

Report by the Chief Officer - Resources

Audit Committee: 2 March 2022

Subject: Treasury Management Mid Year Report 2021/2022

1. Purpose

1.1 The purpose of this report is to provide Members with the opportunity to further scrutinise the treasury management mid-year report which was reported to Council on 22 December 2021.

2. Recommendations

2.1 Members are requested to consider the report and note that on 22 December 2021 Council:

(a) Noted the treasury management stewardship information within the appended report;

(b) Approved the 2021/22 revised estimates of treasury and prudential indicators as advised within the appended report (Tables A, B, C, D, E, F, H, L and N); and

(c) Agreed that the appended report is remitted to the Audit Committee to ensure further scrutiny takes place.

3. Background

3.1 In accordance with the Treasury Policy governing the Council's treasury management activities during 2021/22, the Chief Officer - Resources is required to provide a mid year Report to Members regarding the Treasury function.

3.2 The mid year report covers the period 1 April 2021 to 30 November 2021 and details the current position (where appropriate) and revises the 2021/22 estimates where required.

3.3 The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies and the report will be reported to a future meeting of that Committee for further scrutiny.

4. Main Issues

Treasury Management Stewardship Report

4.1 A copy of the report is attached as Appendix 1.

4.2 The report provides details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).

4.3 The revised estimate for gross capital expenditure during 2021/22 (Table A) has decreased by £7.153m from the original estimate due to revision to the ongoing forecast outturn figures for both the General Services capital plan and the HRA capital plan which are regularly reported to Members (mainly additional slippage carried forward from 2020/21 following the year-end; additional spend linked to an increase in grant income now anticipated; and slippage in spend projected for 2021/22).

4.4 The external debt figures included within Table C includes both short term and long term debt due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report.

8. Risk Analysis

8.1 Although the appended report provides a mid year position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit Committee:

(a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;

(b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and

(c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

9. Equalities Impact Assessment

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

10. Environmental Sustainability

10.1 No assessment of environmental sustainability was required in relation to this report.

11. Consultation

11.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

12. Strategic Assessment

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

12.2 Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

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Laurence Slavin
Chief Officer – Resources
Date: 27 January 2022

Person to Contact: Gillian McNeilly, Finance Manager
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Appendix:	Appendix 1: Mid Year Monitoring Report 2021/22 Treasury Management and Prudential Indicators 1 April 2021 to 31 October 2021
Background Papers:	1. Loans register and portfolio; 2. Debt rescheduling schedules; and 3. Prudential Indicators 2020/21 to 2030/31 and Treasury Management Strategy 2021/22 to 2030/31 (Council 3 March 2021)
Wards Affected:	No wards directly affected.

Mid-Year Monitoring Report 2021/22
Treasury Management and Prudential Indicators: 1 April 2021 to 31 October 2021

1. Introduction

1.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government in Scotland Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Scottish Ministers to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made as yet during 2021/22).
- Statutory Instrument (SSI) 29 2004, requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, and therefore to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services; and the treasury activity with regard to the CIPFA Code of Practice for Treasury Management in Local Authorities.
- Statutory Instrument (SSI) 123 2016, set out statutory arrangements for local authority borrowing and lending and the requirement to maintain a loans fund and replace the statutory arrangements set out in Schedule 3 of the Local Government (Scotland) Act 1975 (Schedule 3).

1.2 The regulatory framework of treasury management requires that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report. This report meets that requirement and also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators. The treasury strategy and prudential indicators were previously reported to Council on 3 March 2021. The current position is shown (where appropriate) and revisions to the 2021/22 estimate are provided where required.

1.3 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities require to prepare a Capital Strategy which provides the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability

The Council's Capital Strategy was reported to and agreed by Council on 3 March 2021.

1.4 This report sets out:

- Key changes to the Council's capital activity (the prudential indicators);
- An economic update for the first part of the 2021/22 financial year;
- The actual and proposed treasury management activity (borrowing and investment); and
- The risk approach to treasury management (the treasury management indicators).

2. Key Prudential Indicators

2.1 This part of the report is structured to update:

- The Council's capital expenditure plans and how these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow;
- Compliance with the limits in place for borrowing activity; and
- Policy on the statutory repayment of loans fund advances

2.2 **Capital Expenditure** – Table A shows the current position and revised estimates for capital expenditure for 2021/22 only.

Table A:

£000	2021/22 Original Estimate	Current Position	2021/22 Projected Outturn
General Services	47,501	11,504	43,453
HRA	49,744	21,514	46,639
Capital Expenditure	**97,245**	**33,018**	**90,092**
Financed by:			
Capital receipts	7,077	2,153	3,532
Capital grants	12,765	2,708	17,289
Revenue / other	8,465	63	9,003
Net financing need for the year	**68,938**	**28,094**	**60,268**

2.2.1 The movement in the level of anticipated capital expenditure is mainly due to the inclusion of additional slippage following the year end; a reduction in anticipated capital receipts; an increase in spend related to external funding offset by slippage levels identified to date. The anticipated spends and resources are regularly reported to Members through budgetary control reports.

2.3 **Impact of changes in Capital Expenditure Plans** – Table B shows the CFR, which is the underlying external need to borrow for a capital purpose while Table C shows the expected debt position over the period.

Table B:

£000	2021/22 Original Estimate	2021/22 Projected Outturn
Opening CFR (1 April 2021)	**647,920**	**646,190**
New Borrowing	60,167	53,100
LTL repayment in year	(3,681)	(3,681)
Closing CFR (31/3/22)	**704,406**	**695,609**
movement in CFR	**56,486**	**49,419**
Net financing need for the year (Table A)	68,938	60,268
Loan repayments in year - excluding LTL (PPP)	(8,771)	(7,168)
New Borrowing - Movement in CFR (from previous year)	**60,167**	**53,100**

Table C:

£000	2021/22 Original Estimate	Current Position	2021/22 Projected Outturn
External Debt			
Estimated/Actual Debt at 1 April 2021	551,579	535,080	544,812
Maturing Debt	(221,628)	(200,192)	(262,677)
Movement in Borrowing			
New Borrowing - Maturing Debt	221,628	200,192	262,677
Borrowing adjustment in relation to over borrowing at year end	0	0	0
New Borrowing – CFR (Table B)	60,167	15,000	53,100
Debt at 31 March (1)	**611,746**	**563,080**	**597,912**
Long Term Liabilities (LTL) at 1 April	96,341	96,292	96,292
LTL repayment in year (Table B)	(3,681)	(1,339)	(3,677)
LTL at 31 March (2)	**92,660**	**94,954**	**92,615**

Actual Debt at 31 March (1) + (2)	**704,406**	**658,034**	**690,527**
CFR from Table B	**704,406**	**n/a**	**695,609**
Under/(Over) Borrowing	**0**	**n/a**	**5,082**

2.3.1 The external debt figures included within Table C now includes both short term and long term debt. This is due to the current strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. The reduction in the estimated external debt for 2021/22 is due to a reduction in the net capital financing need for the year.

2.3.2 The CFR is calculated on a year-end position based on the Council's balance sheet and therefore the current position is not shown. The CFR has reduced from the original estimate due to the forecast level of capital expenditure in 2021/22 being less than budgeted. The Chief Officer - Resources can report that the Council is currently on target to meet the 2021/22 revised estimates for both indicators.

2.3.3 Table C highlights that the borrowing of the Council is forecasting a minimal under-borrowed position against the CFR at 31 March 2022.

2.4 **Compliance with the limits in place for borrowing activity** – A key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose.

Gross borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and next two financial years. This allows some flexibility for limited early borrowing for future years.

The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The revised indicator is detailed in Table D and is illustrated by comparing the estimated gross debt as at 31 March 2021 with the CFR as at 31 March 2024. The Chief Officer - Resources reports that no difficulties are envisaged for the current year in complying with this prudential indicator.

Table D:

£000	2021/22 Original Estimate	2021/22 Projected Outturn
CFR at 31 March 2021		
2021/22 Estimate/Actual (From Table B above)	**647,920**	**646,190**
Estimated movement in CFR		
2021/22 (From Table B above)	56,486	49,419
2022/23	32,419	45,098
2023/24	56,027	56,027
Anticipated CFR at 31 March 2024	**792,852**	**796,735**
Gross Debt at 31 March 2022 (From C above)	**704,406**	**691,527**

2.4.1 The Operational Boundary is detailed in Table E below and is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Table E:

£000	2021/22 Original Estimate	Current Position	2021/22 Projected Outturn
External Debt	774,848	658,034	760,680

2.4.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which is detailed in Table F and represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Table F:

£000	2021/22 Original Estimate	Current Position	2021/22 Projected Outturn
External Debt	845,288	658,034	829,832

3. Economic Outlook

UK

3.1 The Monetary Policy Commission (MPC) voted to leave bank rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of 2021. Inflation recently announced at 4.2% which is the highest it has been in recent years. It is forecasted that by April 2022 the rate will be 5%.

3.2 Supply shortages, labour shortages, surging fuel prices and tax increases could have an effect on interest but these could be offset, at least partially, by the savings consumers have accumulated during the pandemic.

3.3 The UK economy is expected to grow stronger than anticipated in 2021 and 2022. It is anticipated that it will rise 6.5% this year and 6% in 2022.

