

# East Dunbartonshire Council

## Annual report on the 2011/12 audit



Prepared for Members of East Dunbartonshire Council and the Controller of Audit  
October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Key messages

This report summarises the findings from our 2011/12 audit of East Dunbartonshire Council. As part of the audit we assessed the key financial and strategic risks being faced by the Council. We audited the financial statements and reviewed the Council's financial position and aspects of governance, best value, the use of resources and performance. This report sets out our key findings.

## 2011/12

### Financial statements

We have given an unqualified opinion that the financial statements of East Dunbartonshire Council for 2011/12 give a true and fair view of the financial position and expenditure and income of the Council and its group for the year. We also certify that the accounts have been prepared in accordance with relevant legislation, applicable accounting standards and other reporting requirements.

### Financial position

The general fund recorded a net surplus for 2011/12 of £1.1 million, increasing the balance to £11.0 million as at 31 March 2012. This balance includes earmarked commitments of £8.0 million and an unallocated general fund balance of £3.0 million. While this is above the Council's targeted level of £2.5 million it remains low in percentage terms in comparison to many other Scottish local authorities.

The housing revenue account (HRA) recorded an in-year surplus for 2011/12 of £0.4 million increasing the balance on the account from £1.1 million at 31 March 2011 to £1.5 million at 31 March 2012. £0.2 million of the in-year surplus has been earmarked to be spent on affordable housing.

Total capital expenditure during the year (excluding finance leases) amounted to £31.1 million and related to investment in new assets and maintaining and improving existing assets, including council houses, schools and roads. Slippage in projects during the year totalled around £9 million which represented 26% of the approved capital programme for the year. The impact of this slippage was offset to some extent by the process in place to manage the capital programme which enabled the acceleration and rephasing of other capital projects totalling approximately £7.3 million.

The Council agreed a 2012/13 general fund budget of £242.8 million and the HRA budget for 2012/13 has been set at £12.5 million.

Overall the Council's current financial position appears stable, but this must be set in the context of the requirements to deliver planned future savings.

## Best Value, use of resources and performance

Over the past few years the Council has made significant changes to their structure brought about as part of the Strategic Operating Model. This has resulted in a significant reduction in staffing levels. The impact of these changes should continue to be monitored to ensure the Council have the capacity to meet service needs.

Overall performance against the reported Statutory Performance Indicators represents an improvement between 2010/11 and 2011/12. However, it was noted that the reported performance remains poor in a number of areas in comparison to other Scottish local authorities including sickness absence where East Dunbartonshire Council have the highest levels in Scotland. Additional focus will require to be given to these areas to ensure this underperformance is addressed going forward. This has been acknowledged by the Council and an action plan has been prepared for this purpose.

## Outlook

Scotland's public bodies continue to face increasing demand and cost pressures for their services and this is likely to continue into the future. An ageing population, the effects of the recession and the heightened expectations of the public, all increase the demand for public services. These, together with cost pressures and existing financial commitments, place an additional burden on the capacity of public bodies to provide efficient and quality services at a time when budgets are reducing.

The Council's uncommitted general fund balance of £3.0 million at 31 March 2012 remains relatively low in comparison to many other Scottish local authorities. This presents a risk that the level of Council reserves will be insufficient to fund future unforeseen costs. It is noted however that an additional £1.0 million has been earmarked at 31 March 2012 in respect of potential budgetary pressures in the coming year.

The Council approved a revenue budget of £242.8 million for 2012/13, with approved savings of £3.2 million. This results in a projected revenue budget surplus of £0.8 million. Looking further forward, the Council has identified a savings requirement of £3.2 million for 2013/14, with savings of around £4.0 million per annum required thereafter.

In this environment, the Welfare Reform Act 2012 will bring about the biggest reform of the UK welfare system for 60 years. The introduction of Welfare Reform will have a significant impact on councils' strategies and plans in areas such as housing, social work, homelessness, asset management, finance, ICT and customer service.

# Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of East Dunbartonshire Council (the Council). The nature and scope of the audit were outlined in the Audit Plan presented to the Audit and Risk Management Sub-Committee on 16 February 2012 and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual audit report is to summarise the auditor's opinions (i.e. on the financial statements) and conclusions, and to report any significant issues arising. The report is divided into sections which reflect the public sector audit model.
2. A number of reports have been issued in the course of the year in which we make recommendations for improvements (Appendix A). We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the Council.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the Council understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to members and the Controller of Audit and should form a key part of discussions with the Audit and Risk Management Sub-Committee, either prior to, or as soon as possible after, the formal completion of the audit of the financial statements. Reports should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the Council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits. The overview report is published and presented to the Local Government and Regeneration Committee of the Scottish Parliament.
6. The management of the Council is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. The auditor is responsible for auditing and expressing an opinion on the financial statements. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

# Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
  - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
  - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
9. Auditors review and report on, as appropriate, other information published with the financial statements, including the explanatory foreword, statement on the systems of internal financial control and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit on the financial statements.

## Audit opinion

10. We have given an unqualified opinion that the financial statements of East Dunbartonshire Council for 2011/12 give a true and fair view of the state of the affairs of the Council and its group as at 31 March 2012 and of the income and expenditure for the year then ended.

## Legality

11. Through our planned audit work we consider the legality of the Council's financial transactions. In addition the Head of Finance and ICT 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 relevant legislation and regulations. There are no legality issues arising from our audit that require to be brought to members' attention.

## Annual Governance Statement

12. As part of our annual audit we review the disclosures made in the annual governance statement and the process for obtaining sufficient assurances to inform the content of the statement.
13. We are satisfied with the disclosures made in the annual governance statement and the adequacy of the process put in place by the Council to obtain required assurances from directors. We also note that adequate action has been taken to address the areas of weakness in the system of internal financial control highlighted in the annual governance statement, and that they did not impact on the financial statements. The improvement actions

should be followed up during 2012/13 to ensure the agreed procedures are being adhered to and adequately address the issues identified.

## Remuneration report

14. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2011/12 financial statements include all eligible remuneration for the relevant Council officers and elected members.

## Accounting issues

15. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the 2011 Code). We are satisfied that the 2011/12 financial statements are compliant with the 2011 Code.

## Accounts submission

16. The Council's unaudited financial statements were submitted to the Controller of Audit by the 30 June deadline and the audit was concluded in time for the financial statements to be certified by the target date of 30 September 2012. They are now available for presentation to members and for publication.

## Matters arising

17. In our *'Report to those charged with governance on the 2011/12 audit'* issued to the Audit and Risk Management sub-committee on 20 September 2012 we highlighted any issues regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties. As these issues have already been reported to committee for consideration they have not been duplicated in full here, however for information the main points included related to:
- completeness and timing of the provision of working papers
  - issues identified with internal control processes and year-end closedown procedures
  - impact on the year end employee benefit accrual of issues identified in relation to the integrity of the data on the HR Manpower system
  - issue identified on the robustness of the information used to assess the obligation on the Council of settling outstanding Equal Pay cases
  - an error identified in the calculation of the bad debt provision required in respect of uncollected rental income, which was subsequently adjusted
  - balances identified in relation to East Dunbartonshire Development Company that require to be reviewed for write-off.



## Presentational and monetary adjustments to the unaudited accounts

18. A number of adjustments were made to the 2011/12 unaudited financial statements in accordance with normal audit practice. These adjustments primarily related to minor misstatements and disclosure errors within notes to the financial statements and have not had a material impact on the general fund balance of the Council.
19. A number of presentational amendments were also processed to improve the disclosures within the financial statements. Among the presentational changes made to the draft accounts were:
  - Amendment to the *Statement on the System of Internal Financial Control* to make reference to:
    - regularity of debtor reconciliation processes not meeting control expectations
    - improvements identified in stock control procedures.
  - Revision to the format of the *Cash Flow Statement* to reflect requirements of the 2011 Code.

## Pension costs

### Defined Benefit Pension Schemes

20. East Dunbartonshire Council is a member of the Strathclyde Pension Fund which is a multi-employer defined benefit scheme. In accordance with pensions accounting standard *IAS19 'Retirement Benefits'* the Council has recognised its share of the net liabilities for the pension fund in the balance sheet. The valuation at 31 March 2012 provided by the scheme's actuaries increased the Council's share of the deficit from £42.7 million last year to £85.1 million this year.
21. The Council has also recognised its share of the net liabilities of unfunded teachers' pension schemes. These are defined benefit schemes that were in existence prior to Local Government Reorganisation in 1996 and are administered as part of the Strathclyde Pension Fund. The valuation at 31 March 2012 provided by the schemes' actuaries increased the Council's share of the deficit for these from £13.0 million last year to £17.7 million this year.
22. The overall impact on the balance sheet at 31 March 2012 of these defined benefit pension schemes is therefore to increase the Council's share of the deficit from £55.7 million last year to £102.8 million this year. We note that the actuary remains of the view that the asset holdings of the funds and the contributions from employees and employers together with planned increases in employer contributions provide sufficient security to meet future pension liabilities. The assumptions made by the actuary when preparing the valuation have also been subject to independent review by PricewaterhouseCoopers and were concluded as reasonable.

### **Pension schemes accounted for as Defined Contribution Schemes**

23. Teachers employed by East Dunbartonshire Council are members of the Scottish Teachers Superannuation Scheme (STSS) which is administered by the Scottish Government. Although this is technically a defined benefit scheme, as it is not possible to identify each employer's share of the underlying liabilities in the scheme on a reasonable and consistent basis it is accounted for on the same basis as a defined contribution scheme under IAS19. The Council is therefore only required to account for their contributions to the scheme each year. In 2011/12 the employers' contribution rate was set at 14.9% and the Council made total employer contributions of £6.6 million. This represented a £0.3 million reduction from the total employer contributions made in 2010/11 of £6.9 million when the employer contribution rate was also set at 14.9%. This decrease in employer contributions between years was attributable to the reduction in teacher numbers due to staff leaving the Council through the early release scheme linked to the Strategic Operating Model (SOM).

### **Whole of government accounts**

24. The whole of government accounts are the consolidated financial statements for all branches of government in the UK. The Council submitted their consolidated pack to the Scottish Government by the statutory deadline of 29 July and the audited return was completed by the audit deadline of 5 October 2012. No material errors were identified in the Council's submission.

