Dumfries and Galloway Council

Report to Members and the Controller of Audit on the 2007/08 Audit

AUDIT SCOTLAND

October 2008

Dumfries and Galloway Council

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Introduction

In 2007/08 we looked at the key strategic and financial risks being faced by the council. We audited the financial statements and we looked at aspects of performance management and governance. This report sets out our main findings, summarising key outcomes from the 2007/08 audit and the outlook for the period ahead.

Key outcomes from 2007/08 audit

We have given an **unqualified** opinion on the financial statements of Dumfries and Galloway Council.

We have, however, drawn attention to a failure to comply with the statutory requirement that all statutory trading organisations break even on a rolling three year basis. For the three year period to 31 March 2008, three of the four statutory trading organisations failed to achieve the statutory requirement.

The council had corporate governance systems in place during 2007/08 that operated within a sound control environment. Specific reference has been made in the Statement on the System of Internal Financial Control to the improvements required to the council's arrangements for risk management and business continuity and improvement in the reconciliation process for the bank accounts held by Dumfries and Galloway Constabulary.

Although a general fund surplus of £10.25 million was achieved this was due to delays in implementing a single status pay and grading structure and the agreed approach of building up sinking funds to meet long term commitments in relation to the Schools PPP and Waste PFI projects. There were however budget overspends within Social Work Services and Combined Services during the year. There were particular pressures in services relating to children with a disability and children's agency payments within Social Work and within homecare services and the statutory trading operations within Combined Services. These overspends of £2.8 million were written off against the unallocated general fund balance during the year, leaving a closing available general fund balance of £8.9 million.

The pace of progress against what we regarded as being the council's key risks and priorities for 2007/08 has varied. Key achievements during the year included reaching financial close on the Schools PPP, the finalisation of the strategic review of homecare services and the completion of a Single Outcome Agreement.

Progress has been slow in ensuring a fully integrated approach to strategic planning. This has suffered from the lack of a future workforce plan. In addition while some asset management projects have been taken forward during the year, for example the development of social care delivery centres and the first stages of a community estate review, apart from the schools estate plan, the other asset management plans have not yet been formally approved by members. In addition the plans have yet to be translated into operational plans to ensure best value is achieved by the council's asset portfolio. Ensuring a fully integrated approach to financial planning has to be a future priority for the council and more emphasis has to be given by services to the importance of service plans as the building blocks for the budget setting process and the basis for the allocation of resources to priorities. A medium to long term investment strategy has to be developed to finance the significant backlog in repair maintenance in the council's infrastructure assets and the future investment required in the whole of the schools estate.

While there have been continued delays in introducing the new HR and payroll system, partly due to the issues of equal pay and single status, progress is now being made and it is envisaged that the new system will be fully operational across all payrolls by the Summer of 2009. A workforce strategy has also been recently approved by members that should provide the basis for the further development of workforce planning.

Despite some progress in implementing the Covalent performance management computer system, a culture of performance management and continuous improvement is not yet evident across the council. Performance management is an area of weakness that should continue to be addressed as an immediate priority. Improvements in monitoring and reporting performance to members are necessary in order to increase the extent to which they currently scrutinise performance. In addition the council needs to improve its arrangements for risk management and business continuity and ensure that the newly developed strategies become fully operational across all levels of the council.

Outlook for future audits

The council continues to face exceptionally challenging strains on future budgets. Significant cost pressures are likely to come from the additional costs of single status, increasing demands on social work services and homecare services. The council's budget strategy for the medium term continues to include contributions from general fund balances. This could result in balances being depleted to imprudent levels which represents a significant financial risk to the council.

The need to address increases in demands for services will be a significant challenge when there continues to be a requirement for budget savings by services. The success of the budget containment measures introduced by Social Work services will be critical. These will have to be closely monitored against both budget performance and the potential for adverse impact on the provision of services.

The findings of the Homecare Review will have to be implemented if the council is to accommodate future strains on services and resources from factors such as a reducing workforce, increases in demand from an aging population and rising costs related to the operation of a single status pay and grading structure and the demographics of the area.

A longer term approach to financial planning is required and investment strategies developed to address the significant maintenance repairs backlog which has resulted from previous underfunding of the council's assets and roads. This includes a financial strategy for the improvements required to the schools estate. A programme of future investment in the council's infrastructure has to be planned to ensure the continued ability to deliver frontline services. In addition the asset management plans need to be translated into prioritised operational plans.

The track record of poor financial performance against the statutory breakeven targets in the significant trading operations has to be addressed and best value in services demonstrated. Since the council's decision in August 2007 to retender the Cleansing Service further consideration has been given by senior management to the future of the service. We are advised that a report will go to members in November 2008 which will ask them to revisit the decision to retender in the light of the council's newly developed Corporate Waste Management Strategy, the potential risks associated with the Waste PFI and a proposed model for the future structure of the service as part of the council's new commissioning model. This should also address a number of historical issues such as out of date contract rates and service specifications. While it is recognised that this is a major strategic decision for the council, it is now over a year since the original committee decision was taken to retender and the pace of change has been slow. It is now critical that a final decision is taken by the council on the future of Cleansing Services and that sound processes are introduced to allow the achievement of best value to be demonstrated.

The council has still to implement a single status agreement. Continued delays will add to the uncertainties over the future costs of a new pay and grading structure and the potential for adverse effects on staff morale and relations if the option of imposition becomes a reality. Equal pay costs continue to be a significant drain on finances and while moves to agree compensation payments will help to reduce financial risk in this area, some risk remains while existing pay and reward structures are in place.

A future challenge for the council will be the delivery of the Single Outcome Agreement. Improvements in performance management and reporting are essential and further progress is required to secure a fully integrated approach to strategic planning which encompasses the cornerstones of workforce plans, asset management and financial and service planning.

The report on the recent best value audit of the council is due to be published early 2009. The successful achievement of the best value improvement plan and the council's own strategic assessment action plan will be a key priority for the council going forward. Actions may have to be prioritised to reflect any limits in the council's available resources and capacity.

The co-operation and assistance given to us by Dumfries and Galloway Council councillors and staff during the year is gratefully acknowledged.

AUDIT SCOTLAND

October 2008

Introduction

1. This report summarises the findings from our 2007/08 audit of Dumfries and Galloway Council, the second year of a five year appointment. Findings are set out in four sections: financial statements, financial position, governance and performance. Within each of these sections we have also provided an outlook setting out key issues and concerns facing the council going forward.

2. The scope of the audit is set out in our Annual Audit Plan (AAP), which was submitted to the council in January 2008. The AAP summarises the specific governance and other risks that could affect the council's financial statements. It describes the work we planned to carry out in response to these risks.

3. As part of the planned work we submitted a Strategic Audit Risk Analysis (SARA) to the council in March 2008. Under the following strategic themes, the SARA set out our views on the key business risks facing the council and described the work we planned to carry out as part of the annual audit:

   - Ensuring the future affordability and sustainability of services.
   - Securing the efficient use of resources.
   - Managing performance to achieve best value.
   - Effective partnership working.
   - Supporting governance and scrutiny.

4. Overall conclusions about the council's management of key risks are discussed throughout this report. Appendix A sets out the key risks highlighted in this report which we wish to draw to the attention of members and the action planned by management to address them.

5. The Local Government in Scotland Act 2003 created new arrangements for the audit of best value. Best value audits are based on a cyclical approach and involve a detailed review of the council by a specialist team every three years, with checks on ongoing progress in intervening years. A full best value audit of the council has recently been carried out. This will be reported separately in early 2009. The principles of best value are central to our audit approach and the local auditor was a member of the best value team to ensure that local knowledge is communicated to the rest of the team.

Financial statements

Introduction

6. In this section we summarise key outcomes from our audit of the council’s financial statements for 2007/08. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.

7. We audit the financial statements and give an opinion on:

   - whether they present fairly the financial position of the council and its expenditure and income for the year
   - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.

8. We also review the statement on the system of internal financial control by considering the adequacy of the process put in place by the council to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the council.

Overall conclusion

9. We have given an **unqualified** opinion on the financial statements of Dumfries and Galloway Council for 2007/08. We have, however, drawn attention to a failure to comply with a statutory requirement, as detailed at paragraph 10. This does not impact on the fairness of the financial statements and, therefore, does not affect the opinion on the accounts.

10. The Local Government in Scotland Act 2003 requires councils to maintain and disclose trading accounts for significant trading operations, which are required to break-even over a three year rolling period. Three of the council’s four statutory trading organisations made aggregate losses in the three years to 31 March 2008, with the result that the council failed to meet this statutory requirement for these trading organisations, namely Catering and Cleaning; Cleansing and Grounds Maintenance and Property Maintenance.

11. The council’s unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. The final accounts audit process was well managed by finance staff and overall we found an improvement in the standard of the working papers provided to us. However, there is still scope to improve the level of detail provided and a need to reduce the number of manual adjustments required particularly with respect to accounting entries relating to the council’s fixed assets.

12. Despite our previous reports to members we were disappointed to note that the standard of the working papers relating to the council's performance indicators continues to be below standard. We increased our audit fee for the 2007/08 audit to reflect the additional work required to check performance indicators and this is an issue that will be considered again when we come to set the fee for the 2008/09 audit. Steps need to be taken to ensure that the quality of the working papers to support the performance indicators is improved.

Key Risk Area 1

13. Audited accounts were finalised prior to the target date of 30 September 2008 and are now available for presentation to the council and publication. The financial statements are an essential means by which the council accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

Accounting practice

14. Local authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the 'SORP'). The 2007 SORP required a number of significant changes to be made to the 2007/08 financial statements to make them more consistent with the accounts of other public and private sector entities. The major changes which affected the council in 2007/08 included:

- accounting for financial instruments based on FRS25, FRS 26 and FRS 29
- replacement of the fixed asset restatement account and capital financing account by a revaluation reserve and capital adjustment account

Overall, we were satisfied that the council had prepared the accounts in accordance with the revised SORP.