Scotland

3.4 Since the start of the pandemic in March 2020 funding for COVID-19 has played an important role in the Scottish budget. This funding accounted for 17% of the 2020/21 Scottish budget and 10% of the 2021/22 budget. There isn't the same guarantee of funding this year and the final level of funding should be confirmed early 2022. COVID 19 continues to have a profound effect on the economy but the outlook is better than originally anticipated.

3.5 Due to supports provided, the labour market performed better than anticipated during the pandemic. It is anticipated therefore that unemployment rates for quarter 4 will peak at 5.4% which is lower than initially anticipated. In 2020/21 the average Scottish house price was above £200,000. It is expected that they will stabilise at this value in 2021/22 but will continue to grow in future years. There are however, shortages in labour which may impact on the economy.

International update

3.6 In the US, shortages of goods and intermediate goods like semi-conductors, are fuelling increases in prices and reducing economic growth potential. There has been a sustained drop in the labour force which suggests the pandemic has had a longer-term effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

3.7 In the Eurozone the slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 projected at 2.2%, the EU recovery is nearly complete although countries dependent on tourism are lagging. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the European Central Bank is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising interest rates for a considerable time.

3.8 Based upon the above information, the Council's treasury advisor, Link Asset Services, has provided the following interest rate forecast. As at November 2021:

Table G:

Link Group Interest Rate View 8.11.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40

Source:Link Treasury Management Advisors

3.9 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK – COVID vaccines don't work as anticipated or as quickly as hoped;
- The pandemic leaves long term issues for the economy;
- The Government introduces austerity plans which stifle growth;
- The Montetary Policy Committee tightens monetary policy too early or late resulting in adverse effects on the economy;
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections;
- Widespread political risk, for example: the German elections

3.10 Upside risks to current forecasts for UK gilt yields and PWLB rates are as

follows:

- UK - stronger than currently expected recovery in UK economy.

4. Treasury Management Activity

4.1 This part of the report is structured to update:

- The Council's expected borrowing need and details of under/(over) borrowing;
- Debt rescheduling and new borrowing;
- Debt charges; and
- Investments

4.2 **The Expected Borrowing Need** – This was set out in Table C (above) and demonstrates that at 30 September 2021 Council is currently projecting and under-borrowed position to reduce risks in investments held and the cost of carry on investments. It should be noted that due to the recent announcement on PWLB interest rates, the borrowing rates are significantly different than in September 2021, when long term borrowing rates for periods greater than 25 years are currently between 1.96% to 1.57%, depending on length of term for borrowing. This introduces an element of interest rate risk, as longer term borrowing rates may rise; however, this position is being carefully monitored.

4.3 **Debt rescheduling and new borrowing** – The Council has not undertaken any debt rescheduling during the first half of 2021/22. In the year to date naturally maturing debt of £200.192m has been repaid which has been mainly funded by loans from other local authorities.

4.4 **Debt Charges** – The revised estimate for debt charges for both the General Fund and the HRA is shown in Table H.

Table H:

£000	2021/22 Original Estimate	Current Position	2021/22 Revised Estimate
Borrowing	20,925	10,463	20,925
Other Long Term Liabilities	10,547	5,274	10,547
Total	**31,472**	**15,736**	**31,472**

4.5 **Investments** – The objectives of the Council's investment strategy are to ensure the re-payment of the principal and interest of its investments on time with the level of investment return being a secondary objective. Following on from the economic background above, the current investment climate has one over-riding risk consideration which is the risk of default.

4.5.1 The Council held £16.341m of cash investments at 30 September 2021, and the constituent parts of the investment position are detailed in Table I:

Table I:

£000	Country	< 1 Year	1 – 2 Years	2 – 3 Years
Banks	UK	5,433	Nil	Nil
Money Market Fund	UK	10,908	Nil	Nil
Local Authorities	UK	0	Nil	Nil
Total	UK	16.341	Nil	Nil

4.5.2 Table J details the revised budget position for investment income. The original estimate has decreased by £0.011m due to ongoing interest rates.

Table J:

£000	2021/22 Original Estimate	Current Position	2021/22 Revised Estimate
Investment Income	75	32	64

4.5.3 A regulatory development to address risk is the consideration and approval of benchmarks relating to investment security, liquidity and the level of return. Benchmarks are currently widely used to assess the level of return and investment performance, however the application of security and liquidity benchmarks are more subjective in nature.

- **Security** - The Council's maximum security risk benchmark for the current portfolio in relation to investment periods of up to one year (when compared to historic default tables) was set at 0.00% and the Chief Officer - Resources can report that there have been no defaults of principal sums invested in the year to date.

Creditworthiness - Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

- **Liquidity** – The Chief Officer - Resources can report that liquidity arrangements were adequate during the year to date and that the liquidity facilities and benchmarks set by the Council as noted below were maintained:

    - Bank overdraft - £1.000m; and
    - Liquid short term deposits of at least £5.000m available on an overnight basis.

- **Return on Investments** – The Chief Officer - Resources can report that the investment return to date average 0.33%. Table K illustrates how this average return compares with the local benchmarks.

Table K:

Benchmark	Benchmark Return	Average Return
7 day LIBID rate	-0.08%	0.33%
1 month LIBID rate	-0.06%	0.33%
Council's Instant Access Account	0.10%	0.33%

5 Key Treasury Management Indicators

5.1 This part of the report is structured to update:

- Actual and estimates of the ratio of financing costs to net revenue stream;
- Upper limits on interest rate exposure:
- The maturity structure of borrowing; and
- Total principal sums invested.

5.2 **Actual and estimates of the ratio of financing costs to net revenue stream** – This indicator (as shown below in Table L) identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

Table L:

	2021/22 Original Estimate	2021/22 Revised Estimate
General Fund	8.53%	8.43%
HRA	28.07%	25.74%

5.3 **Upper Limits on Fixed and Variable Rate Exposure** – These indicators identify a maximum limit for fixed and variable interest rates based upon the debt position and were set at 100% and 50% respectively for 2021/22. The Chief Officer – Resources reports that the Council operates within these limits.

5.4 **Maturity Structures Of Borrowing** – These maximum limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) which are due to naturally mature in any given period as detailed in Table M and show that the Council operates within limits set.

Table M:

Maturity Structure of Fixed Interest Rate Borrowing	2021/22 Original Limits	Current Position
Under 12 months	50%	44%
12 months to 2 years	50%	3%
2 years to 5 years	50%	5%
5 years to 10 years	50%	5%
10 years to 20 years	50%	4%
20 years to 30 years	50%	6%
30 years to 40 years	50%	3%
40 years to 50 years	100%	21%
50 years to 60 years	100%	9%
60 years to 70 years	100%	0%

5.5 **Total Principal Funds Invested** – These limits are set to reduce the need to temporarily borrow to cover any unexpected expenditure, and show limits to be placed on investments with final maturities beyond each year-end. The Council currently invests sums for periods greater than 365 days in Clydebank Property Company and hub West Scotland as detailed in Table N.

Table N:

	2021/22 Original Estimate	Current Position	2021/22 Revised Estimate
Principal sums invested > 365 days (maximum limit £7m)	£0.489m	£0.489m	£0.489m

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – Resources

Audit Committee: 2 March 2022

Subject: Internal Audit Plans 2020/21 and 2021/22 – Progress to 2 March 2022

1. Purpose

1.1 The purpose of this report is to advise Members of progress at 31 January 2022 against the Internal Audit Plans for 2020/21 and 2021/22.

1.2 The report also advises Members of:

- Recently issued Internal Audit reports and action plans; and
- Status of implementation progress relating to action plans from previously issued Internal Audit reports.

2. Recommendations

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

3. Background

3.1 The annual audit plans for 2020/21 and 2021/22 were approved by the Audit Committee on 17 June 2020 and 10 March 2021 respectively. This report provides information on the progress in implementing the plans.

3.2 When audit reports are issued by Internal Audit, an action plan is agreed with management in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored by Internal Audit on a monthly basis and regularly reported to the Audit Committee.

4. Main Issues

4.1. The annual audit plan sets out the audit coverage for the year utilising available staff resources to enable the Shared Service Manager – Audit & Fraud to provide the annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.

4.2 A new risk-based audit methodology was implemented during 2020/21. For each audit, one of 4 audit opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.

Requires Improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

4.3 Detailed findings and recommendations reported to management are graded using the following criteria:

Red	In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. Corrective action must be taken (some exceptions may be agreed with Internal Audit) within reasonable timeframe. Overseen to completion by Chief Officer/Head of Service.
Green	In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit. Managed by service owner. Not reported in Audit Committee papers.

4.4 Two audit reviews have been finalised since the Audit Committee meeting in November 2021 as follows:

- IHMS Stores and Stock Management
- Control Self-Assessment – HSCP Client Accounts Process (Care Homes)

IHMS Stores and Stock Management

4.5 The management of stock is an important function of Building Services. It is an essential part of the valuation of jobs undertaken and the subsequent charge for that job to other services within the Council. The value of each stock item is dependent on the accurate recording of the correct information in the stock module of the IHMS. Building Services stocks consists of approximately 2000 items varying in value from less than £1 to just under £1000. The majority of the items stored are of low value e.g. screws, nuts, bolts, tins of paint and other small building materials. Among the larger items stored are boiler units, bathroom fittings and kitchen units.