### **Group financial statements**

25. In 2011/12 there were two changes to the entities consolidated within East Dunbartonshire Council's group. The first of these related to the exclusion of East Dunbartonshire Development Company which had been consolidated as a subsidiary in previous years but ceased trading in April 2011 and therefore did not require to be consolidated this year. The other change was due to East Dunbartonshire Leisure and Culture Trust Ltd (EDLCT) commencing the delivery of a range of leisure and cultural services on behalf of East Dunbartonshire Council from 1 April 2011. As the Articles of Association of EDLCT state that the Council is the sole member of the company with the power to appoint and remove directors this has been consolidated as a subsidiary in 2011/12 as required by the 2011 Code.

### **Trust funds**

26. The Council administer a number of charitable trust funds which may be used for purposes consistent with the terms of the Trust. Charitable bodies are required to comply with the requirements of the Charities Accounts (Scotland) Regulations 2006, meaning a full set of financial statements is required for each trust fund. However the Office of the Scottish Charities Regulator (OSCR) has, to date, deferred full implementation, allowing the Council to rely on its existing disclosures for trust funds in the Council's financial statements, supplemented with additional working papers.
27. The Council have entered into a reciprocal arrangement with East Renfrewshire Council and West Dunbartonshire Council to provide independent examinations of each council's 2012/13

trust statements. However 2012/13 is the final year of the concession for an independent examiner's report and a full audit report will be required as of 2013/14. The Council are encouraged to make early arrangements for the move toward external audit of charities and should consider whether there is scope to reorganise the existing charities to reduce the number requiring audit.

#### **Action Plan 1**

28. OSCR's feedback on the 2010/11 submissions from each local authority allocates councils to one of four categories, fully compliant (one council), above average (12 councils), average (14 councils) and below average (3 councils). The Council's submission fell into the "average" category.

### **Identification and Valuation of Common Good Assets**

29. In the past five years there have been a number of Scottish parliamentary petitions concerning the proper recording, auditing and safeguarding of common good assets and this area continues to produce a significant amount of correspondence and complaints. In December 2007, Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued a guidance note for practitioners. The paper recognises the legislative distinction of the Common Good as a managed fund, which requires disclosure within the local authority financial statements with common good asset registers, supported by title deeds.
30. On 7 February 2012, the Policy and Resources Committee approved a management arrangement whereby the Council operates land and property identified as Common Good. Under this agreement, the Council remains responsible for all costs and income relating to such assets and is entitled to use them.
31. Under the current arrangements assets will be reviewed prior to disposal to confirm that they are not common good assets, or have any other conditions attached, which would prevent them from being disposed of.
32. Whilst this approach would prevent the Council from selling assets which they are not permitted to dispose of there is a related risk to the anticipated capital receipts required to fund the aims of the Strategic Asset Review if assets planned for disposal are subsequently identified as common good assets and therefore can not be sold. To minimise this risk all assets scheduled for disposal should be assessed to determine whether they are common good assets at the earliest possible opportunity.
33. In discussion with the Council it was established that an initial review was undertaken to identify whether any sites marked for disposal were common good assets. A further formal review will be undertaken prior to any sites being disposed of.

#### **Action Plan 2**

## Outlook

### 2012/13 financial statements and working papers

34. As detailed above issues were encountered during the 2011/12 financial statements audit with the provision of the required working papers. We have received assurances that additional measures will be put in place to ensure all working papers are available to support the draft 2012/13 financial statements at the end of June 2013.

### Assets held for sale

35. Due to the impact of the Strategic Asset Review it is anticipated that a number of additional sites (e.g. Tom Johnston House) will require to be reclassified within the 2012/13 financial statements if they are not disposed of prior to 31 March 2013. In preparation for this the Council should review each site against the requirements of the 2011 Code to ascertain whether they satisfy the conditions to be classified as assets held for sale or will require to be disclosed as surplus assets. In addition all such sites will also require to be reviewed to confirm they are not common good assets as detailed at paragraph 32 above.

### Police and Fire Reform (Scotland) Act 2012

36. Due to the transfer of responsibility for Police and Fire and Rescue Services from local government to new central government bodies from 1 April 2013, as part of Police and Fire Reform (Scotland) Act 2012, 2012/13 will be the final year that the Council will require to consolidate the financial results of Strathclyde Police Joint Board and Strathclyde Fire and Rescue Joint Board into their group accounts.

# Financial position

37. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
38. Auditors consider whether audited bodies have established adequate arrangements and examine:
  - financial performance in the period under audit
  - compliance with any statutory financial requirements and financial targets
  - ability to meet known or contingent, statutory and other financial obligations
  - responses to developments which may have an impact on the financial position
  - financial plans for future periods.
39. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

## Financial results

### Cost of Services

40. In 2011/12, East Dunbartonshire Council spent £300.3 million on the provision of public services, resulting in an accounting surplus of £10.8 million. This represents a £40.7 million increase in gross expenditure when compared to 2010/11. This was due to a £40.4 million increase in non distributable costs between years. This related to a one off credit of £34.0 million in 2010/11 in respect of past service costs relating to pensions. This represents the accounting impact of the change from indexing pensions in line with the retail price index (RPI) to indexing them in line with the consumer price index (CPI).

### Budgetary control

#### General Services

41. In February 2011 the Council approved an initial general fund budget for 2011/12 of £243.9 million. This was to be funded by revenue grant funding of £190.0 million and council tax income of £52.4 million (based on band D council tax being frozen for a further year at £1,142). This resulted in the need to achieve in year efficiency savings of £1.5 million to meet the funding shortfall.
42. Following revisions to reflect changes in the anticipated levels of income and expenditure for the year, the original budget for the year was set at £236.1 million. During the course of the year further revisions to the budget, and virements between budgets, were made to reflect actual levels of income and expenditure. This resulted in a final general fund budget for the year of £242.9 million. Exhibit 1 below illustrates how the original budget changed over the

course of the year and also shows the year end variance between the outturn and final budget.

**Exhibit 1: Budget vs outturn**

Service	Original Budget (£m)	Final Budget (£m)	Change (%)	Outturn (£m)	Variance (%)
Education	98.173	99.767	1.6%	95.644	-4.1%
Social Work	43.602	43.941	0.8%	44.699	1.7%
Integrated Support	3.941	4.164	5.7%	3.555	-14.6%
Housing and Community	8.796	9.233	5.0%	8.503	-7.9%
Community Directorate	0.107	0.107	0.0%	0.107	0.0%
Assets and Property	10.841	10.615	-2.1%	12.235	15.3%
Roads and Neighbourhood	21.391	20.890	-2.3%	19.776	-5.3%
Development and Enterprise	1.806	2.129	17.9%	1.875	-11.9%
Development and Infrastructure Directorate	0.175	0.175	0.0%	0.154	-12.0%
Finance and ICT	6.374	6.580	3.2%	6.246	-5.1%
Customer Relations and Organisational Development	5.756	6.098	5.9%	5.438	-10.8%
Legal and Democratic	1.119	1.245	11.3%	1.125	-9.6%
Corporate Directorate and Chief Executive	0.395	0.395	0	0.430	8.9%
Miscellaneous/Joint Boards	17.984	20.792	15.6%	18.801	-9.6%
Debt Charges	16.404	17.574	7.1%	16.346	-7.0%
Central/Accommodation Recharges	(0.766)	(0.766)	0	(0.818)	6.8%
<b>Total</b>	<b>236.098</b>	<b>242.939</b>	<b>2.9%</b>	<b>234.116</b>	<b>-3.6%</b>

Source: East Dunbartonshire Council 2011/12 financial statements and budgetary control report

43. From the table above it can be seen that a number of significant variances were reported against the final budget set for 2011/12. The number and extent of these in-year variances suggests that budgets set for 2011/12 did not accurately reflect service activity for the year.

There is a risk that this diminishes the effectiveness of the Council's budget monitoring arrangements which are designed to ensure budgets are effectively managed and best use is made of available resources.

44. As shown above the largest absolute variance against budget during the year related to a £4.1 million underspend on Education Services. Discussion with Directorate Accounting identified that this was mainly attributable to overall staff reductions and delays in filling vacant posts for teachers, classroom assistants and administrative staff during the year.
45. Further discussion with staff identified that the majority of other budget variances resulted from the timing of the 2011/12 budget setting process and the in-year impact of early decisions made in relation to the 2012/13 budget and related spending priorities.

### **Action Plan 3**

#### **Council Tax Income**

46. The 2011/12 budget was based on a band D council tax level of £1,142 and assumed a council tax collection rate of 97.75%. At 31 March 2012 council tax income, including council tax benefit, for the year totalled £52.7 million which equated to an in-year collection rate of 96.6%. As the collection rate used in the budget setting process includes collection of 2011/12 council tax income in future years it is not possible to report at present whether the 97.75% level will be achieved. However, based on historic patterns of collection the Council anticipates they will achieve collection levels above the budgeted rate.

#### **Housing Revenue Account**

47. In February 2011 the Council approved an HRA expenditure budget of £12.2 million which was matched by anticipated income. The budget was set with an agreed average weekly rent increase of 4.9% (£59.24 per week in 2011/12 compared to £56.47 in 2010/11).
48. During the year HRA budget monitoring reports were regularly presented to the Housing and Community Services committee for consideration. These included details of expenditure against budget to date and outturn projections for the year.

### **Financial position 2011/12**

#### **General services**

49. At the end of 2011/12 East Dunbartonshire Council had a General Fund balance of £11.0 million. This is a £1.1 million increase from the General Fund balance at the end of 2010/11 of £9.9 million and represents the in-year surplus made by the Council.
50. Exhibit 2 shows the Council's useable funds at 31 March 2012 compared to the previous year. The Council's funds at 31 March 2012 totalled £32.2 million.