15. It is common for the audit process to identify errors in the financial statements, which if immaterial in value and nature, can remain unadjusted. We are pleased to note that there were no such unadjusted errors and that the council changed the financial statements to reflect our audit findings. Details of significant accounting issues arising in the course of our audit of financial statements are summarised below. These issues were discussed with members of the Governance and Audit Committee on 25 September when we met to discuss our letter issued in line with International Standard on Auditing 260 (ISA 260) c*ommunication of audit matters with those charged with governance.*

Corporate Governance Assurance Statement and Statement on the System of Internal Financial Control

16. The financial statements submitted for audit contained a Corporate Governance Assurance Statement. This is a broad statement which provides assurance on the adequacy of the council's arrangements for the governance of its affairs and the stewardship of resources. Our review of this statement highlighted that it could not be supported by a formal assurance framework and that some of the processes noted as providing good governance were not yet in place. In response to our audit the Corporate Governance Assurance Statement was replaced by a Statement on the System of Internal Financial Control. This is a more focused, and possibly less challenging statement to complete as it provides assurance on the adequacy of solely the systems of internal financial control. We found that this reflected compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice (the 2007 SORP). To strengthen the preparation of the assurance statements in the future the council has to improve the framework for obtaining assurances and to reinforce its local code of corporate governance.

Operation of Bank Accounts by Dumfries and Galloway Constabulary

17. Our audit identified that bank accounts were being operated by Dumfries and Galloway Constabulary which were not included in the council's financial records or statements. These accounts have been in place for a number of years. A separate bank account is held to process police income and expenditure transactions. The closing 2007/08 balance on this account was £ 220,848. In addition a number of 'designated client accounts' are held on behalf of third parties. These accounts are used to hold cash seizures until a court decision is made on the future of the funds. The year end balance on these accounts was £286,092. The Corporate Finance section have been unaware of the existence of these bank accounts and had been processing the income and expenditure transactions relating to the police via the operation of a cash imprest. There is still some uncertainty over the accounting for these bank accounts and we have been assured this issue will be reviewed in detail and a briefing note will be provided. This issue has also recently been reported to management and an action plan for improvements in controls agreed.

Legality

18. Each year we request written confirmation that the council's financial transactions accord with relevant legislation and regulations. Significant legality requirements are also included in audit programmes. The Director of Finance, the council's Proper Officer, has confirmed that to the best of his knowledge and belief and having made appropriate enquiries of the council's management team, the financial transactions of the council were in accordance with the relevant legislation and

regulations governing its activities. Details of the legality issues arising from our audit are summarised below.

19. We reported last year that local authorities with registered charitable bodies (ie registered trust funds) are required to comply with the requirements of the Charities Accounts (Scotland) Regulations 2006. In effect, this means a full set of financial statements is required for each trust fund, although the date of full implementation has been deferred by the Scottish Charity Regulator. The Office of the Scottish Charities Regulator (OSCR) has indicated that the interim measures introduced in 2006/07, can again be used in 2007/08 and reliance placed on the existing disclosures for trust funds in the council's financial statements, supplemented by appropriate working papers.

20. The council are required under the Disability Discrimination Act 1995 (the Act) to ensure their public buildings are accessible to disabled users. As part of our audit of the council's 2007/08 statutory performance indicators we could not obtain records from the council showing the number of buildings which comply with the Act. We therefore qualified this indicator as 'a failure to report '. In addition there has continued from 2006/07 a significant level of slippage against the capital programme for the works required to adapt buildings for disability access. Immediate action should be taken to ensure progress in the completion of condition surveys to identify the level of future investment required to reach the council's target of 100% compliance with the Act and to support future performance indicator measures.

Key risk area 2

21. There are no other additional legality issues arising from our audit which require to be brought to members' attention.

Financial reporting outlook

IFRS adoption

22. Central government and NHS bodies are to move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2009/10. The government also announced its intention to publish Whole of Government Accounts on an IFRS basis from 2009/10. The intention is that local government will adopt IFRS for 2010/11, although there is a possibility that early adoption may be required in some areas and this might include PFI.

Financial position

Introduction

23. In this section we summarise key aspects of the council's reported financial position and performance to 31 March 2008, providing an outlook on future financial prospects, including our views on potential financial risks. Our findings and key messages are set out in this section, highlighting the significant challenges being faced by the council in managing ongoing financial pressures in funding existing service delivery and future improvement.

Council tax and the general fund

Operating performance 2007/08

24. The council's net operating expenditure in 2007/08 was £322 million. This was met by government grants and local taxation of £304.8 million, resulting in an income and expenditure account deficit of £17.2 million. The statement of movement on the general fund balance shows how the final position of a deficit of £17.2 million on the income and expenditure account reconciles to the final outturn based on the statutory requirements for raising council tax. After reconciling adjustments, the statement shows that a general fund surplus of £10.25 million was achieved in the year due partly to the agreed approach of building up sinking funds to meet long term commitments in relation to the Schools PPP and Waste PFI projects. When this is added to the general fund balance brought forward from 2006/07, the council had a general fund balance of £39.6 million at 31 March 2008. This includes unallocated balances of £8.9 million.

25. The budget set for 2007/08 included a planned contribution from the unallocated general fund balances of £3.9 million. However a contribution from reserves was not actually required during the year and it was in fact possible to increase the balance of unallocated general funds by £1 million. The main reason for this variance was the delay in the implementation of a single status pay and grading structure. The council had originally planned for the introduction of the new single status pay structure to take effect in 2007/08. The postponement of the implementation of single status has contributed to the better than expected financial outturn in 2007/08.

26. Despite achieving a year end general fund surplus of £10.25 million, this overall outturn included overspends for the following services:

- **Combined Services £2.3 million** – the main elements of this balance includes the net deficit on the statutory trading organisations and budget overspends within homecare services. The council has approved to write off this overspend against the general fund balance in 2007/08. Deficits of £1.5 million were also written off to general balances in 2006/07. Therefore over the last two financial years budget overspends within Combined Services totalling £3.8 million have been set against unallocated general fund balances. In the light of past financial performance, there are doubts over whether Combined Services will be able to make a contribution back to the general fund in 2008/09. This will require corrective action by the council to address the issues which are impacting on the trading performance of the service. The action taken to address this issue by management is outlined later in our report.

- **Social Work £545k—**the final reported overspend by Social Work services for 2007/08 was £545k. During the year, the value of the forecasted outturn reported to members had fluctuated significantly. The volatility of Social Work spending forecasts has been highlighted as an area of concern in reports to Committee and measures to address this concern are currently being progressed.

27. We highlighted in our 2006/07 Final Report to Members the need to improve the accuracy of Social Work budget projections reported to members. It is disappointing to note that considerable variances in the estimated outturns have continued to be reported during 2007/08. Action should be taken as a priority to improve the management information systems within Social Work used to support budget monitoring and reporting to members.

Key Risk Area 3

28. The main areas of overspending in Social Work were within the Children's and Families Sector, namely Children with a Disability and Children's Agency Placements. During the year measures were introduced to address the forecasted budget overspends. A review of the whole Social Work budget highlighted £ 1.2 million of uncommitted funds which could be used to offset the budget overspends within Children's Services. These related to monies previously received by the council for the following purposes: the Mental Health Act, Upskilling the Workforce, Resource Transfers for Learning Disabilities Hospital Closures. While these funds may have been uncommitted, the practise of diverting funding away from its original intended purpose is not a sustainable way of addressing budget pressures in other areas of social work activity.

29. Senior management are currently developing a programme of efficiency and containment measures aimed at addressing the ongoing service pressures facing Social Work Services. A report to members in October 2008 highlighted that while the need to contain expenditure has been recognised, Social Work spend had not yet reduced and there is potential for material overspending. The impact of the proposed spending containment measures is to be regularly monitored and reported to members.

Reserves and balances

30. Table 1 shows the balance in the council's funds at 31 March 2008 compared to the previous year. At 31 March 2008, the council had total funds of £62.543 million, an increase of £10.445million on the previous year.

Table 1: Reserves and Funds

Description	31 March 2007 £ Million	31 March 2008 £ Million
General Fund	29.357	39.607
Repair and Renewal Fund	1.779	1.842
Capital Fund	5.015	3.671
Insurance Fund	2.242	2.675
Usable Capital Receipts Reserve	13.705	14.748
	52.098	**62.543**

31. Of the total of the council's general fund balance of £ 39.607 million, £30.681million was earmarked for specific purposes. This included the Schools PPP sinking fund (£10.179million), Waste PFI sinking fund (£7.226million), Regeneration and Housing (£3.587million) and Devolved Schools Management Reserve (£1.010million). Setting aside these committed funds the council has a year end unallocated balance on its general fund of £8.926million.

32. At the start of 2007/08 the council held unallocated balances of £7.9million and anticipated that through the implementation of Single Status these would decrease to £3.9million. Whilst the council had medium term plans to rebuild unallocated balances, the year end anticipated position was below the required reserves policy of £6 million. The continued delay in the implementation of Single Status has had the effect of temporarily bolstering unallocated balances and decreased the impact of the trading deficits. Going forward the council has budgeted for a contribution from the general fund balances which will reduce the closing unallocated balance to £4.4 million which is less than the council's minimum target of £6 million. The future depletion of available balances continues to be one of the financial risks facing the council.