4.6 Stocks are maintained at three main stores Cochno Street Clydebank, Overnburn Avenue Dumbarton and Elm Road Dumbarton. All stores contain a large variety of building materials. The value of Building Services stock at 31st March 2021 was £562,392.

4.7 In addition to the items in storage other items are delivered direct to the sites (Direct Purchases) where the work is carried out. This will include Windows, Doors, Timbers and Concrete Slabs and are shown separately in the Building Services financial accounts.

4.8 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls over the key risks faced by West Dunbartonshire Council in relation to IHMS – Stores and Stock Management.

4.9 The overall control environment opinion was **Satisfactory**. There was one RED issue and 4 AMBER issues identified as follows:

Lack of Stock Control Process for Direct Purchases of UPVC Units (Red)

During our attendance at site stock checks in September 2021, we identified that there are currently UPVC windows/doors units and Timber Roof Battens with an approximate value of around £250,000 stored across 3 Council sites on Elm Road Dumbarton which were procured as direct purchases and therefore not included as part of stores. However, the stock stored at the 3 sites is held in an open area which is not adequately protected from theft or damage.

In addition, the stock of UPVC windows/doors includes 166 units relating to inactive orders where windows purchased have not been installed due to Building Services being unable to gain access to relevant properties. Most of the inactive UPVC windows/doors have accumulated over many years with limited records available.

Where large volumes of material items are stored out with the recognised stores premises and are not subject to stores procedures there is a risk of deterioration/loss/theft of stock as a result of items being stored inappropriately.

Non-compliance with Council Procedures for Stocktaking (Amber)

We attended the stock checks carried out in September and observed that the team who carried out the perpetual stock check at the Building Services Overburn Avenue were officers who had direct responsibility for managing the stores depot and did not comply with the Council's Instructions for Stocktaking and Annual Reporting which requires that:

''Administrative/technical personnel should be involved in stocktaking rather than persons handling the stores on a day to day basis''.

Where perpetual stock checks are carried out by personnel with direct responsibility for managing the stores depot where the stock check is being carried out including the receipt and issuing of materials, there is a risk that errors/losses/thefts regarding materials stored could be occurring which may go undetected.

Full implementation of Minimum/Maximum Levels and automatic reordering of stock items (Amber)

Through observation and enquiry it was identified that the Minimum/Maximum levels facility within the QL system is not being utilised at all depots by the storemen authorised to place orders. It was also identified that system functionality for the automatic re-ordering of materials when the minimum level is reached has not been fully developed within the IHMS.

Where all available system functionality is not utilised by staff in the IHMS system there is a risk that the Council will not fully achieve all efficiencies in processes identified through the cost benefit analysis for the newly implemented IHMS system.

Authorisation of Stock Check Adjustments (Amber)

It was observed during the Perpetual Stock Check at the Overburn Depot on 22nd September 2021 that all adjustments to stock quantities identified from the stock check were uploaded into QL without the authorisation required by the Council's stocktaking procedures.

Where discrepancies disclosed by stock counts are not independently checked and authorised by senior officials when updating the QL system, there is a risk that any loss or theft of stock goes undetected as a result of items being wrongly or fraudulently recorded on the QL system.

Lack of functionality to record the transfer of materials between jobs on QL System (Amber)

Through walkthroughs of procedures with Building Services staff it was identified that there is no functionality in the QL system to allow the recording of the transfer of materials from one job to another. Currently when direct materials purchased have been invoiced and receipted to a job they cannot then be transferred to another job in the system.

Where there is no functionality to transfer the cost of excess materials or materials that have been incorrectly charged to individual jobs there is the risk of the cost of jobs may be over or under stated. There is also a potential fraud risk where complete and accurate records are not held for jobs which may increase the opportunity for theft of excess materials which goes undetected.

4.10 The audit identified 7 issues, 5 of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2023.

Control Self-Assessment – HSCP Client Accounts Process (Care Homes)

4.11 The Council has 2 care homes namely Queens Quay House and Crosslet House. Both care homes operate a Clients Account for handling residents' finances. Specifically, where a resident is unable to manage their own finances, lacks capacity or requires protection from exploitation, the Council can apply for Corporate Appointeeship. In this regard, this allows the Council to manage the

resident's pension, pay the resident's board charges and support the resident to make personal choices in relation to their money.

4.12 Control self-assessment is a process through which management confirm levels of compliance with expected controls and best practice guidance. Sample testing is carried out by Internal Audit to verify the completeness and accuracy of the self-assessment return.

4.13 The self-assessment exercise identified a number of areas of non-compliance with expected controls as follows:

Queens Quay House

- The Client Bank Account is not in the name of Queens Quay House which is the registered organisation and the list of authorised signatories requires to be updated;
- Bank reconciliations are not being carried out to ensure that any errors or irregularities are identified and corrected in a timely manner;
- There are some weaknesses in the process for purchasing goods and services for service users; and
- Although cash reconciliations are carried out, these are not independently checked.

Crosslet House

- Procedures for checking purchases and receipts are not being carried out;
- Cash reconciliations are not being independently checked.

4.14 Action plans have been agreed with management for each Care Home and will be monitored for completion as part of the 2022/23 audit plan.

4.15 The 2021/22 Annual Audit Plan is underway and current status is as follows:

Stage	**Number of Audits**
Final Report	1
Draft Report	0
Fieldwork Complete	0
Fieldwork	4
Planning	1
Not Started	5
B/f 20/21 Audits completed in 21/22	5
Total	**16**

4.16 Delivery of the 2021/22 audit plan has been delayed due to unanticipated staff turnover, staff absence and completion of 2020/21 audit plan. The team is now back to full complement and completion of the plan will regain momentum over the next few months with a target completion date of June 2022. As such, the audit plan for 2022/23 will now be presented to the June 2022 Audit Committee to take account of any carry forward required at that stage.

4.17 In relation to audit work for IJB, 2 planned audits are underway and reports will be provided to management and reported to HSCP Board Audit and Performance Committee.

4.18 In relation to the Valuation Joint Board, one planned audit is underway for the audit work that will be carried out during 2021/22.

4.19 In relation to the Leisure Trust, one planned audit is underway for the audit work that will be carried out during 2021/22.

4.20 Internal and External Audit Action Plans

In relation to audit action plans, these are monitored by Internal Audit on a monthly basis. There were 7 actions due for completion by the end of December, 3 of which have been implemented and the completion date in relation to the other 4 actions has been revised.

Work is ongoing with services to ensure action plan dates agreed are realistic. The status report at 31 December 2021 is provided at Appendix 2.

4.21 The Council's Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective April 2013 (updated April 2017) which includes:

- Definition of Internal Auditing;
- Code of Ethics;
- Attribute Standards (responsibility, independence, proficiency, quality); and
- Professional Standards (managing activity, nature of work, engagement planning, performing the engagement, communicating results, monitoring progress, risk management).

Ongoing Corporate Fraud Team Work

4.22 From 1 April to 31 December 2021, the Corporate Fraud team's day to day work has resulted in actual recoveries, charges and re-billings as detailed below, against an annual target of £250,000.

Description	**Amount (£)**
Council Tax Reduction	38,084
Council Tax Single Person's Discount	21,858
National Fraud Initiative (CTR)	22,669
National Fraud Initiative (SBBS)	57,278
J/W Housing Benefit/Council Tax Reduction	0
Non DWP Housing Benefit	108,576
Non DWP Council Tax Reduction	420
Administrative Penalty	1,260
Total	**£250,145**

4.23 The Internal Audit Team and the Corporate Fraud Team continue to work together as appropriate in order to ensure a joined-up approach to fraud investigation and detection.

National Fraud Initiative

4.24 The National Fraud Initiative (NFI) is a series of biennial exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a timescale and report back on any savings.

4.25 The most recent biennial exercise for 2020/21 was released data to Councils in January 2021 providing matched datasets for organisations to investigate. There is an expectation that organisations would examine all "High Risk" matches and a proportion of the other matches too. WDC applies a risk-based approach to the NFI matches in the medium and low risk categories.

4.26 Services are progressing with investigations and a progress report on the 2020/21 exercise is included on the agenda for the March 2022 meeting of the Audit Committee.

Benchmarking

4.27 In accordance with the Council's Strategic Improvement Framework, services should undertake benchmarking activity with the equivalent function in other Councils. Therefore, WDC Internal Audit has entered into a benchmarking group which involves seven other Councils, these being:

- Argyll and Bute;
- Clackmannanshire;
- East Dunbartonshire;
- Falkirk;
- West Lothian;
- Inverclyde; and
- Stirling.

4.28 Regular meetings will continue to take place during 2022 to review performance against agreed performance indicators and identify other areas for sharing of best practice. Relevant action will be taken where improvements are identified. The outcome of this review will be reported to Committee when completed.

5. People Implications

5.1 There are no people implications.

6. Financial and Procurement Implications

6.1 As a result of Corporate Fraud Team activity, actual recoveries, charges and re-billings of £250,145 from 1 April to 31 December 2021 have been identified, against an annual target of £250,000.

6.2 There are no procurement implications arising from this report.

7. Risk Analysis

7.1 There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide a reasonable level of assurance over the Council's system of

internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues.