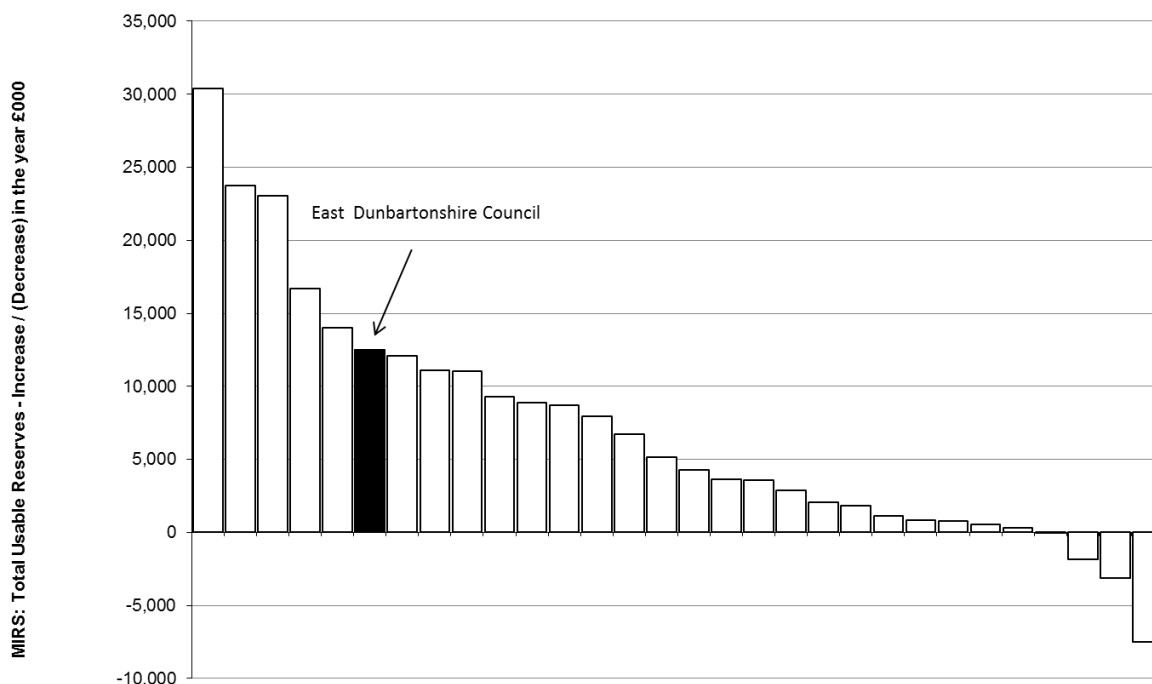
**Exhibit 2: Useable reserves**

Description	31 March 2011 £ million	31 March 2012 £ million
General Fund	9.909	10.999
HRA	1.081	1.483
Capital Receipts and Capital Fund	8.311	19.423
Other	0.282	0.283
<b>Total</b>	<b>19.583</b>	<b>32.188</b>

Source: East Dunbartonshire Council 2011/12 financial statements

51. Exhibit 3 below shows the movement in total usable reserves for all Scottish local authorities in 2011/12. It can be seen from the graph that East Dunbartonshire Council have experienced a significant increase in the year. This increase is attributable to the high level of Capital Reserves at 31 March 2012 as shown in Exhibit 2 above and explained in detail within the Capital Reserves section at paragraph 53.

**Exhibit 3: Movement in usable reserves in 2011/12**



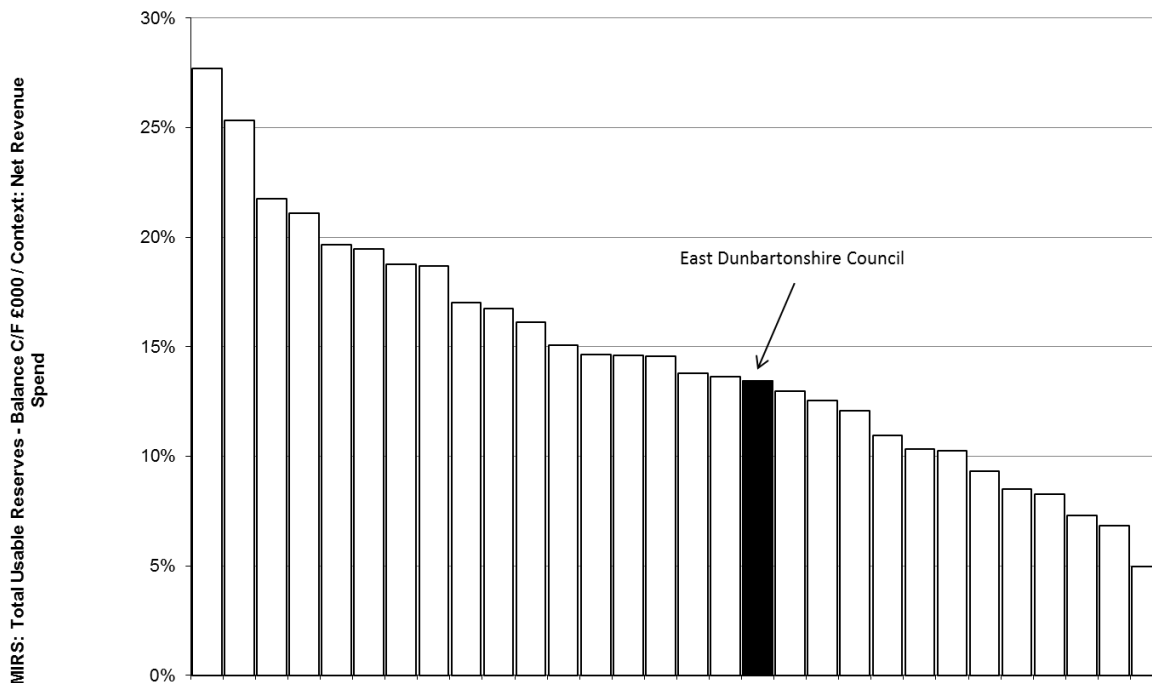
Source: Scottish Councils' unaudited 2011/12 Financial Statements

52. Exhibit 4 below presents the Council's usable reserves position in relation to net revenue spend for the year in comparison to other Scottish local authorities. While the graph shows East Dunbartonshire Council's position is broadly in line with other councils it should be noted



that the majority of the Council's usable reserves balance at 31 March 2012 is held in capital reserves (60%). Furthermore, a significant proportion (73%) of the Council's general fund balance at 31 March 2012 has been earmarked to fund the costs of specific projects in future years. Both of these aspects are discussed in more detail within paragraphs 53-58.

#### Exhibit 4: Total usable reserves carried forward as a proportion of net revenue spend



Source: Scottish councils' unaudited 2011/12 Financial Statements

### Capital Reserves

53. It was noted that the Council's useable capital reserves have increased by £11.1 million from the prior year and are now the 4th highest of all local authorities in Scotland. Through discussion with staff it was established that there are three main reasons for the current high levels of capital reserves as detailed below:

- In January 2012 the Court of Session rejected an appeal by Bett Homes in relation to the outstanding capital receipts owed to the Council for the disposal of Bearsden Academy. As a result Bett Homes have now paid over the £9 million owed to the Council with the final payment being received on 3 September 2012. As this ruling was made prior to 31 March 2012 this amount was recognised in the 2011/12 financial statements which increased the capital fund balance at the year end by this amount.
- As part of the Council's "Strategic Asset Review - Five Year Investment Plan" it is planned that a new single operational depot will be built at Westerhill Road in Bishopbriggs. The Council are therefore streamlining their current property portfolio which has involved vacating a number of sites and disposing of the land or buildings which has bolstered the capital fund balance at the end of 2011/12.

- Slippage in the capital programme has resulted in less of the capital fund being utilised during 2011/12 than anticipated.

54. The 2011/12 capital programme and the recently approved five year capital investment programme is discussed in more detail at paragraph 64 below.

### **Uncommitted General Fund balance**

55. Of the £11.0 million general fund balance at 31 March 2012, £8.0 million is earmarked leaving an uncommitted general fund balance of £3.0 million. This represents a decrease of £1.2 million from the uncommitted general fund balance of £4.2 million at 31 March 2011. While this is above the Council's targeted level of £2.5 million it remains low in percentage terms in comparison to many other Scottish local authorities. There is therefore a risk going forward that the level of Council reserves will be insufficient to fund future unforeseen costs.

**Action Plan 4**

### **Earmarked Reserves**

56. At 31 March 2012 the Council earmarked £8.0 million in respect of the costs of specific projects in future years. This represented a £2.3 million increase from 31 March 2011 when £5.7 million was earmarked for these purposes.

57. Based on review of the earmarked amounts and discussion with staff it is considered that the expenditure that will be incurred by the Council in relation to some of these items is likely to be lower than the amount currently set aside. The most significant of these relates to £0.9 million earmarked in respect of single status appeals linked to the job evaluation process previously undertaken by the Council. It was established that the majority of these cases have now been settled and a provision of £0.2 million has been set up during 2011/12 in respect of the assessed liabilities of the remaining outstanding cases. It is expected therefore that this amount will be able to be released in full back to the general fund during 2012/13.

58. In order to minimise the risk that elements of the general fund balance are set aside for purposes for which they are no longer required a rigorous review and assessment of all earmarked elements should be undertaken on an annual basis. This will also ensure that any amounts no longer required can be released back to the general fund to assist in funding current service requirements.

### **Renewal and Repair Fund**

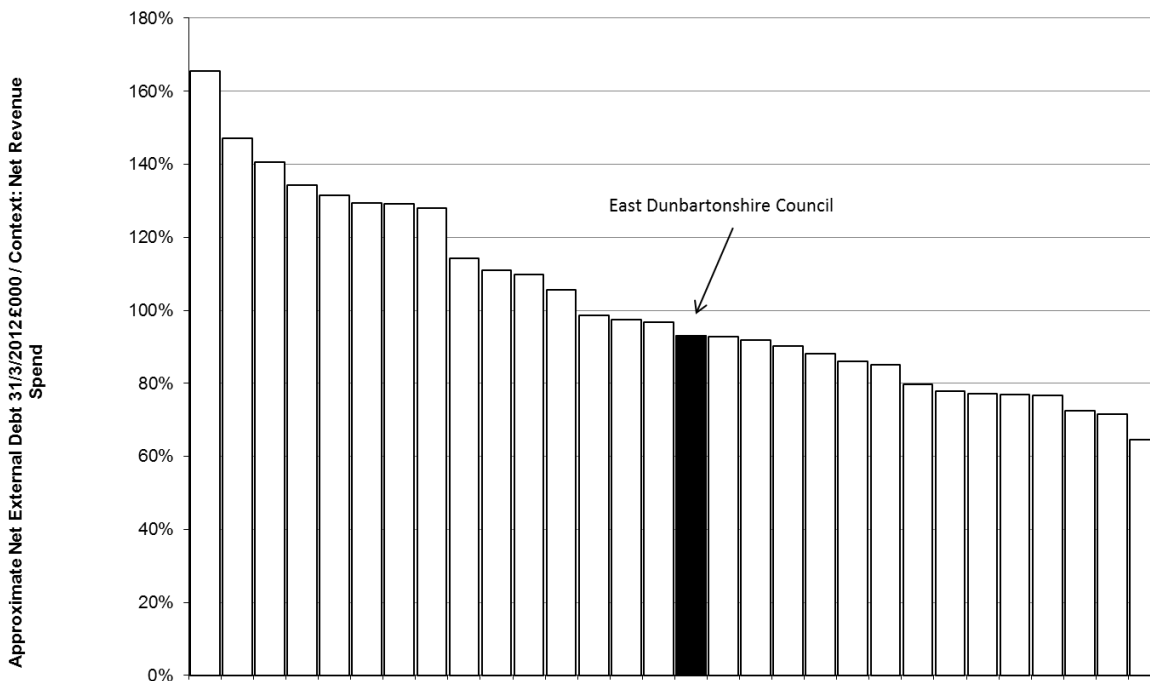
59. During 2012/13 the Council plans to set up a Repairs and Renewals Fund and has earmarked £0.4 million to contribute to this in the coming year. The decision to set up a Repairs and Renewals Fund is linked to the recent move to purchasing vehicles rather than leasing them which will have related maintenance costs going forward.