Spending on assets and long-term borrowing

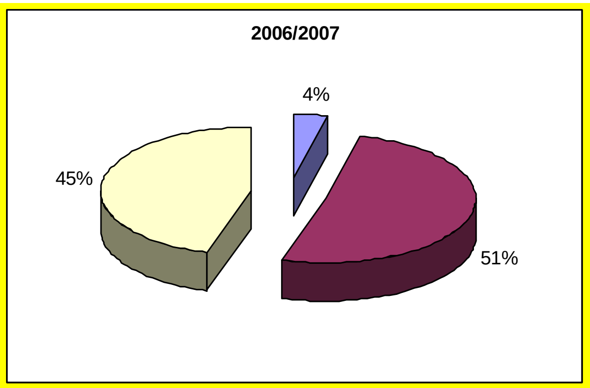
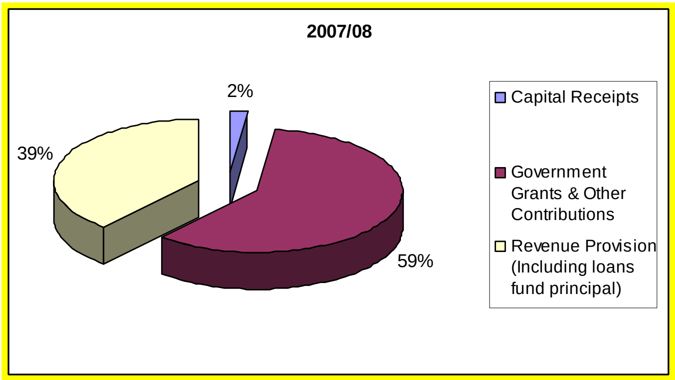
Capital performance 2007/08

33. Since the introduction of the prudential code in April 2004, the council can decide locally on a capital investment strategy which should meet best value requirements as well as being affordable.

34. Capital expenditure in 2007/08 totalled £25.423million, rising from £19.360million in 2006/07. Capital investment in the last two years was funded as shown in Chart 1. Capital expenditure in 2007/08 was £7.401 million below the agreed programme, due mainly to slippage of £6.828 million. The main sources of slippage was the general services development block which included projects such as the Dumfries Leisure Complex (£1.185million variance) and Disability Discrimination Compliance Act compliance works (£1.218million variance). While we note that the level of slippage against the capital programme has reduced in 2007/08, this is an area which should still be closely managed.

Key Risk Area 4

Chart 1: Sources of finance for capital expenditure 2007/08

2006/07	***2007/08***
	

Debt restructuring

35. In 2007/08 the council restructured its total Public Works Loan Board (PWLB) debt to secure discounts arising from low interest rates. Three separate exercises were carried out in May, July and October 2007 and represented a replacement of debt totalling £12.565million with an average interest rate of 5.625% with a new PWLB loan of £15million and with an interest rate of 4.55%. As part of this exercise the council secured both an overall discount and ongoing interest rate savings. However, changes to the PWLB's terms in November 2007 limit the council's ability to make such interest rate savings through rescheduling going forward.

Significant trading operations

36. The Local Government in Scotland Act 2003 replaced compulsory competitive tendering regulations with a duty to maintain and disclose trading accounts for significant trading operations (STOs), which are required to break even over a three year rolling period.

37. The council operates four STOs. The financial performance of each STO is shown in the following table :

	2007/08 surplus/(deficit) £000	3 year surplus/(deficit) £000
Catering and Cleaning service	(639)	(2,427)
Cleansing and Grounds Maintenance Service	(390)	(2,042)
Roads Maintenance Service	387	1,151
Property Maintenance Service	(691)	(2,818)
Total	(1,333)	(6,136)

38. Apart from Roads Maintenance, the council's STOs have had a poor track record of financial performance against the statutory breakeven target. The first financial year for STOs was 2003/04. Since then Cleansing and Grounds Maintenance and Property Maintenance have returned deficits in 4 of the last 5 years with Catering and Cleaning making a deficit in 3 of the years. The poor performance of the Cleansing and Grounds Maintenance STOs is due to the deficit shown within the Cleansing Service, with Grounds Maintenance returning a surplus at the end of 2007/08. We have reported to members in the past the need to improve the financial performance of the STOs and to demonstrate the competitiveness of services.

Key risk area 5

39. **Catering and Cleaning service**: the trading performance of the catering and cleaning service has encountered exceptional additional costs over the last three years relating to equal pay compensation paid to staff. Whilst removing these additional costs improves the closing financial position for the STO, the adjusted in year surplus has been reducing over the years, with in fact a deficit of £103k remaining for 2007/08. Pressures on future costs are likely to come from increased food prices and it has been agreed that the budget allocated to Catering Services will be reviewed on a quarterly basis throughout 2008/09.

40. **Cleansing and Grounds Maintenance service:** the council agreed in August 2007 to retender Cleansing Services. We are advised that a report will go to members in November 2008 which will ask them to revisit this decision in the light of the council's newly developed Corporate Waste Management Strategy, the potential risks associated with re-tendering refuse collection in the light of the terms of the Waste PFI and a proposed model for the future operational structure of the service as part of the council's new commissioning model. This should also address a number of historical issues such as out of date contract rates, service specifications and infrastructure growth. While it is recognised that this is a major strategic decision for the council, it is now over a year since the original committee decisions was taken to retender and the pace of change has been slow. It is critical that a final decision is taken soon by the council on the future of Cleansing services and that sound processes are introduced to allow the achievement of best value to be monitored and demonstrated.

Key risk area 6

41. **Property Maintenance service** : as members will be already aware, the council were not re-awarded the contracts for responsive maintenance, heating servicing and grounds maintenance with the Dumfries and Galloway Housing Partnership, with the relevant employees transferring under the terms of the TUPE regulations at the end of March 2008. As this made up 70% of property maintenance's workload, the scale of the property maintenance service has significantly reduced.

Pension funds

42. The council, in its capacity as trustee, administers the local government superannuation scheme (LGPS). This scheme covers the council employees and employees from another twelve bodies. The net assets of the fund at 31 March 2008 totalled £436.045million, down from £450.397million at 31 March 2007 reflecting the global fall in investment values.

43. The council employs external fund managers to manage the pension fund investment assets. The Pension Fund Investment Sub –Committee reviews the performance and considers the investment strategy of the pension fund on a quarterly basis. The council made a number of changes to the fund's management arrangements during 2007/08 to improve diversification by increasing the number of external fund managers responsible for managing the fund's investments.

44. A full actuarial valuation of the fund took place as at 31 March 2005 and showed that the fund was in deficit being 89% funded. In order to ensure that the scheme will be 100% funded within the next 15 year the council has increased contribution rates. An updated actuarial review will take place for the fund as at the 31 March 2008 however this report will not be completed until 2009.

Financial outlook

Current budget

45. The council has since the introduction of its financial efficiency strategy in 2006/07, been required to secure challenging budget savings. The total value of savings built into the corporate budget setting process over the 5 year period 2006/07 to 2010/11 amounts to approximately £20 million (ie average year on year savings of £4million per annum).This excludes those savings made at a service level to address pressures within individual service budgets. The council has and will be required to continue to operate in a climate of on going budget reductions and curtailments to spending. Going forward, the council faces the significant challenge of delivering future budget reductions against a back drop of increasing demands on services and the need for future financial investment in the council's infrastructure.

46. The council is party to the concordat between the Scottish Government and COSLA. The financial features of this include an agreement to freeze council tax levels for three years in return for some additional funding and the removal of ringfenced funding. The 2008/09 budget has been set based on a council tax freeze. Savings of £4.5 million have been built into the budget along with a contribution from general fund reserves of £4.4 million. Sources of future financial strains include :

    - **Single Status and Equal Pay costs**: The council has yet to implement a single status pay and grading structure. While £8.5 million has been provided for in the 2008/09 budget for the additional costs resulting from single status, there are still considerable uncertainties over what the final additional costs will be. Until single status is implemented, the initial and continuing costs to the council cannot be reliably estimated, representing a continuing risk. Uncertainty also exists over the future liabilities of the council in settling equal pay claims. The council estimated at 31 March 2008 that the total cost of equal pay claims would be approximately £11.3 million. To date the council has paid out claims totalling £4.5 million and has made a provision of £6.8 million in respect of further potential payments which could be payable to other categories of staff.

      Key risk area 7

    - **Budget pressures within Social Work**: A range of measures have been introduced within Social Work Services aimed at containing net expenditure within future budgets. These include reviewing the eligibility criteria, reviewing the service's commissioning strategy with service providers and identifying ways of maximising income such as reviewing charging policies and making best use of resource transfer monies. Estimates currently suggest a need to secure significant budget savings and efficiencies at a time when demand for services is increasing.

      Key risk area 8

- **Budget pressures within Homecare Services**: Care at home services currently face considerable risks from the increasing demand due to an ageing population against a diminishing workforce. The future affordability of the service is under significant strain particularly from the potential costs of single status and increases in costs from private providers.

Key risk area 9

- **Future investment needs in property and roads**: Budget pressures in the past have required the council to concentrate the allocation of resources to frontline services. This has been to the detriment of other areas of spend such as maintaining the council's asset infrastructure which has led to a significant backlog in maintenance repairs. To ensure the future sustainability of services there is now a real need for more medium to longer term investment planning and the development of financial strategies which provide for future spending on the council's infrastructure. Information on the condition of assets and future levels of need also have to be identified in order to inform future financial plans.