9. Consultation

9.1 This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

10.1 This report relates to strong corporate governance.

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Laurence Slavin
Chief Officer - Resources
Date: 31 January 2022

Person to Contact: Andi Priestman, Shared Service Manager – Audit & Fraud
E-mail: andi.priestman@west-dunbarton.gov.uk

Appendices: 2021-22 Annual Audit Plan – Progress to 31 January 2022 (Appendix 1)
Status of Internal Audit Action Plans to 31 December 2021 (Appendix 2)

Background Papers: Audit Committee – 10 March 2021: Internal Audit Annual Plan 2021/22
Audit Committee – 21 March 2018: Counter Fraud and Corruption Strategy
Internal Audit Reports - Copies available on request

Wards Affected: All wards

2021-2022 Internal Audit Annual Audit Plan – Progress to 31 January 2022

Audit/Status	Not Started	Planning/ TOR	Fieldwork	Fieldwork Complete	Draft Report	Final Report	Date Reported to Audit Committee
Risk –Based Reviews							
IHMS – Stock Control		✓	✓	✓	✓	✓	March 2022
LD Services – Financial Monitoring of Contracts	✓						June 2022
Building Services – Work In Progress		✓					June 2022
Building Services – Price Checks		✓					June 2022
OT Waiting Times	✓						June 2022
Financial Assessment Process	✓						June 2022
Corporate Procurement – Supplier Management	✓						June 2022
Overtime	✓						June 2022
Vehicle Tracking System		✓	✓				June 2022
Project Management Arrangements		✓	✓				June 2022
Employee Expenses		✓	✓				June 2022
Limited Scope Financial System Reviews							
Debtors		✓					June 2022
Other Work							
Integration Joint Board – Internal Audit Service	The IJB internal audit annual plan for 2021/22 was approved in April 2021. Two audits are currently underway and will be reported to the HSCP Board Audit and Performance Committee.						
Valuation Joint Board – Internal Audit Service	The VJB internal audit annual plan for 2021/22 is now underway.						
Leisure Trust – Internal Audit Service	The LT internal audit annual plan for 2021/22 is now underway.						
Covid-19 Recovery Assurance Work	Ad hoc advice provided on an ongoing basis.						
National Fraud Initiative	Matches for the 2020-21 exercise have been received. A separate update on the exercise is on the agenda for the March 2022 Audit Committee meeting.						
B/f 2020/2021 Audit Plan Completion	Four audit reports from the 2020/21 audit plan were finalised during 2021/22 including: Rent Arrears, Pupil Equity Funding, Homelessness and Client Accounts Administration Process. Fieldwork in relation to and Corporate Procurement – Under £50k is now complete and draft report has been issued for management comment.						

West Dunbartonshire COUNCIL

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLANS
AT 31 DECEMBER 2021

Summary:

Section 1 Summary of Management Actions due for completion by 31/12/2021

There were 7 actions due for completion by 31 December 2021, 3 of which have been reported as completed by management and completion dates in relation to 4 actions have been revised.

Section 2 Summary of Current Management Actions Plans at 31/12/2021

At 31 December 2021 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/12/2021

At 31 December 2021 there were 17 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 December 2021 there were 10 audit action points where the agreed deadline had been missed.

Section 5 Summary of Action Plan Points by Audit Year

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
SUMMARY OF ACTION PLANS DUE FOR COMPLETION BY 31.12.2021

SECTION 1

Strategic Area	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*
Children and Families	4	2	2	
Supply, Distribution and Property	1		1	
Education	2	1	1	
Total	**7**	**3**	**4**	

* These actions are included in the Analysis of Missed Deadlines – Section 4

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
SUMMARY OF CURRENT ACTION PLANS AT 31.12.2021

SECTION 2

CURRENT ACTIONS BY STRATEGIC AREA

HSCP	
Due for completion February 2022	1
Total Actions	**1**
Children and Families	
Due for completion March 2022	1
Due for completion May 2022	1
Total Actions	**2**
Community Health and Care	
Due for completion February 2022	3
Total Actions	**3**
Regulatory and Regeneration	
Due for completion March 2022	1
Total Actions	**1**
Housing and Employability	
Due for completion February 2022	1
Total Actions	**1**
People and Technology	
Due for completion March 2022	1
Total Actions	**1**
Supply, Distribution and Property	
Due for completion February 2022	1
Due for completion March 2022	2
Due for completion April 2022	1
Due for completion May 2022	1
Due for completion August 2022	1
Due for completion March 2023	1
Total Actions	**7**
Education, Learning and Attainment	
Due for completion April 2022	1
Total Actions	**1**
Total current actions:	**17**

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

Current Internal Audit Action Plans

154. Charging Policy - Non Residential Services (Report Issued May 2019)

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
T&PSR/IAAP/735	4. Charging Policy As the Community Based Care Charging Policy - Non Residential Services has not been reviewed for at least eight years and as some parts of the policy requires to be more generic and other parts require to be more specific, it is recommended that the policy be fully reviewed and revised. This will therefore provide more clarity, eliminate ambiguity and make it fit for purpose. It is also recommended that all services be included in the review to ensure input from all areas. In addition, once reviewed, the date of the revision should be recorded on the policy to ensure that there is proper version control. (Medium Risk)	A Charging Policy Review Group has been established on 7th Jan with meetings scheduled for every 2 weeks until end of June. The group includes all Heads of Service, the CFO, some Integrated Ops Managers and social care accountant. The draft Terms of Reference were considered at the 2nd meeting and agreement was reached between HoS about seconding a social worker to support the process. The review will consider the impacts of new Carers Act and Free Personal Care for Under 65 as well as Self Directed Support duties. It will also address the current anomalies/inequities between service users and opportunities to maximise charging in the context of the council's Commercialisation Policy – but within COSLA Guidance. Personal care is defined in legislation. A simple "service user guide" to non-residential charges can be added to the website/leaflet for distribution.		31-Aug-2019 30-Sep-2020 31-Mar-2021 30-Nov-2021	28-Feb-2022*	HSCP Heads of Service	Beth Culshaw

165. CM2000 Functionality (Report Issued February 2020)

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/028	Overtime Payment It is recommended that: • all timesheets are checked and agreed to CM2000 system before	We are working with CM2000 to develop a payroll report which will be used as the basis for staff payment. This report will be implemented by September 2020.		30-Nov-2020 31-Mar-	28-Feb-2022*	Richard Heard	Lynne McKnight

Status Key

	On track
	Overdue – update required

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
	being authorised for payment; • where there are instances of non-compliant clock in overtime, appropriate additional authorisation should be obtained. (Low Risk)	In the meantime Admin will do cross checks against clocking in and out. A communication will be issued to all home care staff re compliance and claims for overtime.		2021 31-Jul-2021			
IAAP/029	Implementation of additional CM2000 Functionality a) It is recommended that Management pilot and fully implement the Mileage functionality across the Homecare team within the planned time frame. (Medium Risk)	Mileage Wizard will be rolled out in next six months. This will depend on high compliance.		30-Jun-2020 30-Nov-2020 31-Mar-2021 31-July-2021	28-Feb-2022*	Richard Heard	Lynne McKnight
IAAP/030	Implementation of additional CM2000 Functionality b) It is recommended that Management develop a plan in collaboration with WDC ICT and Payroll to implement the Financial module. (Medium Risk)	We are working with CM2000 to develop a payroll report which will be used as the basis for staff payment. This report will be implemented for testing by September 2020		30-Nov-2020 31-Jan-2021 31-Mar-2021 31-Jul-2021	28-Feb-2022*	Richard Heard	Lynne McKnight

171. Social Work - Case Management (Report Issued August 2020)

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/048	3. Children's services – Supervision of casework Senior Social Workers (SSWs) should be required to discuss all cases allocated to Social Workers on a regular basis to ensure that appropriate review is taken of lower priority cases and that no cases remain open which should be closed. Performance management information showing cases which have	Supervision with staff covers a range of issues in addition to discussion about cases. Supervision process requires review and update – can reflect frequency of discussions around cases; consider discussion of a certain number of cases in each supervision session. Explore an improved 'Team around the Child' reviewing		31-Mar-2021 31-Dec-2021	31-Mar-2022*	Annie Ritchie	Lesley James

Status Key

	On track
	Overdue – update required

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
	not been updated within a specified period should be obtained to enable SSWs to gain assurance that there are no open cases which are not being actively dealt with. (Medium Risk)	model. Monthly report to managers, Head of Service, HSCP Chief Officer and Council Chief Executive includes breakdown of unallocated cases. Develop management exception report re: cases with no activity recorded for periods of time to provide further scrutiny and assurance.					
IAAP/050	5. Children's Services - Peer review of case files Management should consider what level of peer review is required to ensure that the cases are being recorded adequately and assess how the process can be re established given the current team workloads. (Medium Risk)	Management Team are reviewing peer review processes as part of case file audit and monitoring and how this can inform service redesign. Work has commenced as part of the PACE workstream in respect of children looked after at home. Intention to scale up when capacity is increased.		31-Oct-2020 31-Mar-2021 31-Dec-2021	31-May-2022*	Annie Ritchie	Lesley James

172. Taxi Licensing (Report issued October 2020)

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/066	Acceptance of Incomplete/ Inaccurate Application forms In the medium term the licensing team should look to phase out paper based applications completely with all licences being required to be submitted online, with originals of documents presented either in the one stop shops or directly to the licensing team. (High Risk)	Paper copy applications will be available in the medium term and the licensing team will work with the Trade to seek to establish a timetable to remove the ability to apply using paper applications.		31-Mar-2022	31-Mar-2022	Raymond Lynch	Peter Hessett