### **Debt charges**

60. Exhibit 5 below shows the Council's net external debt at 31 March 2012 as a proportion of net revenue expenditure for the year in comparison to other Scottish local authorities. This

indicates that the Council's debt levels lie in the middle range and are in line with other authorities. It should be noted that the total debt figure shown for East Dunbartonshire Council includes debt associated with both the HRA and Public Private Partnership (PPP) assets which not all other Scottish local authorities will have.

### Exhibit 5: Net external debt as a proportion of net revenue spend



Source: Scottish Councils' unaudited 2011/12 Financial Statements

61. Debt charges have increased significantly from last year and this is projected to continue over the next two to three years. This is mainly attributable to the planned expenditure linked to the Strategic Asset Review. As this is dependent on capital receipts being achieved in certain years, and at certain levels, any shortfall will require to be funded by temporary borrowing. In recognition of this, and to provide additional comfort and flexibility in the short to medium term, £1.2 million has been earmarked at 31 March 2012 to meet debt charges during 2012/13.

### Housing Revenue Account

62. The HRA recorded an in-year surplus for 2011/12 of £0.4 million increasing the balance on the account from £1.1 million at 31 March 2011 to £1.5 million at 31 March 2012. £0.2 million of the in-year surplus has been earmarked to be spent on affordable housing.

## Capital investment and performance 2011/12

### General services

63. Total capital expenditure during the year (excluding finance leases) amounted to £31.1 million and related to investment in new assets and maintaining and improving existing assets,

including council houses, schools and roads. This was partly funded by grants and contributions of £11.1 million and the sale of assets totalling £4.6 million. This left a sum of £15.4 million to be funded from existing resources and additional borrowing.

64. Slippage in projects during the year totalled around £9 million which represented 26% of the approved capital programme for the year. The impact of this slippage was offset to some extent by the process in place to manage the capital programme which enabled the acceleration and re-phasing of other capital projects totalling approximately £7.3 million. As the requirement to *'Prioritise capital expenditure to assist economic recovery and growth'* is a key element of the Single Outcome Agreement (SOA) between the Council and the Scottish Government for 2012/13 this represents a risk that the authority may fail to meet the requirements of the SOA for the coming year.
65. At the meeting on 20 September 2012 the Council approved detailed proposals for its five year Capital Investment Programme. This included:
  - £27 million invested in Roads and Structures
  - Over £10 million on community assets such as Hillhead Community Centre, Kelvinbank Resource Centre and further Community Hubs
  - £3 million invested in Kirkintilloch Town Centre Masterplan
  - £2.9 million invested in the Bishopbriggs Relief Road, and
  - £0.8 million invested in improving leisure centres and leisure facilities.
66. At the meeting of the Policy and Resources Committee on 25 October 2012 a projected overspend of £0.254 million was reported against the approved capital budget of £0.496 million for the fit out of Southbank Marina for the new Corporate Headquarters. As the Council progress with the next stage of the Strategic Asset Review, which will include the building of new Council premises in Bishopbriggs, the issues encountered with the Southbank Marina project should be considered.
67. During the course of the audit appointment we will continue to monitor and report on the delivery and impact of the capital programme.

## Housing revenue account

68. In February 2012 the Council agreed an initial Housing capital programme for 2011/12 of £6.3 million with the predominant focus being on meeting the Scottish Housing Quality Standard (SHQS) by 2015. During the year additional projects were approved by the Housing and Community Services committee resulting in final Housing capital expenditure for the year of £9.4 million. This included expenditure on new housing, external upgrading and energy efficiency projects linked to achievement of the SHQS.

## Treasury management

69. From review of treasury reports and discussion with staff it was identified that the Council has elected to hold all surplus funds in call deposit accounts. This decision was taken due to the

low interest rates currently being offered by long term deposit accounts, and the increased risk exposure of other investments due to the present uncertainty and volatility of the markets. This should be kept under review going forward to ensure that the Council generate the best return for tax payers on available funds.

### East Dunbartonshire Municipal Bank

70. The Council currently have a formal arrangement in place with the East Dunbartonshire Municipal Bank whereby the Council manages and invests funds on the bank's behalf in return for a contribution towards costs. As part of this arrangement a set rate of return on all funds invested has also been agreed between the two parties. As a result of the terms of the agreement the Council have been able to retain excess return on investments in prior years. However, more recently the Council have been in a position whereby they have had to fund the shortfall in return on investments.
71. During 2011/12 the Council paid a contribution of £18,000 in respect of the shortfall in return on investments for the year. The Council should consider whether the current arrangement remains appropriate.

### Financial planning to support priority setting and cost reductions

72. The Medium-Term Finance and Resources Strategy is the Council's primary financial planning document. This sets out the Council's summary financial model, explains the context and assumptions underpinning the model, and outlines the approach being taken by officers in progressing the key integrated strategic workstreams of the Council. This is designed to provide a foundation from which the Council will aim to deliver the best possible value for money in the provision of services. The strategy is reviewed on an ongoing basis and an update covering the period 2012-2015 was presented to Council in March 2012.

### Strategic Asset Review

73. The Council's "Strategic Asset Review – Five Year Investment Plan" proposes a strategy of short, medium and long term projects through which the Council intends to transform its estate into an effective, efficient estate aligned to its strategic objectives and delivering best value. The short and medium term projects include the design of a new operational depot and accommodation centre and the longer term projects consider school estate investment options and hub/accommodation construction works.
74. In our Annual Audit Plan presented to the Audit and Risk Management sub-committee in February 2012 we highlighted a number of risks in relation to this. While it is too early to conclude on the outcome of many parts of the project it is noted that progress has been made in relocating staff from Tom Johnston House to other Council accommodation, including the new Civic Headquarters at Southbank Marina, and in establishing the Council's first Community Hub at William Patrick Library in Kirkintilloch. We will continue to monitor progress in this area during the course of the audit appointment.

## Workforce reduction

75. Over recent years a significant number of staff have left the employment of the Council under the early release scheme linked to the service redesign brought about through the Strategic Operating Model. Comparison with other Scottish local authorities highlighted that the Council had the second highest proportion of staff leaving over this period. At this stage it is not possible to fully assess the impact of these changes. However, there is a risk that reduced staffing levels will adversely affect service delivery and the Council may not have the capacity to meet service needs.

**Action Plan 5**

## Procurement

76. The public procurement reform programme aims to drive continuous improvement in public sector procurement. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. To date, three rounds of PCA assessment have been completed.
77. The Scottish Government has set an expectation that councils will achieve a 50% 'improved performance' rating in the 2012 PCA. This requires to be achieved by March 2013. The most recent PCA for the Council was carried out during November 2011, with results initially published in February 2012. These were taken to full Council on 28 June 2012. The PCA score achieved by the Council was 31 points, a move to conformance within the PCA matrix. This represented an improvement from a non-conformance score of 24 points the previous year.

## Partnership working

78. Partnership working is an area that the Council have recognised in their Corporate Risk Register as being critical for future service delivery models. As resources available in the future are likely to reduce the Council should continue to actively seek opportunities to share services where service improvement and efficiencies can be achieved to maximise potential benefits. It is recommended that the outcomes resulting from partnership working are assessed to measure the impact of joint working arrangements. It has been noted that the Council are actively participating in the Clyde Valley Partnership waste management workstream.

**Action Plan 6**

## Outlook

### 2012/13 budget

79. In December 2011 a provisional assessment of the financial position for 2012/13 was presented to a special meeting of the Council. This highlighted the implications of the Scottish

Government's 2011 Spending Review and also set out other relevant financial information for the coming year to assist in the preparation of budget proposals for the coming year.

80. At the special meeting of the Council in February 2012 final budget proposals for 2012/13 were presented by each of the political groups. Following consideration the Council approved the administration budget proposals for the year and agreed to the full package of commitments proposed by the Scottish Government for 2012/13 which included a continued freeze on council tax. This resulted in a general fund budget of £242.8 million being set for 2012/13. The HRA budget for 2012/13 is set at £12.5 million.

### 2012/13 budget reporting

81. The 2012/13 general fund budget monitoring report (to 1 July 2012) shows a projected adverse variance for the year of £1.0 million partially offset by applying £0.7 million of resources earmarked at 31 March 2012 to meet Social Work budget pressures. Outturn against budget will continue to be monitored during the course of 2012/13.

### Equal Pay

82. As detailed at paragraph 17 an issue was identified during the 2011/12 financial statements audit regarding the robustness of the information used to assess the obligation to the Council of settling outstanding Equal Pay cases. To address this the Council are working to develop a more comprehensive database of all notified equal pay cases, including the establishment of improved financial information and risk assessments. This approach will allow the potential obligation to be more accurately estimated in 2012/13. It should be noted however that this presents a risk to the Council in achieving a balanced budget for the year as any increase in the level of provision required in respect of equal pay cases at 31 March 2013 will require to be met from the 2012/13 budget.