Key risk area 10

- **Reliance on general fund balances**: The 2008/09 budget builds in a contribution from general fund balances of £4.5 million. This would reduce the level of unallocated balances to £4.4 million which is below the council's minimum target level of £6 million. There is a risk that there may be inadequate available reserves in the future to fund any unforeseen costs although the agreed three year budget strategy reflects the planned rebuilding of balances to recommended minimum levels.

Key risk area 11

- **Reliance on future capital receipts and corporate budget pressures**: The council has budgeted to receive £12 million from the sale of assets over the 5 year period up to 2010/11. Of this target, £5.2 million had been realised at the end of 2007/08. Given the current downturn in the property market and economic climate, achieving the budgeted receipts is likely to be even more challenging than before. As is the case across other councils, other budget pressures include increased pension costs and increases in energy and fuel costs.

Key risk area 12

47. The council faces the ongoing challenge of budgeting for no increase in council tax in 2009/10 and 2010/11. Although the reduction in the level of ring-fenced funding provides the council greater flexibility in the allocation of resources, the council tax freeze further increases the pressure to identify and deliver efficiency savings. It is likely that the major part of future budget pressures will have to be financed from services' existing budgets.

48. The council has developed a well structured approach to reviewing budget pressures as part of the budget setting process. Going forward, the council's Officers Scrutiny Panel has been tasked with assessing budget pressures brought forward by services. The level of on going funding required for those projects formerly financed from ring fenced monies is also being reviewed along with the preparation of exit strategies for the end of funding.

49. At the time of writing this report all councils across the United Kingdom face a financial risk in relation to the current pressures facing the global banking industry. The council should continue to monitor its exposure and where necessary should consult treasury management advisors with a view to minimising risk to these pressures. This issue will be considered in more detail during the 2008/09 audit

Future capital programme

50. Revised prudential indicators based upon capital monitoring at 30 June 2008 show that for 2008/09 and 2009/10 the council anticipate annual gross capital expenditure of £40.5 million and £28.7 million respectively. This is expected to be funded by a number of sources including capital receipts, grants and other contributions and further increases in borrowing.

51. There is a need for the council to ensure capital planning is more fully integrated with the strategic planning of services and that the revenue consequences of capital investment decisions are taken into account as part of the budget setting process.

EC landfill directive

52. The EC Landfill Directive sets limits on the disposal of biodegradable waste to landfill and requires the pre-treatment of waste prior to landfill. There are technical and financial challenges facing the council in delivering solutions and the implications of landfill penalties could be significant. The Scottish Minister for the Environment has the power to waive penalties in certain circumstances, and he has advised COSLA that he may be prepared to do this, for local authorities who have made genuine efforts to maximise landfill diversion, and had not met targets due to circumstances outwith their control. From 2008/09 onwards, Scottish councils may be allowed, subject to final approval by ministers, to trade landfill allowances. If one council performs better than its targets, it can sell its excess allowances to other councils.

53. The council's waste strategy is driven by the diversion of biodegradable waste from landfill through their Eco Deco facility in Dumfries and their in Vessel Composting System in Stranraer. Such facilities have limited the council's exposure to the risk of landfill penalties and if implemented, officers believe that the council would be in a strong position to benefit from the sale of its excess landfill allowances to other councils.

Future pension liabilities

54. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.

55. The council's estimated pension liabilities at 31 March 2008 exceeded its share of the assets in the pension fund by £265.456million, reducing from £336.985million in the previous year. Budgeted contributions have risen from 310% of employee contributions in 2007/08 to 325% by 2008/09,reflecting the reduction in the funding level as at 31 March 2005.

56. The next full actuarial valuation will assess the position at 31 March 2008. This will determine contribution rates for 2009/10 and the next two financial years.

Governance

Introduction

57. In this section we comment on key aspects of the council's governance arrangements during 2007/08. We also provide an outlook on future governance issues, including our views on potential risks.

Overview of arrangements in 2007/08

58. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. Based on the work undertaken, we concluded that the council's main systems operated within a sound control environment.

59. The council had until 2007/08 included a Corporate Governance Assurance Statement which outlined the progress in taking forward areas for improvement included in the council's Code of Corporate Governance. As outlined at paragraph 16 this was replaced by a Statement on the System of Internal Finance Control.

Political Governance

60. The political context for councils changed significantly in 2007, with a new Scottish government and a shift to more coalition and minority administrations in local government. The May 2007 elections resulted in the formation of a two way coalition within the council, with the Conservatives and Liberal Democrats forming a minority administration. Of the 47 members, 27 were new. The council has recently carried out a review of committee structures, with the new decision making structures taking effect from 30 September 2008. The scheme of delegation and delegation to committees have also been updated.

61. The creation of multi-member wards has required new ways of working to support efficient representations and sharing of the workload. The council has had a member and officer protocol in place since December 2005. This has been updated to incorporate the operation of multi member wards and the requirement of relevant guidance. We are advised that these arrangements have worked relatively well to date. However, multi-member wards are still fairly new in Scotland and the practical issues will become clearer as the new arrangements mature.

Audit Committee

62. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account on service delivery and support the reform and modernisation agenda. As part of the new committee structures being introduced, the Governance and Audit Committee has been replaced by the Audit and Risk Management Committee. It is proposed that this new committee will have the same remit and delegations of the previous Governance and Audit Committee, with the exception that governance issues are to transfer to the new Corporate Policy Committee. We commented in our 2006/07 Final Report to members on the number of members on the Governance and Audit Committee and that past experience had shown that the most effective committees had fewer members. It is noted that the membership of the Audit and Risk Management Committee has reduced from the previous 17 to 11 members. The effective scrutiny of governance issues by members is a key responsibility and it will be important for the council to ensure the members of the new Corporate Policy Committee fully understand this aspect of their role and that governance issues are given adequate prominence and consideration. Consideration should be given to whether further training is required for members with respect to governance issues.

Internal Audit

63. Internal audit provides an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. We carry out an annual review of the council's internal audit arrangements against CIPFA's revised Code of Practice for Internal Audit in Local Government 2006. The main purpose of this review is to determine the extent to which we can place reliance on the work of internal audit and to ensure that audit resources are used in the most effective way by avoiding areas of duplication. Our review found specific areas where there is scope for internal audit to improve their approach, including aspects of audit planning and the identification, sampling and testing of key controls. As a result of our audit review we concluded that partial assurance could be obtained from the work of internal audit relating to 5 out of the 11 systems reviewed during the year.

Systems of internal control

64. The council are required to include a section in the financial statements covering the systems of internal financial control. The Statement on the System of Internal Financial Control (SSIFC) complies with the requirements of the Code of Practice on Local Authority Accounting and reflects the internal financial control environment for the council. Following receipt of a range of assurances from, for example the chief internal auditor, the Director of Finance concluded that he was satisfied that reasonable assurance could be placed on the adequacy and effectiveness of the systems of internal financial control operated by the council.

65. The statement highlights that further work is required to develop the risk management and business continuity systems within the council. There is also a need to improve the reconciliation of bank accounts held by the Police and that this would be taken forward through a joint exercise between the Police and Financial Services staff.

66. In order to assess the adequacy of the governance arrangements within the council and to obtain assurances for the audit of financial statements, we reviewed the main controls in place within each of the council's main financial systems. Based on the results of our review we concluded that the council's main financial systems had a satisfactory level of control for our purposes.

Prevention and detection of fraud and irregularities

67. At the corporate level, the council has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements include an anti-fraud and corruption policy, a 'whistle blowing' policy, codes of conduct for elected members and staff, and defined remits for relevant regulatory committees.

NFI in Scotland

68. During 2007/08, we continued to monitor the council's participation in the 2006/07 National Fraud Initiative (NFI). NFI brings together data from councils, police and fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. The NFI has generated significant savings for Scottish public bodies (£9.7million from the 2006/07 exercise and £37million in total including previous exercises). Where fraud or overpayments are not identified in a body, assurances can usually be taken about internal arrangements for preventing and detecting fraud.

69. In our 2006/07 final report to members, we reported that the council had made significant progress towards following up referrals although it had concentrated on high priority matches. The council has now checked all the high priority matches and the vast majority of the other matches including all the police matches. Areas where savings have been achieved have been checked in full by the council. Four frauds have been uncovered and £87K has been identified as savings so far.

70. In May 2008, Audit Scotland issued a report on the progress of the 2006/07 NFI exercise (National Fraud Initiative in Scotland 2006/07). One of the key messages of this report is that savings are less than the earlier exercise in 2004/05 possibly demonstrating that the initiative has a deterrent effect.

71. There will be a further exercise in 2008/09 with a mixture of mandatory and risk-assessed matches to be pursued. The council has considered how to take this forward by assessing the risk and deciding which risk-assessed matches that it will wish to pursue. It has decided to pursue the majority of these matches. We will continue to take an interest in progress.

72. Between the 2006/07 and 2008/09 exercises, councils have had the opportunity to pursue an interim set of matches concentrating on information available from the electoral register and the council tax systems (e.g. addresses with two or more registered voters where a single person council tax discount is allowed). The council participated in this exercise timeously and is making good progress. Savings have already been identified although the exercise continues and the final outcome is not yet available.

Housing Benefit

73. From April 2008, Audit Scotland took over responsibility for inspecting the housing and council tax benefit functions from the Department for Work and Pensions. Risk based inspections are being carried out on a cyclical basis and all councils will be inspected during an 18 month period. During September 2008 Audit Scotland carried out an audit of housing and council tax benefits within the council and produced a risk assessment report which reported on the effectiveness of the benefits service in meeting the needs of the community and its customers, delivering outcomes and providing value for money. The report is currently in draft with the council and we will follow up this further as part of the 2008/09 audit.