Status Key

	On track
	Overdue – update required

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

173. Housing Voids (Report Issued October 2020)

Code	Recommendation	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/079	1.Void Management Policy Review & Update The Void Management Policy 2013 should be reviewed and updated to take account of current working practices following the 2018 restructure of the Housing Operations Service and the introduction is the new Integrated Housing Management System (IHMS) in October 2019. (Medium Risk)	The previous policy had fallen into abeyance, with the strategic direction for voids led by the Housing Improvement Board. Whereas this has led to significant improvements against the key tenets of the historic policy, given the extent of systemic and structural changes it would be beneficial to codify this within a revised policy. This will be developed with new tenant feedback and wider tenant consultation.		31-May-2021	28-Feb-2022*	Nicola Pettigrew	Peter Barry

Cyber Security (Report issued December 2020)

Code	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/081	**User Education and Awareness Training (Amber)** c) Strategic People and Change Manager will progress the development of reports from ilearn which will enable managers to review their teams completion of the ilearn modules and add course to Skills Passport.		31-Mar-2021	31-Mar-2022*	Strategic Change and People Manager	Chief Officer People and Technology

Building Services – Stock Checks (Report issued May 2021)

Code	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/090	**Lack of Stock Checks on Building Services Vans (Amber)** The increase in imprest stock held in vehicles is part of the introduction of the IHMS. This allows a reduction in trips to depots to uplift stock items allowing right first time repairs and improved service efficiently. Stock checks of vans will be completed in line with monthly stock checks.		30-Jun-2021 31-Aug-2021 30-Sep-2021 31-Dec-2021	31-Mar-2022*	Building Services Manager	Chief Officer – Supply, Distribution and Property

Status Key

	On track
	Overdue – update required

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

Pupil Equity Fund (Report issued July 2021)

Code	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/097	**Exit Planning (Amber)** Management have agreed to amalgamate all existing information already shared and any new guidance regarding exit planning into one formalised document.		31-Dec-2021	01-Apr-2022*	Senior Education Officer	Chief Officer – Learning & Attainment

IHMS Stores and Stock Management (Report issued January 2022)

Code	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/103	**Lack of Stock Control Process for Direct Purchases of UPVC Units (Red)** Longer term Building Services will ensure just in time delivery of uPVC windows and door units recommence in line with the Councils' renewal programme.		01-Aug-2022	01-Aug-2022	Building Services Manager	Chief Officer – Supply, Distribution and Property
IAAP/104	**Lack of Stock Control Process for Direct Purchases of UPVC Units (Red)** An inventory of sizes/ types/hands/styles of uPVC windows and doors will be developed for inactive orders. A plan will be put in place to install all units where feasible. Any unusable units will be dealt within in line with the Council's management of obsolete stock procedures.		31-Mar-2023	31-Mar-2023	Building Services Manager	Chief Officer – Supply, Distribution and Property
IAAP/105	**Non-compliance with Council Procedures for Stocktaking (Amber)** Storekeepers/assistant storekeepers will not carry out physical counting of commodities held within their base store during perpetual stock counts in future with team members from other stores doing the count supported by technical and support teams.		30-Apr-2022	30-Apr-2022	Building Services Manager	Chief Officer – Supply, Distribution and Property
IAAP/106	**Full implementation of Minimum/Maximum Levels and automatic reordering of stock items (Amber)** These actions form part of stores catalogue review which is ongoing and scheduled to be completed early in the financial year 2022/2023.		30-Apr-2022	30-Apr-2022	Building Services Manager	Chief Officer – Supply, Distribution and Property
IAAP/107	**Authorisation of Stock Check Adjustments (Amber)** The current lead officer for the store operations (Technical Officer) will check and authorise results of perpetual stock takes prior to these being uploaded to the QL system.		28-Feb-2022	28-Feb-2022	Building Services Manager	Chief Officer – Supply, Distribution and Property

Status Key

	On track
	Overdue – update required

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
CURRENT ACTION PLANS AT 31.12.2021

SECTION 3

Code	Agreed Action	Status	Original Due Date	Due Date	Assigned To	Managed By
IAAP/108	**Lack of functionality to record the transfer of materials between jobs on QL System (Amber)** A review of direct purchase processes will be carried out by building services and IHP team. A fix in the QL system will be requested and an interim workaround developed which will be implemented by end of March 2022.		31-Mar-2022	31-Mar-2022	Building Services Manager	Chief Officer – Supply, Distribution and Property

Status Key

	On track
	Overdue – update required

Report	Agreed Action	Original Due Date	Revised Date	Management Comments
154. Charging Policy - Non Residential Services (May 2019)	**Charging Policy (Medium Risk)** A Charging Policy Review Group has been established on 7th Jan with meetings scheduled for every 2 weeks until end of June. The group includes all Heads of Service, the CFO, some Integrated Ops Managers and social care accountant. The draft Terms of Reference were considered at the 2nd meeting and agreement was reached between HoS about seconding a social worker to support the process. The review will consider the impacts of new Carers Act and Free Personal Care for Under 65 as well as Self Directed Support duties. It will also address the current anomalies/inequities between service users and opportunities to maximise charging in the context of the council's Commercialisation Policy – but within COSLA Guidance. Personal care is defined in legislation. A simple "service user guide" to non-residential charges can be added to the website/leaflet for distribution.	31-Aug-2019 30-Sep-2020 31-Mar-2021 30-Nov-2021	28-Feb-2022	The current Social Care Charging Policy was reviewed during 2020/21 to confirm its compliance with COSLA Guidance as well as undertaking an extensive engagement exercise with service users and stakeholder groups in relation to the current Day Opportunities fixed charge. The feedback from this will be considered alongside the current review into the future model of Day Care Services and any proposed change to the charging structure will be presented to a future HSCP Board meeting with recommendations to be considered by West Dunbartonshire Council as the statutory body with the responsibility to set and levy charges. Day services have been closed throughout 2020/21 (except for some high level support) and the Scottish Government have provided Covid-19 funding to the HSCP to cover the loss of income. It is expected that this will continue into 2021/22. In line with Council's Long Term Financial Strategy current charges will be uplifted by 4% in 2021/22. A report will be presented to HSCP Board in September 2021 and then to Council by February 2022 after taking into account any implications arising from the funding settlement.
165. CM2000 Functionality (February 2020)	**Overtime Payment (Revised to Low Risk)** We are working with CM2000 to develop a payroll report which will be used as the basis for staff payment. This report will be implemented by September 2020. In the meantime Admin will do cross checks against clocking in and out. A communication will be issued to all home care staff re compliance and claims for overtime.	30-Nov-2020 31-Mar-2021 31-Jul-2021	28-Feb-2022 Interim Update	In concert with the national picture care at home continues to be under significant pressure, this is as a result of a complex picture including, the rising rates of covid infection, challenges in terms of absenteeism, recruitment and retention. The service has always benefitted from the mixed economy of service delivery, however as these pressures are mirrored in the independent sector it is becoming increasingly challenging to support the core service with the use of agency workers. Although a project initiation document was agreed on the 14 May 2021, this complex landscape is impacting on the proposed plans to review the service. As such on the 26 August 2021 a phased approach was agreed with Trade Unions colleagues. The initial phase of the service review, which is expected to last approximately 6 months, will focus on compliance with the principles of the Fair Work Framework, specifically in relation to overtime, agency spend, absenteeism, high turnover and compliance with the working time directive.

Report	Agreed Action	Original Due Date	Revised Date	Management Comments
165. CM2000 Functionality (February 2020)	**Implementation of additional CM2000 Functionality (Medium Risk)** Mileage Wizard will be rolled out in next six months. This will depend on high compliance.	30-Jun-2020 30-Nov-2020 31-Mar-2021 31-Jul-2021	28-Feb-2022 Interim Update	In concert with the national picture care at home continues to be under significant pressure, this is as a result of a complex picture including, the rising rates of covid infection, challenges in terms of absenteeism, recruitment and retention. The service has always benefitted from the mixed economy of service delivery, however as these pressures are mirrored in the independent sector it is becoming increasingly challenging to support the core service with the use of agency workers. Although a project initiation document was agreed on the 14 May 2021, this complex landscape is impacting on the proposed plans to review the service. As such on the 26 August 2021 a phased approach was agreed with Trade Unions colleagues. The initial phase of the service review, which is expected to last approximately 6 months, will focus on compliance with the principles of the Fair Work Framework, specifically in relation to overtime, agency spend, absenteeism, high turnover and compliance with the working time directive.
165. CM2000 Functionality (February 2020)	**Implementation of additional CM2000 Functionality (Medium Risk)** We are working with CM2000 to develop a payroll report which will be used as the basis for staff payment. This report will be implemented for testing by September 2020.	30-Nov-2020 31-Jan-2021 31-Mar-2021 31-Jul-2021	28-Feb-2022 Interim Update	In concert with the national picture care at home continues to be under significant pressure, this is as a result of a complex picture including, the rising rates of covid infection, challenges in terms of absenteeism, recruitment and retention. The service has always benefitted from the mixed economy of service delivery, however as these pressures are mirrored in the independent sector it is becoming increasingly challenging to support the core service with the use of agency workers. Although a project initiation document was agreed on the 14 May 2021, this complex landscape is impacting on the proposed plans to review the service. As such on the 26 August 2021 a phased approach was agreed with Trade Unions colleagues. The initial phase of the service review, which is expected to last approximately 6 months, will focus on compliance with the principles of the Fair Work Framework, specifically in relation to overtime, agency spend, absenteeism, high turnover and compliance with the working time directive.
171. Social Work - Case Management (Report Issued August 2020)	**Children's Services - Peer review of case files (Medium Risk)** Management Team are reviewing peer review processes as part of case file audit and monitoring and how this can inform service redesign. Work has commenced as part of the PACE workstream in respect of children	31-Oct-2020 31-Mar-2021 30-Jun-2021 31-Dec-2021	31-May-2022	The CS Management Team as part of a developed strategic plan will consider ways in which quality assurance, oversight and audit is routinely built in to self-evaluation for the service. An audit framework has been developed across the children and adult service with planned schooled audit activity sampling 10 cases x4 times a year with clear reporting governance including committee and SMT.