### Anticipated Capital Receipts

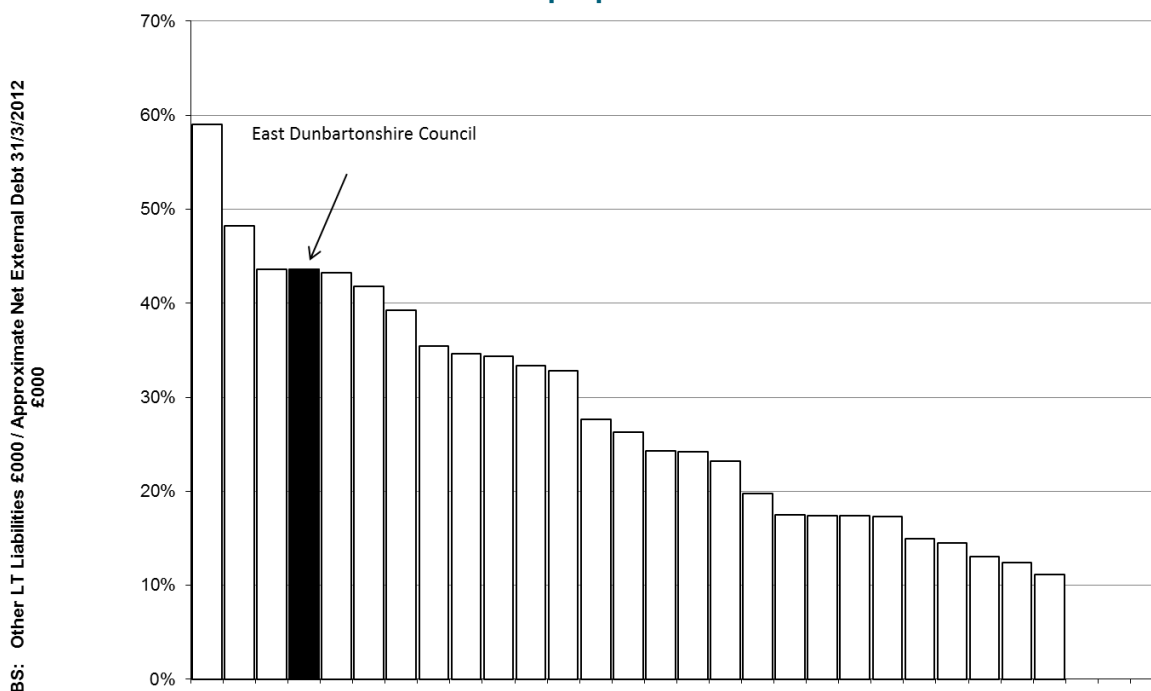
83. In order to deliver the aims of the "Strategic Asset Review - Five Year Investment Plan" the Council plan to generate significant capital receipts through the sale of existing premises. In our Annual Audit Plan we highlighted that in the current economic climate realising the anticipated level of capital receipts may be difficult to achieve. In addition, the planned timescales for generating such levels of capital receipts could also prove to be challenging.
84. It was noted that a number of capital receipts anticipated by the Council in 2011/12 were not realised in year. As a result, these have now been rescheduled for receipt in 2012/13. In addition a number of significant receipts anticipated in 2012/13 have also yet to be realised. Further to this the level of receipts anticipated for a number of sites have been revised downwards since 31 March 2012. This represents a risk that the Council may not generate the level of receipts originally anticipated for 2012/13. It is noted however that this risk is mitigated by amounts earmarked at 31 March 2012 to meet increased debt charges in respect of additional potential borrowing required to fund any such shortfalls.

**Action Plan 7**

## Significant financial risks

85. Looking ahead, it is clear that the outlook for public spending for the period 2013/14 to 2015/16 remains very challenging. The 2011 Scottish Government financial settlement for local authorities covering the years 2012/13 to 2014/15 left the Council with a 2013/14 savings requirement of £3.2 million, with savings of around £4.8 million per annum required thereafter.
86. The analysis at Exhibit 6 below shows East Dunbartonshire Council to have the 4th highest level of long term liabilities compared to total debt of all local authorities in Scotland. It was identified that this is mainly attributable to the levels of PPP related debt. It was also established that actual costs in relation to PPP schemes have been significantly higher than anticipated at the outset of the schemes.
87. No long term projection or modelling of PPP costs has yet been undertaken by the Council to assess the potential impact over the whole life of the projects. However, the Council confirmed that since it was recognised several years ago that the original Unitary Cost predictions were significantly lower than actual charges, as the rate of inflation had increased quite significantly, this has been reflected in forward budget planning.

**Exhibit 6: PFI / PPP and lease debt as a proportion of net external debt**



Source: Scottish Councils' unaudited 2011/12 Financial Statements

88. Uncertainty over central funding beyond 2014/15, and the on-going council tax freeze, results in greater uncertainty over the Council's medium term financial planning. Continued regular review and updating of the Medium-Term Finance and Resources Strategy will help ensure the Council target the available financial resources at achieving corporate objectives.



# Governance and accountability

89. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
90. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
91. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
  - corporate governance and systems of internal control
  - the prevention and detection of fraud and irregularity
  - standards of conduct and arrangements for the prevention and detection of corruption.
92. In this part of the report we comment on key areas of governance.

## Corporate governance

### Leadership and working relationships

93. Following the May 2012 elections, and a subsequent by-election, the Council is run by an administration composed of councillors from the Scottish Labour Party, Scottish Liberal Democrats and Scottish Conservative and Unionists which total 14 of the 24 elected Councillors. It is important that good working relationships are maintained between Councillors from all parties, and independent members, to ensure the Council are able to work together constructively to meet the challenges it faces. To date no issues have been identified in this regard.

### Processes and committees

94. East Dunbartonshire Council monitor and manage the activity of the Council via a system of Strategic Service committees with scrutiny functions being discharged by the Audit and Risk Management sub-committee supported by a series of Scrutiny Panels that monitor the effectiveness of performance. These arrangements are intended to integrate political and service structures to allow a better focus on priorities, improve member involvement in scrutiny and drive improvement.

## Audit and Risk Management Sub-Committee

### Post of Convenor of Audit and Risk Management sub-committee

95. At the statutory meeting of the Council following the May 2012 elections the leader of the Scottish Conservative and Unionist party was elected as the Convenor of the Audit and Risk Management sub-committee after no nominations were received for opposition members for this post. This represented a departure from the previous arrangements within the Council whereby the Audit and Risk Management sub-committee, and each of the Scrutiny Panels, had been chaired by members of opposition parties. The Council may wish to review this going forward.

### Post of Vice-Convenor of Audit and Risk Management sub-committee

96. It is noted that a Vice-Convenor of the Audit and Risk Management sub-committee has not yet been appointed as no nominations have been made for this post. There is therefore a risk that scheduled meetings may not be able to proceed if the Convenor is unable to attend and agreement can not be reached between members in attendance as to who should chair the meeting in her absence.

### Status of Chief Financial Officer (Section 95 Officer)

97. The Local Government (Scotland) Act 1973 established the role of the Chief Financial Officer (commonly referred to as the Section 95 Officer) as being the key officer responsible for the financial affairs of the Council.

98. The Chartered Institute of Public Finance Accountants (CIPFA) set out in their *The role of the chief financial officer in local government* publication their expectations of the standing of the Section 95 Officer within Councils. This included the expectation that the Chief Financial Officer:

- be professionally qualified
- report directly to the Chief Executive and be a member of the leadership team (which in practice usually means the corporate management team or equivalent).

99. Within East Dunbartonshire Council the role of Section 95 Officer is at head of service level and is held by the Head of Finance and ICT. There is therefore a risk that as the Chief Financial Officer is not a full member of the corporate management team the statutory role is less visible and governance is impacted. It was noted however that this risk is mitigated within the Council through the Head of Finance and ICT's attendance at corporate management team meetings and regular contact with the Chief Executive.

### Internal control

100. While external auditors primarily concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. The extent of this work is informed by an assessment of risk and consideration of the activities of internal audit.

101. In 2011/12 we planned to place reliance on the work of internal audit in a number of areas as documented in our Annual Audit Plan issued in February 2012. However, due to the focus and extent of the testing carried out during the year we were only able to gain assurance from certain aspects of internal audit's work for our purposes for the 2011/12 financial statements audit. As a result of this the external audit team extended their planned controls testing in a number of areas during the year. The results of our review of key controls were discussed with officers and reported to the Audit and Risk Management sub-committee in our *Review of Internal Control Systems* report issued in June 2012. The key weakness highlighted in our report related to the lack of timely completion of monthly bank reconciliations for the Council's income accounts during the period November 2011 to March 2012.
102. As detailed at paragraph 17, during the 2011/12 financial statements audit further control weaknesses were identified in relation to the financial closedown procedures. However, our overall conclusion was that there were adequate governance arrangements and controls operating within the main financial systems during 2011/12.

## Internal audit

### Reliance on internal audit

103. As detailed at paragraph 101 above, during 2011/12 we were only able to gain assurance from certain aspects of internal audit's work for our purposes for the 2011/12 financial statements audit. Based on our discussions with internal audit and the Head of Finance and ICT we anticipate that from 2012/13 onwards we will be able to gain full assurance for the financial statements audit from the work carried out by internal audit on the main financial systems.

### Resources

104. The internal audit section are currently operating below their approved staffing level due to one unfilled post and one member of staff being absent on long term sick leave. This presents a risk to their ability to complete the work set out in their Audit and Risk Plan for 2012/13.

## ICT

### ICT Strategy and role of ICT Steering Group

105. The Council recently approved a new ICT strategy covering the period 2012 to 2017. The key objectives of the strategy include:
- making the ICT service a strategic enabler aligned with the Council's corporate objectives, and
  - using ICT to change and modernise how the Council works to improve efficiency, quality of systems and range of customer services.
106. In order to meet these key objectives ICT Services will have to ensure they provide a robust, reliable and resilient infrastructure which supports efficient service delivery.

## ICT Training

- 107. As part of the Council's change programme, and the increasing move towards smart working, greater use will be made of ICT to deliver efficiencies and streamline business processes.
- 108. The introduction of any new technology requires ICT Services staff to acquire sufficient knowledge of the technology before it is implemented. To address this the ICT section plans to initiate a structured programme of training in the specific technical skills required to support any new technology introduced.

## Relocation of data centre

- 109. In order to facilitate the disposal of Tom Johnston House the Council require to relocate their main data centre to the site of the new Community Hub at William Patrick Library in Kirkintilloch. The data centre migration has not yet taken place but is scheduled to be completed by the end of November 2012.
- 110. As reported in our Annual Audit Plan the creation of a new data centre is a complex task. In addition, any issues encountered during the data centre migration are likely to impact directly on frontline services. Given the complexity of this project the Council should ensure that sufficient testing has been completed, and robust contingency plans are in place, prior to the migration taking place to minimise the risk of any detrimental impact on services.

**Action Plan 8**

## Partnership working - shared ICT resources

- 111. Following the completion of the data centre migration project ICT Services plan to investigate the potential for reciprocal arrangements with other local authorities to share data centres and other ICT resources. It is envisaged that this would allow them to improve resilience and sustainability of the service while at the same time reducing costs and improving efficiency.