Data handling and security

74. Data handling and security has received increased public and media attention recently as a result of a number of national incidents relating to lost data. The council shares data with a number of organisations such as the Department for Work and Pensions and other government departments. Information security is now a service delivery issue where a significant failure of controls could lead to loss of stakeholder confidence and opt out from services, higher compliance costs due to enforcement action, withdrawal of third party services such as payment card processing and legal fees relating to civil and criminal litigation. Our review of the council's data handling arrangements found a number of areas where weaknesses in control have to be addressed. A separate audit report has been issued to management including an improvement action plan.

Payment card standards

75. The Payment Card Industry Data Security Standard (PCI/DSS) was developed by major credit card companies as a guideline to assist organisations that process card payments to prevent credit card fraud, hacking and various other security threats. Any organisation processing, storing or transmitting payment card data must be PCI/DSS compliant or risk losing their ability to process credit card payments. The council do not currently have arrangements which comply with this standard. Work is underway and the plan is to comply by the end of August 2009.

New Computer Suite at Monreith House

76. One of technology solutions' major projects for the last two years has been the design, building and commissioning of a new computer suite at Monreith House. The initial target date for the transfer was the Summer of 2007 and we had first highlighted this project as a potential risk area and priority for the council in our 2006/07 Audit Risk Analysis and Plan. The transfer has not yet taken place. Delays in the project have been due to concerns over the location of a standby generator within the grounds of the Crichton Business Park and the power requirements for the suite. It is important that the progress of the transfer is closely managed in order to avoid any further delays.

Governance outlook

Single outcome agreements

77. The concordat between the Scottish Government and COSLA sets out the terms of a new relationship between the Scottish Government and local government. It underpins the funding to be provided to local government over the period 2008/09 to 2010/11. Central to the concordat is the single outcome agreement (SOA) between each council and the government. The SOA sets out the council's contribution to the government's 15 key national outcomes as set out in the concordat. It also reflects established corporate and community planning commitments. In this way progress at a national level is supported by outcomes at a local level.

78. The council had agreed its first SOA by 30 June 2008. This was developed jointly on a community planning basis with partner agencies and the third sector and has assigned each of the national indicators to one of five local outcomes. In future SOAs will be used to continue to engage partners and to monitor performance on an outcome basis against agreed targets. The development of robust performance management systems which encompasses all partners to the SOA, along with joint governance arrangements and integrated strategic planning are some of the key challenges which lie ahead for the council.

Performance

Introduction

79. In this section we comment on aspects of the council's performance. We also comment on the findings of Audit Scotland's national performance studies, relating them to the council's situation. Finally, we give an outlook on future performance, including our views on the current status of identified risks.

Corporate objectives and priorities

80. Following the election in May 2007 the council set about preparing its new Corporate Plan, a process which took until February 2008 to complete. The plan sets out the council's strategic objectives and priorities for 2008 – 2011 under five themes which aligned themselves with the five strategic themes of the Scottish Government concordat namely:

- Wealthier and fairer
- Healthier
- Safer and stronger
- Smarte.
- Greener.

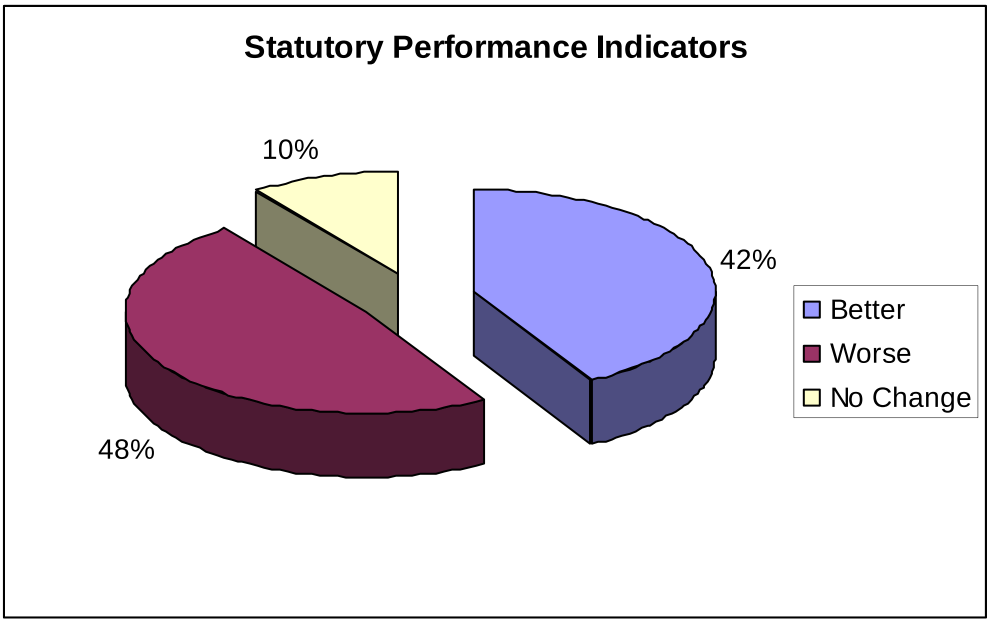
81. A key requirement for the successful delivery of the corporate objectives is sound performance management and reporting. It is noted that progress against the corporate plan has not yet been measured and reported to members and the public. This is a vital area for future development and one in which the council has still much to do. Another key priority is linking the corporate plan with the new community plan which is currently being developed.

Key risk area 13

Statutory Performance Indicators

82. Until the development of local performance measures, the main way of measuring council performance is through the statutory performance indicators (SPIs). The council's performance against the SPIs was made available to the public using various channels by 30 September 2008 and is due to be formally reported to members early in 2009. Based on our own analysis of the 2007/08 SPIs, the following chart shows that the council has seen more areas decline than improve with approximately 10% remaining static.

Chart 2: Changes to performance as demonstrated by the SPIs



83. Each year we review the reliability of the council's arrangements to prepare SPIs. One indicator had to be classed as FTR (failed to report) after the council could not produce sufficient meaningful data to allow testing. The indicator concerned was that concerning the access to council buildings by disabled people.

Best Value audit

84. The Local Government in Scotland Act 2003 established best value and community planning as statutory duties for local authorities. In response the Accounts commission introduced new arrangements for the audit of best value based on a full review by a specialist team once every three years. In the intervening years short follow up reviews are carried out by the local auditor. The council has recently been subject to a full best value audit and a report setting out the results of this is currently being prepared. This will be considered by the Accounts Commission and is expected to be published early 2009. To avoid significant comment on aspects of performance that fall to be considered in the report of the Best value audit, our report on the annual audit will outline our findings on those areas highlighted in our 2006/07 Final Report to Members and in our 2007/08 Strategic Audit Risk Analysis (SARA) reported to members in March 2008. Fuller details on performance will be included in the Best Value report.

Performance outlook – opportunities and risks

85. Our 2007/08 SARA and previous Final Report to Members summarised the key risks and priorities facing the council and the assurances we received from management on how each of these issues were to be addressed. We have monitored the progress to date and our key findings are summarised under each of the following strategic risk themes.

Ensuring the future affordability and sustainability of services

86. **Single Status**: the council have been continuing to work with trade unions to enable the introduction of a single status pay and grading structure. The original timetable envisaged that the proposed agreement would be balloted with staff in the Summer of 2008. The emergence of recent technical issues surrounding the protection of pay schemes, has meant that the proposed agreement has been withdrawn. The council is continuing to seek a negotiated agreement and are waiting the outcome of further specialist advice and discussions before considering the option of imposing a settlement. Risks still remain regarding the affordability of implementing single status and ongoing delays may lead to poor staff relations and unrest.

Key risk area 7

87. **Funding the Schools Estate management Plan**: in March 2008 members agreed a range of short, medium and long term investment priorities. Regular reports on progress against the school estate management plan have been made to members throughout the year. While it is clear that progress is being made in taking forward the Schools PPP and the 2A schools, there is still a need for the council to decide on the future of all remaining schools which cover approximately 75% of pupils within Dumfries and Galloway. The production of a long term investment plan for the whole of the schools estate is essential. The lack of available resources, both financial and staffing, is a considerable risk to the council and one which has to be addressed by the council as a matter of priority.

Key risk area 14

88. **Integrated financial planning**: although some progress has been made in ensuring that resource allocation is influenced by the identification of the council's priorities, mainly through the corporate prioritisation of budget pressures and risk assessed savings proposals, there is still a need for the council to ensure a more integrated approach to financial planning. Officers are aware that the links between service planning, financial planning and the Single Outcome agreement need to be strengthened and that greater emphasis has to be given by services to the importance of service plans as the bases for resource allocations.

Key risk area 15

89. **Shared Services**: the council has successfully completed the first stages of the national Shared Services Diagnostic Project. High level outline business cases have been prepared describing the opportunity for sharing services and related benefits, risks and key targets etc. Having achieved this first key milestone, the future success of the project and the achievement of real efficiencies will depend on the availability of resources and the continued engagement and commitment of members and officers.

Key risk area 16

Securing the efficient use of resources

90. **Homecare Services**: the review of Homecare Services has now been completed and a report put to members in June 2008. The review identified the corner stones of a new strategy for the future provision of care at home. It identified the need for significant change and rationalisation of future service delivery over the short to medium and the need for the more effective procurement of services from private providers. The successful implementation of the review findings will be critical if the risks facing the current service are to be addressed.

Key risk area 9

91. **Workforce Planning**: there has been little progress in introducing an operational workforce plan which is linked to the council's strategic plans. However a workforce strategy has recently been approved by members to guide future planning. The introduction of the new HR and payroll system is still outstanding and comprehensive management information is not yet being produced to ensure the future availability of staff with the skills required to deliver the council's objectives. Progress is however now being made and the core HR and absence management elements of the new system are due to go live in mid November 2008.