Report	Agreed Action	Original Due Date	Revised Date	Management Comments
	looked after at home. Intention to scale up when capacity is increased.			In addition planned audit activity has been agreed as part of the Serious Case Review Findings and a programme of key audit activity within social work is in place by the identified SCR champion.
Cyber Security (Report Issued December 2020)	**User Education and Awareness Training (Amber)** c) Strategic People and Change Manager will progress the development of reports from ilearn which will enable managers to review their teams completion of the ilearn modules and add course to Skills Passport.	31-Mar-2021	31-Mar-2022	There are ongoing discussions with WMS in order to create a link between ILearn and HR system.
171. Social Work - Case Management (Report Issued August 2020)	**Children's Services – Supervision of case work (Medium Risk)** Supervision with staff covers a range of issues in addition to discussion about cases. Supervision process requires review and update – can reflect frequency of discussions around cases; consider discussion of a certain number of cases in each supervision session. Explore an improved 'Team around the Child' reviewing model. Monthly report to managers, Head of Service, HSCP Chief Officer and Council Chief Executive includes breakdown of unallocated cases. Develop management exception report re: cases with no activity recorded for periods of time to provide further scrutiny and assurance.	31-Mar-2021 30-Jun-2021 31-Dec-2021	31-Mar-2022	Quality assurance of case work and practice requires to be further developed. There is a lack of independent scrutiny in relation to independent chairing of children plans in line with UNCRC principles to ensure planning for children and service delivery is effectively considered. This requires to be fully consider in relation to CS strategic plan and an aligned resource. A supervision policy has been developed for social work and is being updated by CSWO to include Children's services. The timescale for this is 14th February where it will be discussed by CS management team with agreement re implementation date and planned briefings to staff. The policy aligns to Social Care standards and SSSC requirements. An audit of current supervision requires to be concluded and is a key recommendations form the findings of an SCR. Progress updates are being reported to CPC and CSWO who has assumed chairing responsibility for the group.
Housing Voids (Report Issued October 2020)	**Void Management Policy Review & Update (Medium Risk)** The previous policy had fallen into abeyance, with the strategic direction for voids led by the Housing Improvement Board. Whereas this has led to significant improvements against the key tenets of the historic policy, given the extent of systemic and structural changes it would be beneficial to codify this within a revised policy. This will be developed	31-May-2021	28-Feb-2022	The process for revising the policy and approving the current relet standard in the interim has been reported to the Housing Improvement Board. We will then proceed with the tenant and stakeholder consultation which will inform a paper seeking committee approval for both policy and standard in February 2022.

Report	Agreed Action	Original Due Date	Revised Date	Management Comments
	with new tenant feedback and wider tenant consultation.			
Building Services - Stock Checks (Report Issued May 2021)	**Lack of Stock Checks on Building Services Vans (Amber)** The increase in imprest stock held in vehicles is part of the introduction of the IHMS. This allows a reduction in trips to depots to uplift stock items allowing right first time repairs and improved service efficiently. Stock checks of vans will be completed in line with monthly stock checks.	30-Jun-2021 31-Aug-2021 30-Sep-2021 31-Dec-2021	31-Mar-2022	Pilot project to commence in October on one Building Services van to implement new IHMS process for managing Impress Stock in Vans. This involves a stock check on the Van stock. It was expected that the new process would be implemented for all Building Services vans with Impress stock (24 vans) by 31st December 2021. However, some issues have been identified in terms of stock holding levels including min, max and reorder levels of items held in each vehicle which require to be reviewed to ensure optimum service delivery. This has delayed the rollout of the process for all vehicles which it is expected may take until the end of March 2022 and involve a stock check for each vehicle. If there are any further delays, management have advised that a physical stocktake on each vehicle will be carried out prior to 31 March 2022.
Pupil Equity Funding (Report Issued July 2021)	**Exit Planning (Amber)** Management have agreed to amalgamate all existing information already shared and any new guidance regarding exit planning into one formalised document.	31-Dec-2021	01-Apr-2022	Management have advised that they are currently awaiting updated SG guidance on the refreshed Scottish Attainment Challenge funding which will inform the Exit Planning Document.

REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLANS
SUMMARY OF ACTIONS BY AUDIT YEAR **SECTION 5**

Status at 31 December 2021

Audit Year	No of Agreed Actions	No of actions complete	Current actions by Grade		
			H	M	L
2018/2019	79	78	0	1	0
2019/2020	67	59	1	4	3
Total	**146**	**137**	**1**	**5**	**3**

Audit Year	No of Agreed Actions	No of actions complete	Current actions by Grade		
			Red	Amber	Green*
2020/2021	25	16	0	2	7
2021/2022	8	0	2	4	2
Total	**25**	**16**	**2**	**6**	**9**

* Green actions are within the Council's risk appetite and are therefore not included in Audit Committee reports.

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Audit Committee: 2 March 2022

Subject: Public Interest Disclosures and other Internal Audit Investigations 19 August 2021 to 31 January 2022

1. Purpose

1.1 The purpose of this report is to advise Committee of the outcome of investigations into allegations and disclosures in line with public interest disclosure and business irregularities policies received by Internal Audit between 19 August 2021 and 31 January 2022.

2. Recommendations

2.1 It is recommended that Members note the content of this report.

3. Background

3.1 A disclosure in the public interest is where a concern is raised by a Council employee about a danger or illegality that has a public interest aspect to it. A confidential reporting facility is managed by Internal Audit as part of the WDC Public Interest Disclosure Policy. Internal Audit maintains a central record of all concerns raised under the Public Interest Disclosure Policy. All such disclosures are investigated by Internal Audit, including liaising with Services and HR as appropriate.

3.2 Members of the public can also contact Internal Audit to raise issues of concern and such matters are investigated as appropriate, although they are not regarded as public interest disclosures in terms of legislation.

4. Main Issues

Public Interest Disclosure Cases

4.1 There were 10 outstanding cases reported in the previous report submitted to committee on 15 September 2021, now progressed as detailed below:

Ref	Date Received	Detail	Status
23/20	12/10/19	Allegation that materials are being misappropriated by a member of staff and sold on.	Final report issued to management with recommendations for improvement.
30/20	5/2/20	Allegation that materials	Complete. Linked

		are being misappropriated by a member of staff and sold on.	investigation – 23/20.
04/21	31/8/20	Allegation that employees within service are using Council vehicles for personal use.	Investigation complete. Allegation unfounded. There was no evidence of personal use of the vehicle by employees.
05/21	8/10/20	Allegation that a child is collected from school in a WDC vehicle.	Referred to service for investigation.
12/21	01/02/21	Complaint against employee regarding use of work vehicle and time spent away from work.	Investigation complete. Due to lack of vehicle tracking information we were unable to fully investigate the allegation. Final report prepared for management with recommendations for improvement. An internal audit review of the vehicle tracking system is currently underway which will include this issue within the scope of the audit.
13/21	05/02/21	Allegations that 2 members of staff are carrying out “homers” in untracked vehicles using WDC materials stolen from other jobs.	Investigation closed. There was insufficient detailed information provided in the referral so we were unable to investigate the allegation.
02/22	19/04/21	WDC operatives using a Council vehicle carrying out work at a private property.	Referred to service for investigation.
04/22	19/07/21	Allegation of theft of material and carrying out rubbish uplifts	Investigation closed. Due to lack of specific detail in the allegation there were insufficient dates and times provided in the enquiry to carry out an investigation.
06/22	09/08/21	Allegation of personal use of a council vehicle by employee.	Due to the lack of vehicle tracking information/log book information we were unable to substantiate the allegation that the employee was using the council vehicle for personal use. We have however made

			some recommendations which will reduce the risk of council vehicles being used by employees for personal use.
08/22	16/08/21	Allegation that employee leaves work early on a regular basis.	Due to the lack of specific details of dates and times in the original enquiry we were unable to fully investigate the allegation. However, a report was issued to management with recommendations for improvement.