## Risk management

- 112. We reported in the Assurance and Improvement Plan that risk management was an area of uncertainty within the Council as processes were under development.
- 113. Following the recruitment of the Corporate Risk Advisor the Council has initiated a review of the process for identifying, recording and managing risk. This review has resulted in the updating of the Corporate Risk Management Strategy and the Corporate Risk Register which were reported to the Audit and Risk Management sub-committee in April and September 2012 respectively. The Council plans to review all Service risk registers by the end of 2012/13 following which there will be a broader consultation on risk management within schools, projects and partnerships.
- 114. We will assess the impact of the new arrangements as part of the shared risk assessment work due to commence in November 2012.

## Prevention and detection of fraud and irregularities

- 115. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
- 116. The Council has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements are detailed in the Council's anti-fraud and anti-corruption strategy which sets out how Council members and employees are expected to behave, arrangements for preventing fraud and corruption, arrangements for detecting and investigating fraud and corruption, and provides details of relevant training available. The strategy also includes as appendices the Council's fraud response plan, whistleblowing policy, prosecution policy, and benefit and prosecution policy.

### NFI in Scotland

- 117. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The last exercise started in October 2010 and was reported upon in May 2012.
- 118. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations
- 119. The assessment of East Dunbartonshire Council's participation in the last NFI exercise was undertaken by the outgoing auditors KPMG in December 2011. This concluded that the Council's overall arrangements for participation in the NFI process and investigation of matches was satisfactory with little scope for improvement. It also highlighted that the Council's involvement in the process had identified one high value fraud case via the benefit to personal alcohol licenses report. The total of this charge was £0.5 million.
- 120. The latest round of NFI has recently commenced and looks to expand the range of data sets and bodies. The Council is participating in the exercise and we anticipate that they will again make best use of the data to investigate and resolve notified matches.

### Audit of housing and council tax benefit - risk assessment

- 121. A risk assessment audit of housing and council tax benefit was completed in September 2011 by Audit Scotland's specialist benefits team. This exercise followed up an original risk assessment audit carried out on East Dunbartonshire Council's benefits service in February 2010 and identified that of the 24 risks originally reported, 13 actions had been fully completed with 11 actions on-going. An update on progress in respect of the outstanding actions was requested by July 2012.

122. In July 2012 the Council's Chief Executive provided an update on progress made by the Council's benefits service in addressing these areas and supplied supporting evidence for examination.
123. Following review of the information provided Audit Scotland's specialist benefits team noted the progress made to date and concluded that no further scrutiny was required at this stage. Progress against the action plan will therefore be assessed again during the next round of risk assessments scheduled to take place within the next eighteen to twenty four months.

## **Standards of conduct and arrangements for the prevention/detection of bribery and corruption**

124. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. We have concluded that the Council's arrangements are satisfactory and are not aware of any specific issues that we need to identify in this report.

### **Adherence to the Councillors' Code of Conduct**

125. The Director of Corporate and Customer Services is the Council's appointed Monitoring Officer and is responsible for investigating complaints alleging breaches of the Councillors' Code of Conduct.
126. In the 12 month period between October 2011 and September 2012 one complaint was lodged with the Standards Commission against an elected member of East Dunbartonshire Council. This complaint was investigated by the Monitoring Officer and relevant information relating to the complaint was passed to the Standards Commission. Following consideration of the information provided the complaint was not upheld.

### **Complaints Handling Procedures and Reporting**

127. In 2012 the Scottish Public Services Ombudsman (SPSO) issued guidance to all Scottish councils on implementation of a new standardised local authority complaints handling procedure. A deadline of 14 September 2012 was set for councils to either submit their procedure to the SPSO for assessment or to outline progress and submit a clear plan for implementation.
128. The Council submitted their Corporate Complaints Policy in advance of the deadline set by the SPSO and received feedback on their submission in August 2012. This did not identify any major amendments required but requested a change in format to bring it in line with the standard template. The policy has now been updated to reflect the new format and will be presented to the Policy and Resources committee meeting on 25 October 2012 for consideration.

129. From review of the Business and Improvement Plan 2012-2015 for Customer Relations and Organisational Development taken to Council in June 2012 it was identified that new indicators have been included to measure the *Number of Council Services using the corporate complaints system to monitor and manage their complaints* and the *% improvement recommendations implemented by services in response to complaint handling*. It was noted however that no measure has been introduced to monitor how many complaints are dealt with within five working days of receipt. In order to ensure that frontline resolution of complaints is being achieved in line with the timescales set out in the Corporate Complaints Policy consideration should be given to monitoring and reporting this performance.

## Outlook

130. The Welfare Reform Act 2012 received royal assent in March 2012. The Act provides for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, starting from 2013. Councils will face challenges in understanding and acting upon welfare reform changes, and communicating these accurately and effectively to local residents. The introduction of Universal Credit will also have a significant impact on Councils' strategies and plans in areas such as housing, asset management, finance, ICT and customer service. Councils will be challenged during this period of change to maintain service delivery and performance around housing benefit claims.
131. As part of our work on the 2012/13 audit, we will consider the Council's preparedness for introduction of these changes, and how it is developing and taking forward its strategies and plans to address the risks arising from these changes.

# Best Value, use of resources and performance

132. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value.
133. The Local Government in Scotland Act 2003 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing Best Value and complying with responsibilities relating to community planning. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
134. As part of their statutory responsibilities, the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
  - an examination of the implications of a particular topic or performance audit for an audited body at local level
  - a review of a body's response to national recommendations.
135. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
136. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
137. This section includes a commentary on the Best Value/ performance management arrangements within the Council. We also note any headline performance outcomes/ measures used by the Council and any comment on any relevant national reports and the body's response to these.

## Management arrangements

### Best Value

138. The audit of East Dunbartonshire Council's best value and community planning was completed in May 2009. The report highlighted the Council's success in improving its key services including Education, Social Work and Housing. It also commented positively on the positive leadership and good working relationships with partners. In addition, the report also highlighted areas of significant concern which included performance management, competitiveness, strategic use of resources, customer service and workforce development.



The Council prepared a strategic action plan to monitor progress made. Outstanding actions have been included in the SOA review process, the Strategic Operating Model update reports and Business Improvement Plans.

139. The improvement areas identified have been considered as part of the Council's Strategic Operating Model transformation programme and the Medium-Term Finance and Resources Strategy approved in March 2012.
140. The Council have recently completed the actions within the Strategic Operating Model and are progressing the aims of the Strategic Asset Review with the new Council Headquarters at Southbank Marina opening in August 2012 and the setting up of a Community Hub at the William Patrick library in Kirkintilloch also in August 2012. It is too early to assess the full impact of these changes and the significant reduction in the workforce resulting from the service redesign linked to the SOM. However, consideration should be given to conducting a post implementation review to assess progress made to ensure service improvements have been achieved. The results of the review could be used to inform the Council's next stage of transformation which will involve building new Council premises in Bishopbriggs and relocating staff from various sites across East Dunbartonshire.
141. The Council have updated Business Improvement Plans (BIPs) for the period 2012-15; these were approved by Council in June 2012. Ten Business Improvement Plans have been compiled across services to support the Council's improvement agenda. The plans comprise of three key sections:
- Purpose and priorities
  - Supporting improvement planning
  - Our improvement plan
142. Performance updates on delivery of the plans are scheduled to take place and reported to the relevant strategic committee on a quarterly basis with reviews of progress on delivery of the plan taking place every six months. The reports will also be subject to a review by the relevant Scrutiny Panel. The Council should ensure that sufficient resources are available to deliver the approved improvement plans for each service.

## Vision and Strategic Direction

143. An updated Single Outcome Agreement 2012-13 was approved by Council in June 2012. The Council have recognised that change is likely to take place following the publication of revised Scottish Government Guidance on Community Planning and Single Outcome Agreements which is due in the autumn of 2012. The agreement has been prepared to support local priorities on an interim basis and provides a platform for the Council and its partners to work collaboratively to deliver services. The new guidance will take effect from 2013/14 and the Council will return to preparing three year agreements from then.
144. Extensive consultation has taken place in developing the SOA which takes account of the views of the community, the Council and its community planning partners.

145. A commitment has been made to review progress on a six monthly basis with the first report due for submission to Council in November 2012.

### Community/user engagement

146. A Stakeholder Engagement Programme has been developed by the Council for 2012 and was presented to the Policy and Resources Committee in August 2012. The Council have refreshed their approach to previous engagement strategies and aim towards more focused engagement to support future service delivery. Area working groups have been established and are being extended to include "drop in" sessions to facilitate wider community participation. A report is planned to be presented to Members in November 2012 and will be used to inform the 2013/14 budget setting process.
147. Within Business Improvement Plans there is a section on consultation for each of the service areas. It is clear from the plans that a wide range of consultation takes place and areas for improvement are built into the action plans.
148. The Council are in the process of consulting with the community on the primary school estate. The results from the consultation exercise will be used to shape the future development of primary schools in East Dunbartonshire.

### Carbon management

149. In July 2012 the Council became one of the first local authorities in the UK to achieve the Carbon Masters Standard. The Carbon Masters Standard is a certification scheme to encourage, recognise and reward best practice in carbon reduction. In order to achieve the Standard, organisations must demonstrate that they have reduced carbon emissions over a number of years as well as demonstrating that carbon management is embedded in the operation of the organisation.

## Overview of performance in 2011/12

### Annual public performance report

150. The Council's Annual Public Performance Report (PPR) for 2012 was published in October 2012. The report is intended to provide a summary of the Council's performance during 2011/12 and presents details of performance against each of the nine local outcomes in the Single Outcome Agreement.
151. From review of the contents of the PPR it was noted that it contains a lot of information that is useful and relevant to the residents of East Dunbartonshire. However, it was also identified that while it does mention some areas of poor performance it focuses primarily on the positive aspects of performance during the year. In order to report a more balanced picture of the Council's annual performance to residents, consideration should be given in future years to giving greater prominence to areas of significant underperformance to highlight how these are being addressed.

## "How good is our service" reviews

152. Revised arrangements for performance management and reporting for all council services were approved by Council in October 2009. These arrangements require each service to submit *How Good Is Our Service* reviews on a six monthly basis.
153. The *How Good is Our Service* reviews aim to provide a clear and concise self-evaluation of performance and activity and support the individual Business Improvement Plans and annual Public Performance Reports produced for each service.