Key risk area 17

92. **Asset Management**: progress in asset management has been slow. Apart from the schools estate management plan, the other three property and land asset plans have not yet been formally approved by members and an overarching corporate plan has not been developed. A number of high priority areas have however been addressed. Members have taken the decision to develop Social Work delivery centres in Dumfries and Stranraer. Members have also recognised the need to review the community estate to ensure that there was a consistency of service provision across Dumfries and Galloway. A gap analysis is to be carried to determine any under or over provision of facilities. Other main projects include the construction of a joint NHS/council Upper Nithsdale Health Centre project and the rationalisation and transfer of depot accommodation to Cargenbridge.

Key risk area 18

93. **Strategic Planning**: in the absence of operational asset management plans, workforce planning and fully integrated financial planning, the council are still not capable of applying a fully integrated and informed approach to business planning. While some progress has been made in integrating business and financial planning it is acknowledged that further improvements can be made and that linkages with asset management and workforce planning require significant development.

Key Risk Area 19

94. **Use of resource transfer monies**: there are still delays in spending resource transfer monies, mainly in relation to learning disability services. While it is evident that the council has been more proactive in identifying ways of using this funding, there was an underspend of approximately £2.5 million at the end of 2007/08. It is essential that action continues to address the delays in setting up projects and services to fully utilise the additional funding made available to the council from resource transfers from Dumfries NHS.

Key Risk Area 20

Managing performance to achieve best value

95. **Performance management system**: managing and reporting performance is still an area of weakness. It is not common practice for all services to regularly prepare performance monitoring reports and report on progress to members against targets and strategic objectives. The use of the Covalent performance management system varies across services. It is currently not yet delivering quality information and has still some way to go before it can fully support performance management. While the mechanics of a performance management system may be in place, it is not evident that a performance management culture yet exists across the council. The council are addressing this by running a wide training programme for members and senior officers and by quality checking the standard of the information being input to Covalent.

Key Risk Area 21

96. **Risk Management and Business Continuity**: there has been little tangible improvement in the operation of risk management and business continuity arrangements across the council. Developments over the last year have mainly focused on introducing revised strategies and policies and the identification of potential risks in service plans. The council has yet to prepare action plans to mitigate both corporate and service level risks and progress is not reported to members. The lack of progress is disappointing given our previous reports to members on this issue and our letter to the Council in September 2007 stressing the importance of introducing a corporate business continuity plan.

Key Risk Area 22

Effective partnership working

97. We noted in our 2007/08 ARAP that significant changes and developments were planned by the community planning board. Key priorities included the production of a new Community Plan, the development of a performance management framework for community planning and joint governance arrangements. Another top priority was to develop a new community health partnership. The review process for the introduction of the new Community Plan in 2009 has begun. Further development work is required to improve performance management and identify performance measures which are linked to the council's corporate plan and Single Outcome Agreement. An initial meeting to discuss the community health and social care partnership was held in July 2008 and it is planned to hold a further challenge meeting to discuss future arrangements and structures. It has now been over a year since the council approved the creation of a community health partnership and while some headway has been made, efforts should be made to ensure a reasonable pace of change.

Supporting governance and scrutiny

98. In common with many councils, the May 2007 elections resulted in a new coalition administration and a high number of new councillors. This requires substantial support from officers to ensure that adequate training and development programmes are being provided. The council are in the process of agreeing personal development plans with members and formal training days are now scheduled into the committee diary. As part of the overall review of the council's committee structures, the remit and membership of the Governance and Audit Committee has also been revised. Our audit has identified instances where there has been some confusion amongst members on the differences between the responsibilities of the Governance and Audit Committee and the Scrutiny Committee and the need for further guidance on their scrutiny role. The recent review of the council's committee structures provides an opportunity for this to be clarified. To improve the current degree of scrutiny and challenge provided by members, it will be vital for the performance management system to be fully put into practice.

Other Inspectorate Reports

99. The Social Work Inspection Agency (SWIA) carried out and published the result of its performance inspection during September 2006. The report was critical and contained 24 recommendations.

100. During 2008 SWIA carried out a follow up of its original inspection and reported upon these findings during August. The report recognised that the number and complexity of the issues raised in the original recommendations meant that some of the improvements necessary would take time. Many of the concerns about strategic leadership and some of the concerns about management have been addressed. However, the report also highlighted that many of the actions needed to improve conditions for staff, and services to people who need them, had not been implemented and staff

morale remained low. One of the key messages of the report was that the pace of change over the period since the original inspection has been slower than intended. It is important that the council addresses the concerns of SWIA and ensure improvements are introduced in line with the agreed action plan.

National studies

101. Audit Scotland carries out a national study programme on behalf of both the Accounts Commission and the Auditor General for Scotland. Reports published in the last year of direct interest to the council are described below. Further information on these studies and copies of the reports can be obtained from Audit Scotland's web page at www.audit-scotland.gov.uk

Sustainable waste management

102. Collecting household waste is a vital and universal service. In recent years significant new investment has been made to reduce the amount of waste sent to landfill. Our national report on sustainable waste management, published in September 2007, highlighted that:

National findings:

- Significant progress has been made in meeting interim recycling targets, but the rate varies considerably between councils. The percentage of municipal waste recycled and composted increased from 7% in 2001/2 to 25% in 2005/6. Co-mingled collections appear to achieve higher recycling rates.
- There has been slow progress in developing facilities to treat residual waste and there is a significant risk that EU landfill directive targets might not be met.
- Increased recycling has led to increased costs for councils.
- All parties need to work more effectively together to make progress in waste minimisation, recycling and waste treatment.

Local findings:

- The council has prepared an Integrated Waste Management Strategy with the objectives of complying with the council's statutory duties as Waste Collection and Waste Disposal Authority, meeting the statutory EU landfill diversion targets and meeting the Scottish Government targets for recycling. The strategy also seeks to address waste growth through, for example demand management, education, partnership working and customer focus.
- In addition the council are in the process of developing a Corporate Waste Strategy which will enable the Council to discharge its duties and powers under the Environmental Protection Act 1990 and associated regulations. The council's corporate strategy will also address the

requirements of the National Waste Strategy, the National Waste Plan, the Area Waste Plan, the EU Landfill Directive and the council's Structure and Local Plans. The plan will also consider the Scottish Government's emerging Zero Waste Policy.

Free personal and nursing care

103. Since July 2002, all councils have had systems in place to deliver free personal and nursing care (FPNC). People of all ages living in care homes are entitled to free nursing care and people over 65, living in any setting, are entitled to free personal and nursing care. Our national report about the financial implications of FPNC, published in September 2007, found that:

National findings:

- Councils have interpreted the legislation and guidance relating to food preparation differently across Scotland.
- Councils should improve their information systems to enable them to collect comprehensive and accurate information on FPNC and other aspects of care and support services.
- Councils should provide clear information to older people on what is covered by FPNC.
- Councils should work with local health partners to evaluate the longer term consequences of reducing domestic homecare services.

Local findings:

- The council are committed to repaying previous charges paid in relation to food preparation costs and no longer charge for such services. Refunds of £487k are due to be made to current service users and the council is carrying a provision of a further £1 million to finance potential claims by families of those deceased service users who had previously paid food preparation charges.
- As reported in the Social Work Inspection Agency follow up report published in August 2008 limited progress has been made in improving the management information systems within Social Work Services. Improvements will be essential to support the future planning of care and support services.

Scotland's school estate

104. A major programme of school building renewal started at the end of the 1990s and is continuing today. The programme aims to create a school estate that achieves the government's vision for 21st century schools that are well designed, well built and well managed. Our national study reviewed what has been achieved so far, how much it is costing, how effective the improvements are and how well the Scottish Government and councils are working together to manage improvements to the schools

estate. One of the main conclusions of our report, published in March 2008, is that the current rate of progress will take up to 20 years to remove all schools from poor or bad condition. The report recommends actions for the Scottish Government and councils to help improve arrangements and support future achievements. These include:

National findings:

- Better planning by councils and the Scottish Government to set specific, measurable and meaningful targets for the school estate strategy.
- Greater use of the Scottish Government guidance by councils to make sure future school design strikes a good balance for the comfort of everyone who uses the building.
- Making environmental sustainability a key element of school design.
- Doing more to identify and share good (and bad) practice in school design and estate management.
- Estimating pupil rolls for at least ten years ahead with a minimum annual review.

Local findings:

- The council's Schools PPP contract reached financial close in January 2008 and construction in now well underway. The first school is due to be opened in August 2009. The improvement programme is also in progress for those schools not included in the PPP and deemed to be of highest priority. Further work is required to develop an improvement and investment strategy for the remainder of the schools estate. This is likely to be taken forward in the light of the planned strategic review of all education provision within Dumfries. A report to members in September 2008 outlined a number of options for the future delivery of options within Dumfries and recommended those which should be subject to further feasibility studies. The council envisages that the Dumfries Review will improve the key performance indicators in the schools estate management plan and will go some way to addressing the previous INEA inspection recommendation to finalise plans for improving the schools estate taking into account the challenges of demographic change and falling school rolls.

Overview of sport in Scotland

105. Public bodies spend on average £558 million a year on sport in Scotland. Councils are responsible for 90% of this expenditure. Most of the money is spent on providing and maintaining facilities as well as programmes to encourage participation and support individual athletes. Our national report, published in April 2008, found that:

National findings:

- The provision of sports facilities and other services is fragmented, with no clear links between the government's national strategy for sport and councils' investment. The development of single outcome agreements is an opportunity to clarify and align the links between national and local strategies.
- The level of participation and funding in sport has been declining and participation by younger people falls short of targets.
- Sportsscotland estimates that an additional £110 million a year is needed for the next 25 years to bring sports facilities up to an acceptable standard.