4.2 There were 7 disclosures received during the period 19 August 2021 and 31 January 2022 as follows:

Ref	Date Received	Detail	Status
10/22	05/09/21	Allegations of irregularity in recruitment process.	Investigation complete. From to the evidence examined during our investigation we are satisfied that the allegations were unfounded. We have however made some recommendations which if implemented will reduce the risk of similar allegations being made in the future.
11/22	15/9/21	Allegation that a member of staff in an education establishment is involved in substance abuse whilst at work.	Referred to service for investigation.
12/22	17/9/21	Allegation that a member of staff in an education establishment is involved in substance abuse whilst at work.	Linked to 11/22.
14/22	29/10/21	Allegation that HR procedures not being followed in a service.	Investigation undertaken by HR and established that correct process was followed. Allegations unfounded.
15/22	1/12/21	Allegation that an	Ongoing investigation.

		employee attended work with Covid-19 symptoms and subsequently tested positive.	
16/22	3/12/21	Allegations that 2 employees told other employees they have Covid-19 symptoms but are continuing to work.	Referred to management who actioned immediately. There were no concerns identified. Allegation unfounded.
18/22	8/12/21	Allegation that an employee attended work with Covid-19 symptoms and subsequently tested positive.	Linked to 15/22.

4.3 Activity relating to public interest disclosure for recent reporting periods is as follows:

Period	No. of Cases
1st January 2016 to 30th June 2016	4
1st July 2016 to 31st December 2016	6
1st January 2017 to 30th June 2017	1
1st July 2017 to 31st December 2017	7
1st January 2018 to 30th June 2018	2
1st July 2018 to 31st December 2018	3
1st January 2019 to 30th June 2019	5
1st July 2019 to 30th June 2020	8
1st July 2020 to 31st December 2020	4
1st January 2021 to 18th August 2021	15
19th August to 31st January 2022	7

Other investigations

4.4 A total of 2 cases were received by Internal Audit during the period 19 August 2021 to 31 January 2022 as follows:

Ref	Date Received	Detail	Status
13/22	22/9/21	Allegation that a nursery establishment is employing more staff than is needed to provide service.	Referred to Education Services to investigate. The investigation is complete and found that work is already underway to review levels of demand for service and the resources required. No further action required.
17/22	4/12/21	Allegation that staff from a nursery establishment attended a Christmas party night and mixed with other	Referred to Education Services to investigate. Allegations were unfounded as no Covid-19 regulations

		employees but were not following Covid-19 guidance. Employees have since tested positive and other staff are isolating awaiting test results.	or guidance was breached by employees attending a night out and employees followed Public Health Guidance when responding to positive cases. The Care Inspectorate were informed and the Inspector was satisfied that senior officers followed guidance and applied appropriate action to safeguard children.

4.5 Activity relating to other investigation cases for recent reporting periods is as follows:

Period	No. of Cases
1st January 2017 to 30th June 2017	3
1st July 2017 to 31st December 2017	5
1st January 2018 to 30th June 2018	5
1st July 2018 to 31st December 2018	4
1st January 2019 to 30th June 2019	14
1st July 2019 to 30th June 2020	8
1st July 2020 to 31st December 2020	2
1st January to 18th August 2021	1
19th August to 31st January 2022	2

5. People Implications

5.1 There are no personnel implications with this report.

6. Financial and Procurement Implications

6.1 There are neither financial nor procurement implications with this report.

7. Risk Analysis

7.1 There are risks to the Council in financial, legal, operational and reputational terms of not providing a service to enable a disclosure in the public interest and to ensure that all public interest disclosure and other concerns raised with Internal Audit are properly investigated.

8. Equalities Impact Assessment (EIA)

8.1 There is no requirement to undertake an equality impact screening.

9. Consultation

9.1 This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

10.1 The Public Interest Disclosure Policy and Business Irregularity Procedures contribute to the Council's strategic priorities by ensuring that early warnings of malpractice may mitigate the extent of financial losses to the Council, contribute to better asset management by utilising employees to manage risks to the organisation's reputation and support fit for purpose services through the continuation and promotion of robust employment practice.

.....
Laurence Slavin
Chief Officer - Resources
Date: 31 January 2022

Person to Contact:	Andi Priestman, Shared Service Manager – Audit & Fraud Telephone: 01389-737436 Email: andi.priestman@west-dunbarton.gov.uk
Appendix:	None
Background Papers:	Public Interest Disclosure Policy agreed by the Corporate Services Committee on 13 August 2014; Business Irregularity Procedures
Wards Affected:	All

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Audit Committee: 2 March 2022

Subject: National Fraud Initiative 2020/21

1. Purpose

1.1 The purpose of this report is to update Members on the current position with regard to the National Fraud Initiative in Scotland 2020/2021 Exercise.

2. Recommendations

2.1 It is recommended that the Audit Committee notes the contents of this report and agrees that further updates are provided to Audit Committee as part of the Internal Audit Progress report outlining the Council's progress with the 2020-2021 exercise.

3. Background

3.1 The NFI in Scotland is now well established with this being the 8th biennial exercise since 2006/07. The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error. The NFI remains the largest national fraud detection and prevention scheme that can provide data matches within and between public bodies. Its key features are that it:

- acts as a deterrent to potential fraudsters.
- identifies errors and fraud thus enabling appropriate action to recover money and/or press criminal charges.
- can provide assurances, similar to a regular health check, that systems are operating well and can also identify where improvements are required.
- operates across boundaries between public bodies in different sectors and countries.
- represents value for money in terms of the efficiencies deliverable through centralised data processing and identifying targeted high priority matches.

3.2 The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. A match does not automatically mean that there is a fraud or error and investigations are required to enable the correct conclusion to be drawn for each match. Bodies investigate these and record on a secure web application appropriate outcomes based on their investigations.

3.3 Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all

citizens including those that need them the most. Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.

3.4 Data sharing enables bodies to match data internally and externally. Technology provides an efficient way to connect discrete data sets and can therefore limit the gaps available for fraudsters to manipulate and can help identify those that have. It also supports bodies to identify and implement process and control improvements that should reduce future errors and the costs of correcting these errors.

3.5 Audit Scotland, working closely with public bodies, external auditors and the Cabinet Office, has completed another major data sharing and matching exercise. The National Fraud Initiative (NFI) exercises make a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.

4. Main Issues

4.1 For 2020/21, a number of data matches were released on 31 January 2021. West Dunbartonshire Council received 5,917 matches which are set out in Appendix 1.

4.2 The 2020/21 NFI exercise is monitored on an ongoing basis by Audit & Fraud as part of the 2021/22 Annual Audit Plan. Training and support is provided to Services responsible for investigating the matches and an update on progress will be provided on a regular basis to Audit Committee.

5. Personnel Implications

5.1 There are no personnel issues with this report.

6. Financial and Procurement Implications

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

7. Risk Analysis

7.1 The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error. This can lead to process risks being identified during the investigation of matches and internal controls being strengthened to reduce the risk of fraud and error recurring in the future and improve the Council’s control environment.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues.

9. Consultation

9.1 This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

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

Laurence Slavin
Chief Officer - Resources
Date: 31 January 2022

Person to contact	Andi Priestman, Shared Service Manager – Audit & Fraud Telephone: 01389-737436 Email: andi.priestman@west-dunbarton.gov.uk
Appendix 1:	NFI 20/21 Exercise – Status of Matches at 31 January 2022
Background Papers:	None
Wards Affected:	All wards

National Fraud Initiative 2020/21 Exercise
Progress to 31 January 2022

Table 1

Matches	Total Received	Total Investigated	Fraud	Error	Financial Outcomes
Housing Benefit	131	119	3	0	£9,486.61
Payroll	89	51	0	0	£0
Housing Tenants	638	59	0	0	£0
Blue Badge	276	276	42	146	£0
Waiting List	1160	203	0	0	£0
Council Tax	881	264	8	0	£11,118.56
Creditors	2672	1969	0	45	£18,023.24
Procurement	70	52	0	0	£0
Total	**5917**	**2993**	**53**	**191**	**£38,628.41**

Table 2

Results of Matches to date	
Housing Benefit	A total of 3 Housing Benefit cases were referred to the Department for Work and Pensions for fraud investigation. These are cases where student status appears not to have been declared on the benefit claims. From these matches all three have resulted in overpayments of our benefits: £9,486.61 has been overpaid in Housing Benefit.
Blue Badges	A total of 188 blue badges have been updated on the BB system as a result of the exercise. These are cases where the blue badge recipient has died and the badges are still in circulation. The Cabinet Office recommends a notional savings value of £575 per Badge (total £108,100).
Council Tax	Council Tax Reduction Scheme overpayments have been identified in 8 households, totalling £11,118.56.
Creditors	There were 2 duplicate payments made totalling £18,023.24. Errors in supplier details were identified in 43 cases as a result of data cleansing and updates to supplier records.

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Audit Committee – 2 March 2022

Subject: Non-Domestic Rates Working Group Final Report

1. Purpose

1.1 The purpose of this report is to provide Committee with a summary of activity of the Non-Domestic Rates (NDR) Working Group since the first meeting and to make recommendations to Committee for a future Report to be taken to a future Council meeting, date to be agreed.

2. Recommendations

2.1 It is recommended that Committee:

- note content of this report
- agree the conclusions detailed at paragraph 4.7 and that these are presented to a future meeting of the Council

3. Background

3.1 The Working Group has met six times, as follows:

- 12 June 2019;
- 25 September 2019;
- 27 November 2019;
- 18 March 2020;
- 16 June 2021; and
- 2 February 2022.

3.2 The aim of the Working Group was to review issues linked to the collection of NDR within West Dunbartonshire Council and consider approaches linked to NDR and economic recovery within the Council area. Once considered the Group would report its conclusions to the Audit Committee including any recommendations for the Audit Committee to make to Council.