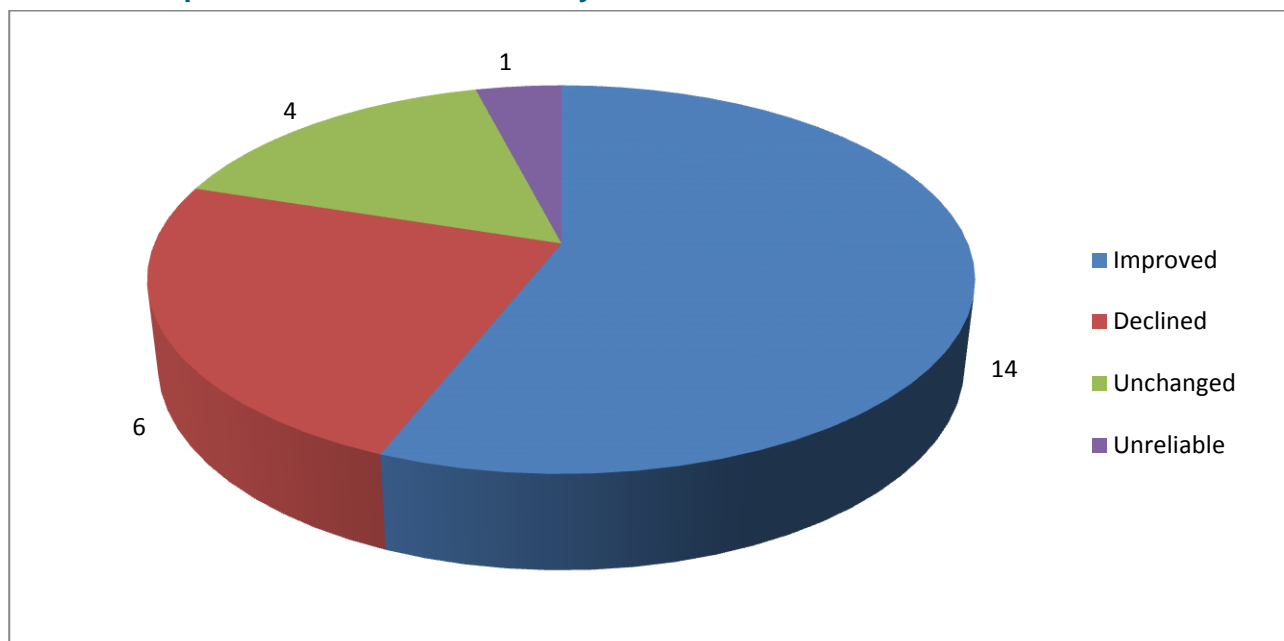
## Performance monitoring and reporting

154. To assist with performance monitoring and reporting East Dunbartonshire Council has developed a suite of indicators for each service. These consist of the Single Outcome Agreement performance indicators, Audit Scotland's Statutory Performance Indicators, selected Society of Local Authority Chief Executives (SOLACE) indicators and locally developed Business and Improvement Plan (BIP) indicators.
155. Performance against these indicators for all services is reported to the Strategic Management Team on a quarterly basis for consideration and service specific information is also regularly reported to the relevant strategic service committees and scrutiny panels.
156. At the end of 2011/12 it was noted that overall performance against the 275 measures in the suite of indicators showed:
  - 175 (64%) indicators were on or above target
  - 19 (7%) indicators were below target but within 'acceptable zone'
  - 53 (19%) indicators were well below target, and
  - performance information was not available for 28 (10%) indicators.
157. As detailed at paragraph 141 above the Business Improvement Plans for each service covering the period 2012-2015 were presented to the Council meeting in June 2012. It was noted that these each included details of the performance against the suite of indicators for their service during 2011/12 and set out any new indicators being introduced in 2012/13.

## Statutory performance indicators

158. In 2011/12, a total of 25 SPIs were required and overall these indicate an improvement in performance from the previous year as shown in Exhibit 7 below.

**Exhibit 7: Improvements demonstrated by SPIs between 2010/11 and 2011/12**



Source: East Dunbartonshire Council SPI data returns

**Areas of strong performance and improvement**

159. It was noted that during 2011/12 the Council continued to perform well in respect of levels of council tax collection and the costs associated with collection, and waste recycling levels. Significant progress was also reported in the percentage of council dwellings that meet the Scottish Housing Quality Standard and the percentage of homecare clients receiving a service at weekends.

**Areas for focus**

160. Whilst overall performance against the reported SPIs does represent an improvement between 2010/11 and 2011/12 it should be noted that the Council's reported performance remains poor in a number of areas in comparison to other Scottish local authorities. The most significant areas of underperformance are detailed below. The Council have already acknowledged that additional focus is required to be given to these areas to ensure they are addressed going forward and have put in place arrangements to facilitate this.

**Action plan 9**

161. *SPI3 - Percentage of buildings from which the Council delivers services that are suitable for, and accessible to, disabled people:* In 2011/12 it was reported that 53.5% of the buildings from which the Council delivers services were suitable for, and accessible to, disabled people which ranked 27th out of the 32 Scottish local authorities. Given the demographic profile of the population living within the area covered by East Dunbartonshire Council it is essential that efforts are made to ensure that all buildings are easily accessible to disabled and elderly residents. It is anticipated this will be addressed to some extent by the changes being delivered through the Strategic Asset Review and Community Hub delivery model.

- 162.** *SPI7 - Percentage of invoices sampled paid within 30 days:* In 2011/12 it was reported that 85.3% of the sampled invoices were paid within 30 days which ranked 25th out of the 32 Scottish local authorities. This means that 1 in 7 of the invoices sampled were not paid within 30 days. In light of the current financial climate, and the inevitable pressure this places on the cash flow of many small and medium sized businesses, the Council should endeavour to pay all invoices within 30 days.
- 163.** *SPI8 - Percentage of operational buildings that are suitable for their current use:* In 2011/12 it was reported that 61.5% of operational buildings were suitable for their current use which ranked 29th out of the 32 Scottish local authorities. Again it is anticipated this will be addressed to some extent by the changes being delivered through the Strategic Asset Review and Community Hub delivery model.
- 164.** *SPI23 - Net cost of refuse collection per premise:* In 2011/12 the Council's reported net cost of refuse collection per premise was the 2nd highest of the 32 Scottish local authorities. Consideration should be given as to how this can be addressed as part of the changes to waste collections being introduced from next April to meet the Scottish Government's Zero Waste Scotland Regulations.

#### **SPI1 - Sickness Absence**

- 165.** On receipt of the unaudited SPI information at end of June we asked internal audit to review in detail the data for *SPI1 - Sickness Absence* on the basis that there had been a significant deterioration in performance in this area.
- 166.** Internal audit's review of a relatively small amount of data on the Manpower HR system flagged a number of issues. The most significant of these were:
- records with no leave, or sickness absence, data recorded for the year
  - records where sickness absence was shown as greater than 100% (i.e. more days sick leave taken than individual was scheduled to work)
  - records with negative data recorded (i.e. minus sick days).
- 167.** In addition, a further issue was also identified in relation to the inclusion in the reported data of staff who had transferred to East Dunbartonshire Leisure and Cultural Trust and the inclusion of data for the whole year for staff who had left the employment of the Council part way through the year.
- 168.** Assurances have been provided by the Council that the issues identified with the information have been satisfactorily resolved and work is continuing to ensure the completeness and reliability of the information for the 2012/13 SPIs.
- 169.** In addition to being reported as part of the annual Statutory Performance Indicators sickness absence data was also reported to committee on a quarterly basis during 2011/12. In light of the issues identified with the underlying data it is clear that the monitoring information reported during the year was also unreliable. To address this the Council should ensure that services

carry out sufficient checks to verify the validity of any performance information reported to committee, and agree who is operationally responsible for conducting these.

**Action plan 10**

170. In terms of the final figures submitted for *SPI1 - Sickness Absence* in 2011/12 the Council's performance has deteriorated significantly from 2010/11 with days lost per employee for teachers increasing from 4.8 to 7.7 and days lost per employee for other Local Government employees increasing from 11.1 to 16.9. This represents the 4th highest level of sickness absence of all Scottish local authorities for teachers and the highest for other Local Government employees. This clearly represents a major issue that requires to be addressed in terms of both service delivery and staff welfare.

**Action plan 11**

## Local performance reporting

171. In July 2012 we issued *Maintaining Scotland's roads: a follow up report* which reported on the progress made by the Council in improving their management of road maintenance, focusing on road asset management planning, performance management and maximising value for money.

172. We concluded that the Council is continuing to make progress in its approach to addressing the poor state of the road network in the area. It was also noted that the Council have procured a new road asset management system to assist them in developing a formal road asset management plan which will reflect the requirements of the SCOTS2 asset management project.

## National performance reports

173. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 8 below.

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### Exhibit 8: A selection of National performance reports 2011/12

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Commissioning social care</li><li>• Community health partnerships</li><li>• Transport for health and social care</li><li>• The National Fraud Initiative in Scotland</li><li>• Strathclyde Fire and Rescue</li><li>• An overview of local government in Scotland - challenges and change in 2012</li></ul> | <ul style="list-style-type: none"><li>• Reducing greenhouse gas emissions</li><li>• The role of CPP in economic development</li><li>• Modernising the planning system</li><li>• Overview of Scotland's justice system</li><li>• Strathclyde police and Strathclyde police authority</li><li>• Scotland's public finances - addressing the challenges</li></ul> |
|--|--|

Source: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

## Follow up on national reports

174. During 2011/12 intelligence was gathered in relation to the action taken by the Council and impact of the following Audit Scotland reports:
- *Scotland's public finances - addressing the challenges* - Report considered by the Council's Policy and Resources Committee in October 2011. The Council have implemented recommendations in relation to workforce planning and long-term financial planning arrangements.
  - *Transport for health and social care* - Report discussed by the senior management team and assisted with identification of key areas for development work. The Council are considering solutions along with other Clyde Valley partners.
  - *Community health partnerships* - Report discussed by the Strategic Management Team and formally considered by the Social Work Committee in October 2011, recommendations within the report were considered. The Council are awaiting Scottish Government guidance on Community Planning and are keeping up to date with developments in this area.
  - *Modernising the planning system* - Report presented to the Audit and Risk Management sub-committee in October 2011. A number of recommendations within the report have been implemented by the Council and consideration has been given to further service improvements.
175. The following Audit Scotland reports were presented to the Policy and Resources Committee and discussed at a Members' Seminar in August 2012:
- *Using cost information to improve performance: are you getting it right?*
  - *An overview of local government in Scotland - challenges and change in 2012*
176. A recommendation was made to note the report contents and a commitment made to include any improvement actions in the Council's revised Strategic Planning Improvement Framework.