Local findings:

- The council has made a significant investment in sport during 2007/08 through the development of its new £17million leisure complex 'DG One' in the centre of Dumfries. The complex provides a range of sports facilities including a new swimming pool and fitness suites.
- The council are working towards the provision of, and adherence to nation sports related policies, such as Sport 21, A Strategy for Physical Activity and the Physical Education Review, through their Leisure and Sport Strategy and the Local Physical Activity Strategy.

Final Remarks

106. We have made a number of recommendations in the various reports we have issued during the course of the year and have obtained assurances from officials that action will be taken as appropriate.

107. Attached to this report is an action plan setting out the key risks identified by the audit which we are highlighting for the attention of members. In response, officers have considered the issues and have agreed to take the specific steps set out in the column headed ‘planned management action’. On occasion, officers may choose to accept the risk and take no action. Alternatively, there may be no further action that can be taken to minimise the risk. Where appropriate, the action plan clearly sets out management’s response to the identified risks.

108. Appropriate mechanisms should be considered and agreed by members for monitoring the effectiveness of planned action by officers. We will review the operation of the agreed mechanism as part of the 2008/09 audit.

109. The co-operation and assistance given to us by Dumfries and Galloway Council members and staff is gratefully acknowledged.

Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	12	**Statutory performance indicators** The overall quality of the standard of the supporting working papers for the statutory performance indicators (SPIs) continues to be poor in some areas. ***Risk: the accuracy of the council's SPIs cannot be validated resulting in indicators being reported as unreliable.***	Although work was undertaken in this area during 2007/08 there are still some areas of weakness Clarification has been sought on the specific areas of weakness and Internal Audit will be asked to undertake a review of these areas in order to achieve the improvements required. (Refer to Point 1 in the 2006/07 Report to Members)	Operations Manager Business Transformation	January 2009
2.	20	**Compliance with the Disability Discrimination Act** We could not obtain records showing the extent of compliance with the requirements of the Disability Discrimination Act and the council has experienced slippage against the planned programme of capital improvements to public buildings. ***Risk: the council's public buildings are not fully accessible by all members of the public and the council is failing in its legal duties under the Disability Discrimination Act.***	Plans are in place for all certificates to be signed by November 2008 The initial spend profile on the capital programme was not related to any pre-planned programme of works. The spend profile should have been amended to reflect the planned programme of works and this has been carried out for 2008/09.	Service Director Support Services	November 2008 October 2008

<table>
<tr><th>Action Point</th><th>Refer Para No</th><th>Risk Identified</th><th>Planned Management Action</th><th>Responsible Officer</th><th>Target Date</th></tr>
<tr><td>3.</td><td>27</td><td>Budget projections within Social Work services

The estimated final position against the Social Work budget reported to members fluctuated significantly throughout the year.

Risk: the unreliability of the forecasts included in budget monitoring reports impedes the monitoring of budgets by members and future decision making. This is of particular importance given the financial pressures being faced by Social Work Services and the need for tight control over budgets.</td><td>Members have now agreed the replacement of the existing Social Work Management Information system which will support the monitoring process. Prior to the implementation of the new system, interim arrangements are being made (including the development of Softbox and detailed monitoring meetings with budget managers) to address the volatility of forecasts in the immediate term.</td><td>Service Director Social Work Services/ Operations Manager Accountancy</td><td>December 2008</td></tr>
<tr><td>4.</td><td>34</td><td>Capital slippage

There continues to be slippage against the council's capital programme.

Risk: delays in the completion of capital projects may prevent the delivery of services and the achievement of the council's objectives.</td><td>A review will be undertaken of the Council's capital planning process and will include:
• the role and responsibilities of the capital working group and Members
• determining investment strategy and priorities
• programme planning and monitoring

(Refer to Point 12 in the 2006/07 Report to Members and Point 7 of the SARA under the heading 'Ensuring the future affordability and sustainability of services')</td><td>Service Director Support Services</td><td>March 2009</td></tr>
<tr><td>5.</td><td>38</td><td>Statutory trading organisations

Three out of the council's four statutory trading activities have continued to return deficits and have failed to achieve the statutory breakeven target. Particular difficulties exist with the Cleansing and Grounds Maintenance service and the Catering and Cleaning service is</td><td>Bids are being made to secure further budget for the Catering Service to address the pressures arising from rising food and fuel prices. The Scottish Government's commitment to free school meals for P1 – P3 should also ensure greater economies of scale within the service delivery organisation.

It is anticipated that Building Services will be trading at or close to break-even in 08/09, and</td><td>Corporate Director of Combined Services</td><td>January 2009

March 2009</td></tr>
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Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		facing future budget pressures from increasing food and fuel prices. ***Risk: the council's statutory trading organisations continue to not achieve the statutory breakeven target and cannot demonstrate best value.***	trading at a surplus in 09/10 following rationalisation and termination of the DGHP contracts. (Refer to Point 5 in the 2006/07 Report to Members and Points 3 of the SARA under the heading of 'Securing the Efficient Use of Resources')		
6.	40	**Future of Cleansing Services** It is over a year since the council first approved the retendering of the Cleansing Service. This decision is now to be revisited by members in the light of further information. ***Risk : there continues to be delays in deciding on the future provision of Cleansing services and the council fails to demonstrate that the service is achieving best value.***	Members recently considered issues relating to waste collection, disposal and recycling at a challenge day. Members of the Planning, Housing and Environment Committee are scheduled to revisit the tendering decision. As part of their consideration they will be asked to look at budgetary provision in the short – medium term. (Refer to Point 2 in the SARA under the heading of 'Securing the Efficient Use of Resources')	Corporate Director Combined Services	December 2008
7.	46 and 86	**Single status and Equal Pay** The Council remains to implement the single status agreement. ***Risk: continued delays will add to the uncertainties over the future costs of equal pay and single status and the potential for adverse effects on staff morale and relations if the option of imposition becomes a reality.***	Negotiations continued between the Council and Trade Unions throughout 2007/08, however recent case law has changed the situation in relation to the Single Status deal made to staff. Appropriate legal advice is being sought and a negotiated deal is being explored with the Unions. (Refer to Point 6 in the 2006/07 Report to Members and Points 4 of the SARA under the heading of 'Ensuring the future affordability and sustainability of services')	Group Manager Human Resources	March 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
8.	46	**Budget pressures within Social Work services** To avoid future budget in overspends in Social Work the council has indicated that significant savings/efficiencies will be required. This will be exceptionally difficult to deliver when demands for services are increasing. ***Risk: Social Work services continue to overspend against budgets. Savings cannot be achieved without adversely impacting on services.***	A programme of budget control and containment measures has been introduced and one of the aims of the process will be to identify savings and efficiencies while minimising the impact on service provision.	Service Director Social Work Services	March 2009
9.	46 and 90	**Budget pressures within Homecare Services** Particular operational and financial pressures currently exist within Homecare Services. This position is likely to worsen in the light of increasing demands from an aging population, a reducing workforce and significant additional costs from the implementation of single status. ***Risks: Budget deficits continue and the recommendations of the strategic review of homecare services are not actioned. The council are not adequately resourced to deliver homecare services in the future.***	As part of the general programme of budget control and containment measures being introduced, the particular budget challenge posed by rising expenditure on home care services is being addressed, in conjunction with NHS Dumfries and Galloway, in the immediate term, with a view to managing within budget during 2008/09, while minimising the impact on service provision. The implementation of the strategic review of home care is ongoing and it is anticipated that this will allow Best Value to be achieved within current resources incrementally over the period from now until 2012. (Refer to Point 5 in the 2006/07 Report to Members and Point 4 of the SARA under the heading 'Securing the efficient use of resources')	Service Director Social Work Services	March 2009 March 2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
10.	46	**Investment in the council's infrastructure** A past trend of budget cuts has resulted in a significant backlog in the maintenance repairs programme for the council's property and roads. Current financial plans do not adequately provide for these future investment needs. ***Risk: the council's infrastructure is not adequately maintained and fails to support the delivery of services.***	In June 08 the Officers Scrutiny Panel presented a report to Finance Sub Committee. Members noted the position and that a report would be brought forward outlining the backlog maintenance requirements on the Council's key infrastructure.	Service Director Support Services	January 2009
11.	46	**Depletion of available balances** The planned contributions from reserves included in future budgets will result in the available balance on unallocated reserves falling below the council's agreed minimum level**.** ***Risk : the council do not have available reserves to provide an adequate contingency for future unforeseen costs and pressures.***	The Council has a three year budget plan which would see balances initially stabilised and the rebuilt over the financial planning period. The retention of an appropriate level of balances will be subject to continual review and monitoring and the retention of balances will be a key element of the annual three year budget planning process. (Refer to Point 4 in the 2006/07 Report to Members and Point 5 of the SARA under the heading of 'Ensuring the future affordability and sustainability of Services')	Operations Manager Accountancy	February 2009
12.	46	**Financial pressures** The council continues to face significant financial pressures and to avoid budget overspends, services will be required to make further savings. Future budgets include capital receipts from the sale of assets. These income targets are now more difficult to secure under the current economic climate.	Close monitoring and active management of expenditure against budgets will continue to be undertaken and reinforced. Savings proposals will be scrutinised and both risk and impact assessed to ensure achievability before being presented for approval. The generation of capital receipts will be managed on a rolling 3 year basis to dampen the impact of annual fluctuations and any sustained shortfalls will be built into and addressed as part of the annual budget setting process.	Operations Manager Accountancy	February 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		Risk: *future savings requirements cannot be delivered. Planned capital receipts are not achieved leaving a shortfall in budgeted income levels.*	(Refer to Point 2 in the 2006/07 Report to Members and Point 3 of the SARA under the heading of 'Ensuring the future affordability and sustainability of services')		
13.	81	**Corporate Plan 2008-2011** Progress against the council's new Corporate Plan 2008-2011 has not yet been measured and reported to members and the public. ***Risk: the council's main objectives and priorities are not being adequately monitored and may not be achieved.*** ***The performance of the council is not reported to the public.***	Strategic Level Assessment Improvement Plan recommendations: 12 – ensure that Members take a more active role in reviewing the performance of services and take steps to ensure more systematic and comprehensive reporting from services to service committees, 13 – develop public performance reporting to provide a balanced account of the Council's performance reported in a variety of accessible formats, 16 – all strategic plans incorporate specific actions to be carried out at a service level with indicators that would allow performance to be assessed, 27 – the Council should review its partnership activity to ensure that it is contributing to its strategic objectives. In addition, robust performance monitoring and reporting arrangements should be in place to ensure that partnership working is achieving agreed outcomes, 28 – the Council should be reporting the impact of community planning on services and communities, in a clear, accessible and effective manner. This should clearly explain the overall gain for citizens and communities from partnership working and state exactly what those benefits are. (Refer to Point 5 in the SARA under the heading of 'Managing performance to achieve best value')	Operations Manager Corporate and Community Planning	April 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
14.	87	**Funding the Schools Estate Management Plan** A review of the future for the schools estate is currently ongoing. This review will have to be completed before a financial investment strategy can be prepared for the funding of the necessary repairs to all schools within the estate. ***Risk: the schools estate management plan cannot be progressed and the funding required for the necessary improvements is not identified and built into longer term financial plans*. *The council do not have the necessary resources to improve all of the school estate.***	The Council established a number of Strategic Investment Priorities in March 08, based on the information contained in the latest SEMP. These are currently being progressed through options appraisals. Funding requires to be identified for all but the PPP and three 2A primary schools. Additional corporate resources will be sought once Committee decides on the preferred options, however it is likely that alternative funding from the Scottish Government will be required to advance the projects significantly. In addition the KPI data within the SEMP in relation to condition and sustainability is being reviewed to ensure that future strategic investment decisions are based on robust data. (Refer to Point 8 in the 2006/07 Report to Members and Point 6 of the SARA under the heading of 'Ensuring the future affordability and sustainability of services')	Service Director Schools Service/ Operations Manager Accountancy	March 2009
15.	88	**Integrated financial planning** Links between service planning, financial planning and the Single Outcome Agreement need to be further strengthened. ***Risk : the council do not take an integrated approach to financial planning.***	Strategic Level Assessment Improvement Plan recommendations: 6 – develop more coherent links between planning and budgeting and allocate resources in accordance with Council priorities and objectives (determined through effective consultation) 17 – the Strategic Management Framework should be further developed to ensure integration of key processes within the planning cycle 23 – the Council should, as soon as possible, complete and implement the Corporate Property and Land Asset Management Plan 24 – develop a full life costing system to ensure that future revenue implications for capital projects are fully understood and provide systematic feedback to	Service Director Support Services/ Operations Manager Accountancy	April 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			ensure that planned and anticipated benefits are delivered. (Refer to Point 8 in the SARA under the heading of 'Ensuring the future affordability and sustainability of services')		
16.	89	**Shared Services** The first stages of the national Shared Services Diagnostic Project have been completed and ability to progress to the next stage will depend on the availability of resources and the continued commitment of members and officers. ***Risk: the momentum achieved so far on the Shared Services project is not maintained and adequate resources are not made available to ensure the opportunities for sharing services and making efficiencies are pursued.***	The programme management and governance arrangements approved by Members and the Programme Board include regular reporting to Corporate Policy and Scrutiny Committees. These arrangements which are now in place will minimise the risk identified. (Refer to Point 9 in the SARA under the heading of 'Ensuring the future affordability and sustainability of services')	Chief Executive/ Service Director Support Services	October 2008
17.	91	**Workforce planning** There has been little progress in introducing a workforce plan which is linked to the council's strategic plans. The introduction of the new HR and payroll system continues to be delayed and quality management information to inform future workforce planning is not yet available. ***Risk: the council cannot plan ahead for its workforce needs and do not have the necessary staffing or skills required to deliver its future objectives.***	The Workforce Strategy has now been approved and action plans deriving from this are the subject of detailed design at present. The HR payroll system, core HR application and absence management will go live at the end of October and most of the remaining HR modules will come on stream in the following months. (Refer to Point 5 of the SARA under the heading 'Securing the efficient use of resources')	Group Manager Human Resources	December 2008