4. Main Issues

4.1 The Working Group has reviewed reports in respect of the following:

- Collection and write-off of NDR, potentially linking non-payment of NDR to Licensing applications – advised that this was not possible under current legislation;

- The publicising of non-payers – agreed and implemented;
- New powers to the Council arising from the Scottish Government legislation on account of the Barclay Review;
- Discussion on the Fresh Start Scheme and how this could be promoted more widely to local businesses;
- Scottish Government Reliefs and Council powers to vary Rates; and
- Details of properties currently rented out by WDC and rates payable.

4.2 In respect of decisions the following was agreed:

(1) (a) Collection of NDR, Licensing legislation and the possibility of publicising non-payers - Noted (a) the terms of the report that there was currently no legal mechanism to restrict someone's ability to obtain a licence where non-domestic rates have not been paid and a clear example of 'phoenixing' was known.
(b) Collection of Non Domestic Rates and Licensing - When reporting to the Council's Audit Committee, to recommend that the Committee recommend the Council asks the Scottish Government to propose amendments to the licensing legislation so that failure to pay NDR may become a relevant matter in a licensing context and also to recommend that any business operator who is trading in the area would require some sort of a licence for trading so that before granting the licence the local authority can check the history of the applicant in order to consider issues around 'phoenix' businesses;

(2) New powers to the Council arising from the Scottish Government legislation on account of the Barclay Review - Noted, with regard to the Fresh Start scheme, that an area for review and to be reported back would be to identify Landlords, who have empty premises and were currently in receipt of empty property relief for a period of 6 months or more. The intention would be to contact Landlords direct, to make them aware of the scheme and they in turn promote the availability of 100% relief for the first 12 months of new occupation, to all categories of property with a Rateable Value under £65,000 to prospective new tenants. Since July 2021 the Council has awarded 2 ratepayers Fresh Start scheme reliefs within Clydebank;

(3) Scottish Government Reliefs and Council powers to vary Non-Domestic Rates - to note the terms of the discussion that had taken place in respect of Clydebank Town Centre and to note the updated position in relation to Clydebank Town Centre as discussed at the Infrastructure, Regeneration and Economic Development Committee on 20 November 2019, and as detailed in the report and relevant Minute to that Committee; and

(4) Scottish Government Reliefs and Council powers to vary Non-Domestic Rates – following discussion on reliefs that are available to ratepayers to encourage economic activity and regeneration that are

funded by the Scottish Government the working group agreed to note content of report and appendix.

4.3 Barclay Review Implementation Update

The Working Group reviewed the following aspects of the Barclay Review implementation that impact local authorities have been reviewed and changed by the Scottish Government:

- Section 33 allows for Local Authorities to issue civil penalties for the failure to comply with information notices, where the Council ask proprietors for information on a property, within 21 days or failure to notify of a change in circumstances, such as vacating a property, within 42 days. Failure to comply with these may result in civil penalties being issued of £95 and £370 respectively. A decision was taken on 22 March 2021 at Committee and Members agreed not to implement the civil penalties for 2021/22; however this will be reconsidered for the financial year 2022/23.

- Implementation of the Barclay Review Recommendation 10: A full list of recipients of rates relief should be published to improve transparency. Local Government Finance Circular No. 13/2020 published in December 2020 provided guidance on the periodic publication of non-domestic rates relief recipients by local authorities and includes a publication template and privacy.
  In line with the recommendation the Council published, via the Council website, per the guidance the full list of recipients from 1July 2021. This information can be found along with other Council NDR data here: https://www.west-dunbarton.gov.uk/business/business-rates/business-rates-statistics/

- The Small Business Bonus Scheme has been amended to restrict the relief only to properties that are occupied (i.e. not eligible for empty property relief). Having undertaken a full review, the Council identified and removed the relief to the more appropriate Empty Property Relief with effect from 1st April 21;

- The Barclay Review recommended that the effectiveness of SBBS be evaluated. The Barclay Review called for the SBBS Review to be concluded and recommendations addressed in 2022. The SBBS Review was due to report in Spring 2021 but this is now unavoidably delayed due to ongoing COVID-19 restrictions;

- Charitable rates relief will also now only be removed from mainstream independent schools on 1 April 2022, instead of 1 April 2021 as previously planned;

- The next NDR revaluation in Scotland will take effect in 2023 instead of 2022 the same year as in England and Wales, but will be based on rental values pertaining as at 1 April 2022, and not 1 April 2020. This will mean that properties' rateable values will better reflect true market conditions, taking into account any COVID-19 effects; and

- Consideration will have to be given to empty property relief being devolved to LA's at the next Revaluation on 1 April 2023.

4.4 Legislative Update

Since the Working Group met in June 2021 the following NDR legislative changes have been implemented by the Scottish Government:

- To provide financial assistance to businesses due to COVID-19 - the introduction from 1 April 2020 of the new 100% Retail, Hospitality, Leisure & Aviation Relief which has now been extended in 2021/22 up to 31 March 2022;
- Day Nursery Relief - for all standalone nurseries in the public, private and charitable sectors has been extended to at least 30 June 2023; and
- Fresh Start 100% - relief available for up to 12 months for certain occupied properties, which previously have been vacant for 6 months with a RV £65,000, now increased to £95,000 to encourage the use of empty property from 1 April 2021.

4.5 Council powers to vary Non-Domestic rates

A separate report was prepared and discussed at the Working Group identifying the potential for the Council to vary rates by providing additional discretionary reliefs. That report identified that there are financial consequences of the Council taking such a decision and in doing so would need to demonstrate that such a decision was Best Value for the Council as a whole and understand the expected benefits of any such move compared to the financial impact on the general fund. A significant piece of work would be required to understand this as any regenerational gain in NDR yield in the area arising from such a change may not flow through to the Council due to the national rates pooling process operated by the Scottish Government.

Appendix 1 provided shows an estimated cost of £1.781m. It should be further noted that the additional administration costs would have to be factored in any new scheme costs.

4.6 Town Centre Regeneration Areas

Council should ask the Scottish Government consider business rates relief for Town Centre Regeneration Areas. Given the ongoing trend in contraction of retail, maintaining vibrancy of these areas is a key priority for West Dunbartonshire. The Council in response to issues across Town Centre Regeneration areas have agreed frameworks and masterplans which address a number of related issues.

4.7 Conclusions

Following the conclusion of a number of pieces of work and analysis the Working Group has considered a number of aspects of NDR particularly in relation to the West Dunbartonshire area and issues of non-payment. As a result of this work the Group has identified the following recommendations for the Audit Committee to put to a future Council meeting for consideration:

- to note there is no legal mechanism to restrict someone's ability to obtain a licence to trade where non-domestic rates have not been paid and a clear example of 'phoenixing' is known and the Council should consider asking the Scottish Government to propose amendments to the licensing legislation so that failure to pay non-domestic rates may become a relevant matter in a licensing context;

- linked to the above recommendation the Council should ask the Scottish Government that any business operator who is trading in the area would require some sort of a licence for trading so that before granting the licence the local authority can check the history of the applicant in order to consider issues around 'phoenix' businesses;

- note the option available to the Council to vary non-domestic rates for particular purposes will have a financial impact on the Council and as such any such option would need significant consideration prior to being considered.

- the Council should ask the Scottish Government to consider business rates relief for Town Centre Regeneration Areas.

5. People Implications

5.1 There are no people implications.

6. Financial and Procurement Implications

6.1 There are financial implications from the information contained in the report however these are negated due to the recommendations.

6.2 There are no procurement implications.

7. Risk Analysis

7.1 None

8. Equalities Impact Assessment (EIA)

8.1 No significant issues were identified in a screening for potential equality impact of this report.

9. Consultation

9.1 No consultation was required for this report.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan. This report has no direct implications for the Strategic priorities, though is linked due to the loss of rateable income arising from phoenix businesses and the potential impact of non-domestic rates on the financial sustainability of local businesses.

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Date: 7 February 2022

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Appendices: Appendix 1

Background Papers: Previous reports and minutes of the NDR Working Group

Wards Affected: All

WEST DUNBARTONSHIRE COUNCIL

NON-DOMESTIC RATES SUB-GROUP

Retail, Hospitality, Leisure and Aviation Relief 2021/22

	BASIC			**INTERMEDIATE**			**HIGHER**		
AREA	No Of Properties	Value of Relief (£)	% of all Properties in Band/Area	No Of Properties	Value of Relief (£)	% of all Properties in Band/Area	No Of Properties	Value of Relief (£)	% of all Properties in Band/Area
Alexandria Town Centre	2	17,812	8%	2	61,165	100%			
Clydebank Town Centre	51	640,790	59%	9	295,110	50%	6	492,522	67%
Dumbarton Town Centre	20	146,441	18%	2	64,635	67%			
TOTALS	**73**	**805,043**	**31%**	**13**	**420,910**	**57%**	**6**	**492,522**	**55%**
ALL	**92**	**1,718,475**	**34%**						

At April 2022 the number of properties which will hold no relief following end of RHL relief. The remaining properties will retain an alternate relief, for example SBB at 25% relief.

	BASIC	**INTERMEDIATE**	**HIGHER**	
AREA	No Of Properties	No Of Properties	No Of Properties	RHL Values
Alexandria	2	2		£78,976
Clydebank	45	8	6	£1,399,576
Dumbarton	16	2		£195,759
TOTAL	**81**			**£1,674,311**