## Progress against audit risks identified in the SRA

177. The Local Area Network (LAN), completed its third shared risk assessment (SRA) in Spring 2012 and reported its findings in an Assurance and Improvement Plan (AIP). The risk assessment considered the audit and scrutiny risks in relation to the Council's strategic priorities, service delivery, and corporate governance framework. This drew on evidence from a number of sources including:
- The annual report to the Controller of Audit and elected members for 2010/11 from the Council's appointed external auditors.
  - The Council's own self-evaluation, performance reporting and supporting evidence.
  - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).

- 178.** The LAN concluded that there were no significant scrutiny risks in the Council's services, outcomes and corporate governance framework that would warrant specific additional scrutiny. Areas of uncertainty identified by the LAN were: aspects of social work relating to partnership working, staff morale and home care services, the challenging financial environment, impact of significant change programme including organisational culture, ICT and risk and asset management arrangements. Updates regarding the majority of these issues have been included in other sections of this report and will continue to be monitored by the LAN.
- 179.** An updated position regarding the social work risks will be reported by the LAN in the next AIP. We note that a service self assessment for Social Work was conducted in relation to 2011/12 and a report was presented to the August 2012 Social Work Committee containing performance information. Almost all of the targets were achieved with the exception of those relating to homecare provision for elderly residents. In addition sickness absence levels exceeded the target level set with the actual performance in quarter 4 amounting to 9.11% against a target of 4%.
- 180.** A summary of care inspection activity was submitted to the Social Work Committee in August 2012. All areas assessed for inspection work on Fostering, Adoption, Housecare 24, Sheltered Housing Wardens and Ferndale were assessed as good except management and leadership for Housecare 24 and Sheltered Housing Wardens which were assessed as being adequate. It should be noted that the quality of care and support at Ferndale was regarded as being very good. The areas of improvement which relate mainly to client consultation and involvement have been incorporated in an action plan.

## Outlook

- 181.** There are currently no plans for any best value work in East Dunbartonshire Council over the next three years. However, the Assurance and Inspection Plan does include activity by other scrutiny bodies over the next three years including:
- Education Scotland – Validated self evaluation (2012/13).
  - Care Inspectorate – Children's services inspection (2012/13.)
  - Audit Scotland – Follow-up review of maintaining Scotland's roads.
- 182.** In response to a request from the Cabinet Secretary for Finance, Employment and Sustainable Growth the Accounts Commission has developed an audit approach for the audit of Community Planning Partnerships. This approach is being piloted in the autumn of 2012 and rolled out across the sector thereafter.
- 183.** In April 2011, the Equality Act 2010 introduced a new public sector 'General Duty' which encourages equality to be mainstreamed into public bodies' core work so that it is not a marginal activity but part and parcel of how public bodies operate. Following on from this the Scottish Government consulted on a set of 'Specific Duties' which came into force in May 2012. There are nine specific duties listed which aim to support public bodies to better perform against the 'General Duty,' including the duty to assess the impact of equalities in all



policies and decisions as well as the requirement to publish a set of equality outcomes (and reporting requirements) no later than 30 April 2013. The Council have reviewed the requirements of the Act and have prepared a report to support implementation. The report along with an action plan was approved by the Policy and Resources Committee in August 2012. We will consider progress made by the Council in implementing these requirements as part our 2012/13 audit.

# Appendix A: audit reports

## External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual Audit Plan	9 February 2012	16 February 2012
Shared Risk Assessment/Assurance and Improvement Plan	9 May 2012	28 June 2012 (full Council)
Internal controls management letter	29 June 2012	6 September 2012
Maintaining Scotland's roads - follow-up review	20 July 2012	6 September 2012
Report on financial statements to those charged with governance	20 September 2012	20 September 2012
Audit opinion on the 2011/12 financial statements	20 September 2012	20 September 2012
Audit opinion on the 2011/12 Whole of Government accounts consolidation pack	4 October 2012	Not applicable
Report to Members on the 2011/12 audit	October 2012	13 December 2012

# Appendix B: action plan

## Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	27	<p><b>Audit of Trust Funds</b></p> <p>From 2013/14 the tripartite reciprocal agreement between the Council and two other councils relating to the independent examination of Trust Funds will no longer satisfy OSCR's requirements.</p> <p><i><b>Risk:</b> The current reciprocal agreement will be insufficient from 2013/14 onwards and should be replaced by a full audit report or risk non-compliance of the OSCR Regulations. There is a risk that Trust funds will not be sufficient to provide for external audit costs.</i></p>	Arrangements for the administration of Trust Funds will be reviewed and changes made to ensure compliance with OSCR's requirements.	Corporate Finance Manager / Legal Services Manager	December 2013
2.	33	<p><b>Identification of Common Good Assets</b></p> <p>Under current arrangements assets will be formally reviewed prior to disposal to confirm they are not common good assets.</p> <p><i><b>Risk:</b> Sites scheduled for disposal may be identified as common good assets when reviewed. This could impact on the anticipated capital receipts required to fund the aims of the</i></p>	Prior to assuming any level of receipt as being a funding element of the Strategic Asset Review, a check will be undertaken to ensure they are not Common Good or have any other conditions preventing disposal.	Head of Assets and Property Services / Head of Legal and Democratic Services	January 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>Strategic Asset Review.</i>			
3.	43-45	<p><b>Budget setting</b></p> <p>A number of significant variances were reported against the final budget set for 2011/12.</p> <p><i><b>Risk:</b> Budgets set do not accurately reflect the cost of anticipated service activity.</i></p>	During the construction of the 2013/14 Revenue Budget, when undertaking the "Cost of the Current Level of Service" (CCLS) analysis, officers will consider the current allocation of financial resources and the prevalence of any inherent budget variances.	Head of Finance and ICT	December 2012
4.	55	<p><b>Uncommitted General Fund Balance</b></p> <p>The uncommitted general fund balance remains low in percentage terms in comparison to many other Scottish Local Authorities.</p> <p><i><b>Risk:</b> The level of Council reserves will be insufficient to fund future unforeseen costs.</i></p>	In compliance with LAAP Bulletin 55, the 2013/14 Revenue Budget will take into account the Council's policy for reserves and balances and the adequacy of the Prudential Reserve, the Contingency Reserve and any earmarked resources and provisions.	Head of Finance and ICT	February 2013
5.	75	<p><b>Workforce reduction</b></p> <p>Significant number of staff have left the Council under the early release scheme</p> <p><i><b>Risk:</b> The Council may not have the capacity to meet service needs.</i></p>	The Council is currently working to established resource levels in all service areas since the conclusion of the implementation of the Strategic Operating Model in the summer of 2011. A vacancy control and approval process is in place to ensure essential	Head of Customer Relations and Organisational Development	Ongoing

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			recruitment takes place timeously.		
6.	78	<p><b>Partnership Working / Shared Services</b></p> <p>The Council are exploring a number of potential shared service opportunities with neighbouring local authorities. As these arrangements are still at the planning stage, tangible benefits are still to be realised.</p> <p><i><b>Risk:</b> The Council may fail to maximise best value options and shared working opportunities for delivering services.</i></p>	<p>A range of shared services opportunities are being considered and if there are viable options for improving service performance or cost efficiency these will be pursued subject to agreement by Council.</p>	<p>Multiple Responsibilities - Relevant Heads of Service will lead on areas within their own strategic accountabilities.</p>	Ongoing
7.	84	<p><b>Anticipated capital receipts</b></p> <p>A number of anticipated capital receipts have been rescheduled and revalued downwards.</p> <p><i><b>Risk:</b> The Council may not generate the level of receipts originally anticipated for 2012/13.</i></p>	<p>This risk is clearly known and a range of mitigation measures are in place. Officers continually monitor, revalue and reschedule the timing and value of capital receipts as an integral part of financial management arrangements to identify and mitigate risk.</p> <p>Any impact on value is fed into the capital programme and the programme reviewed to manage within available resources.</p>	<p>Head of Assets and Property Services</p>	Ongoing

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
8.	109-110	<p><b>Data Centre Migration</b></p> <p>Creation of new data centre scheduled to be completed by end of November 2012.</p> <p><i>Risk: Issues will be encountered which impact directly on frontline services.</i></p>	Significant pre-planning work has been undertaken with the objective of ensuring business continuity.	Corporate ICT Manager	November 2012
9.	160	<p><b>SPIs Performance</b></p> <p>Council's reported performance remains poor in some areas in comparison to other Scottish local authorities.</p> <p><i>Risk: Performance fails to meet service users' requirements.</i></p>	An annual report is submitted to Council that identifies areas for improvement within the SPI indicators. The 2011/12 report will be presented to the Policy and Resources Committee and will include details on new benchmarking indicators being developed by SOLACE which are expected to be within the Accounts Commission's 2012 Direction.	Corporate Planning and Performance Manager	December 2012
10.	169	<p><b>Performance information reported to committee</b></p> <p>Sickness absence information reported to committee during 2011/12 was based on unreliable data.</p> <p><i>Risk: Members make decisions based on inaccurate or incomplete information.</i></p>	A fundamental review of sickness absence has been underway since August 2012 with a comprehensive action plan presented to and approved by the Policy and Resources Committee on 25 October 2012. Reviews of absence reporting, collation and the testing of the	Head of Customer Relations and Organisational Development	Ongoing

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			integrity of statistical analysis forms a core element of the action plan. Further analysis and progress against the action plan will be presented monthly to the Strategic Management Team and quarterly to the Policy and Resources Committee.		
11.	170	<p><b>Sickness absence levels</b></p> <p>Council has highest sickness absence level in Scotland for Local Government employees.</p> <p><i><b>Risk:</b> Council may be failing to ensure welfare of staff and resulting absence levels may impact on service delivery.</i></p>	<p>A fundamental review of sickness absence has been underway since August 2012 with a comprehensive action plan presented to and approved by the Policy and Resources Committee on 25 October 2012. Review of all aspects of absence and attendance management, together with appropriate support strategies and interventions are integral to the action plan. Progress against the action plan will be presented monthly to the Strategic Management Team and quarterly to the Policy and Resources Committee.</p>	Head of Customer Relations and Organisational Development	Ongoing