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
18.	92	**Asset management** Final versions of the asset management plans still need to be approved by members and operational plans developed to take forward the priorities and policies for the management of the council's assets. ***Risks: the council's assets are not being actively managed and fail to support the council's corporate objectives. Best value is not being achieved in the use of assets.***	Strategic Level Assessment Improvement Plan recommendation: 23 – the Council should, as soon as possible, complete and implement the Corporate Property and Land Asset Management Plan. (Refer to Point 9 in the 2006/07 Report to Members and Point 7 of the SARA under the heading 'Securing the efficient use of resources')	Service Director Support Services/ Interim Property Services Manager	December 2008
19.	93	**Strategic Planning** A workforce plan, a fully integrated approach to financial planning and operational asset management plans, need to be developed to allow a fully integrated and informed approach to business planning. ***Risk: Strategic plans are being developed in isolation and do not reflect fully the needs of the council.***	Strategic Level Assessment Improvement Plan recommendations: 6 – develop more coherent links between planning and budgeting and allocate resources in accordance with Council priorities and objectives (determined through effective consultation), 15 – all strategic plans should be scrutinised by a group of senior officers and Members to ensure that there is no overlap or gaps in service delivery and action is taken in the next planning round to learn from success and address areas of under-performance, 17 – the Strategic Management Framework should be further developed to ensure integration of key processes within the planning cycle, 23 – the Council should, as soon as possible, complete and implement the Corporate Property and Land Asset Management Plan, 24 – develop a full life costing system to ensure that future revenue implications for capital projects are fully understood and	Service Director Support Services/ Business Review Manager	April 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			provide systematic feedback to ensure that planned and anticipated benefits are delivered. (Refer to Point 8 in the SARA under the heading 'Securing the efficient use of resources')		
20.	94	**Use of resource transfer monies** Despite a more proactive approach to identifying projects, delays continue in spending resource transfer monies. There was a total underspend of £ 2.5 million in 2007/08. ***Risk: Services are not being provided to those in need despite the receipt of resource transfer funding.***	As part of the wider budget challenge work being undertaken, in conjunction with NHS Dumfries and Galloway, all available Resource Transfer monies will be allocated to meet budget pressures in respect of relevant areas of service, such as home care. (Refer to Point 15 in the 2006/07 Report to Members)	Service Director Social Work Services	December 2008
21.	95	**Performance management** A culture of continuous improvement and performance management is not yet evident across the council. The Covalent performance management system is not yet being fully used and in general, comprehensive performance management reports are not being regularly reported to members. Considerable improvement is required to the council's approach before performance against the targets in the Single Outcome Agreement can be measured. ***Risk: performance is not adequately managed and improvements to services are not secured. Members do not receive***	Strategic Level Assessment Improvement Plan recommendations: 5 – establish a corporate strategy to implement Best Value throughout the Council that ensures continuous improvement, 7 – develop a culture to support Best Value across the organisation to ensure continuous improvement is seen as an intrinsic part of sound working, rather than a bureaucratic process, 13 – develop public performance reporting to provide a balanced account of the Council's performance reported in a variety of accessible formats, 16 – all strategic plans incorporate specific actions to be carried out at a service level with indicators that would allow performance to be assessed, 24 – develop a full life costing system to ensure that future revenue implications for capital	Service Director Support Services / Operations Manager – Business Transformation	May 2009

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		the necessary information to allow them to effectively scrutinise performance and to hold officers to account. The targets in the Single Outcome Agreement are not achieved.	projects are fully understood and provide systematic feedback to ensure that planned and anticipated benefits are delivered, 27 – the Council should review its partnership activity to ensure that it is contributing to its strategic objectives. In addition, robust performance monitoring and reporting arrangements should be in place to ensure that partnership working is achieving agreed outcomes, 28 – the Council should be reporting the impact of community planning on services and communities, in a clear, accessible and effective manner. This should clearly explain the overall gain for citizens and communities from partnership working and state exactly what those benefits are. (Refer to Point 10 in the 2006/07 Report to Members and Point 1 of the SARA under the heading 'Managing performance to achieve best value')		
22.	96	**Risk Management and Business Continuity** There have been considerable delays in the introduction of sound risk management arrangements across the council and the introduction of a corporate business continuity plan. ***Risk: the current risks facing the council are unknown and in the absence of comprehensive risk registers and action plans, the council continues to be exposed to potentially an unacceptable level of risk. The council cannot continue its vital services in the event of the failure of key systems.***	The draft Risk Management Policy will be presented to the Audit and Risk Management Committee on 16 December 2008 for consideration and approval. Training and implementation will follow from the first quarter of 2009. Following a number of disruptive challenges during 2008 the Essential Services Continuity Group will formalise response arrangements in order to deliver critical services. (Refer to Point 11 in the 2006/07 Report to Members and Points 3 and 4 of the SARA under the heading 'Managing performance to achieve best value')	Operations Manager Civil Protection, Resilience and Corporate Risk	March 2009 January 2008