West Dunbartonshire Council

2015/16 Annual audit report to Members and the Controller of Audit

September 2016
The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed David McConnell as the external auditor of West Dunbartonshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of West Dunbartonshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission’s annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.
Key messages

Audit of financial statements
- Unqualified auditor's report on the 2015/16 financial statements.
- Unqualified auditor's reports on the eight charitable trusts administered by the council.

Financial management and sustainability
- The council reported an underspend of £2.040 million against its original budget for net expenditure and reported an overall surplus of £2.239 million.
- The council's financial management remains strong. Budget monitoring remains a focus and regular comprehensive reports provide clarity on any significant movement.
- Following setting the budget for 2016/17 the council has identified a cumulative funding gap of £7.321 million by 2018/19.
- The council's financial position is sustainable currently although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.

Governance and transparency
- The council has a strong governance structure in place.
- There is a sound system of internal control with an appropriate committee structure in place to identify and report on any areas of weakness.
- The council has a robust internal audit function and fraud detection arrangements.

Best Value
- The council's arrangements for securing Best Value are satisfactory.
- The council has a strong framework in place for monitoring and reporting performance including good arrangements for public performance reporting.
• Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care.
• Effective arrangements for Best Value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement.
Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of West Dunbartonshire Council. The report is divided into sections which reflect our public sector audit model.

2. The management of West Dunbartonshire Council is responsible for:
   - preparing financial statements which give a true and fair view
   - implementing appropriate internal control systems
   - putting in place proper arrangements for the conduct of its affairs
   - ensuring that the financial position is soundly based.

3. Our responsibility, as the external auditor of West Dunbartonshire Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor’s responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.

5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at appendix II and appendix III, include recommendations for improvements.

6. Appendix IV is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.

7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of West Dunbartonshire Council will continue to be Audit Scotland. In accordance with agreed protocols and International Standards on Auditing we have been liaising with our colleagues who are the incoming auditors as part of this transition.
# Audit of the 2015/16 financial statements

## Audit opinion
- We have completed our audit of the council and its group and issued an unqualified independent auditor’s report.

## Going concern
- The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council’s, its group and associated charitable trusts’ ability to continue as a going concern.

## Other information
- We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.

## Charitable trusts
- We have completed our audit of the 2015/16 financial statements of the charitable trusts administered by West Dunbartonshire Council and issued an unqualified independent auditor’s report for each of the relevant trusts.

## Group accounts
- West Dunbartonshire Council has accounted for the financial results of two subsidiaries, three associates and one joint venture in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £17.089 million.

## Whole of government accounts
- The council were granted an extension to the deadline for submission of the consolidation pack for audit to 9 September 2016. This is being audited and the certified return will be submitted to the NAO.
Submission of financial statements for audit

10. We received the unaudited financial statements on 16 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.

11. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The West Dunbartonshire Health & Social Care Partnership IJB became operational on 1 July 2015. Consequently, as the amounts concerned in 2015/16 are material, they have been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 9 March 2016.

13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. Appendix I sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Overview of the scope of the audit of the financial statements

16. The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) sets out the accounting and auditing rules for Scottish charities. The council had 8 funds which were subject to the full charities financial statements audit for 2015/16.

17. We have given an unqualified opinion on the 2015/16 financial statements of the relevant charities registered by West Dunbartonshire Council.
Group Accounts

18. Local authorities are required to prepare group accounts in addition to their own council’s accounts where they have a material interest in other organisations.

19. The council has accounted for the financial results of two subsidiaries, three associates, one joint venture, the Common Good Fund and Trust Funds in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £17.089 million.

20. The net assets of the group at 31 March 2016 totalled £216.517 million, compared to a net asset position of £150.185 million in 2014/15. This positive movement relates to the significant decrease in the pension liability within the council’s accounts.

Materiality

21. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

22. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

23. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of West Dunbartonshire Council we set our planning materiality for 2015/16 at £4.042 million (1% of gross expenditure). We report all misstatements greater than £0.050 million. Performance materiality was calculated at £1.011 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

24. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

25. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.

26. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is a:

- £0.703 million increase in the council’s net worth,
Significant findings from the audit

27. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor’s views about significant qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties encountered during the audit.

28. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

<table>
<thead>
<tr>
<th>Significant findings from the audit in accordance with ISA260</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Untaken Annual Leave Accrual</strong></td>
</tr>
<tr>
<td>29. Our review of the untaken annual leave accrual identified significant errors within the teachers’ allocated holiday calendar, which resulted in an additional 4 days annual leave being accrued per employee. This, in addition to other less material errors, resulted in a reduction of £0.703 million to the 2015/16 untaken annual leave accrual.</td>
</tr>
</tbody>
</table>

*Resolution:* The audited accounts have been updated to reflect this.
Significant findings from the audit in accordance with ISA260

Consolidation of HSCP within Group Accounts

30. During our audit it was identified that the HSCP was consolidated within the Group accounts as an Associate. It is a requirement of the Integrated Resource Advisory Group (IRAG) that all IJB’s are consolidated on a Joint Venture basis. This resulted in an increase in the group Total Reserves and Net Assets by £0.912 million.

Resolution: The audited accounts have been updated to reflect this.

Future accounting and auditing developments

Highways network assets

31. The 2016/17 local government accounting Code will adopt a new measurement requirement for the valuation of the highways network asset. It will be measured on a depreciated replacement costs basis. This will have a significant impact on the value of local authority balance sheets.

Code of Audit Practice

32. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:

- Financial sustainability
- Financial management
- Governance and transparency; and
- Value for money

33. In addition, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland’s website.
Financial management and sustainability

Financial management

34. In this section we comment on the council’s financial outcomes and assess the council’s financial management arrangements.

35. The council sets an annual budget to meet its service and other commitments for the forthcoming financial year. The setting of the annual budget impacts directly on residents as it determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

36. The council reported a deficit of £14.989 million on the provision of services in the 2015/16 Comprehensive Income and Expenditure Statement. Adjusting this balance to remove the accounting entries
required by the Code produces the revised position showing that the
council increased total usable reserves by £3.196 million.

37. Overall, the council reported an underspend of £2.040 million
against budgeted general fund services net expenditure of £218.893
million. Specific variances against budget were noted in the
following services/areas:

- Contingency/Contribution to reserves - £1.964 million
  underspend. This budget was created following a review of
  2014/15 budget variances. Any budget no longer required was
  transferred into a contingency fund to be used to accommodate
  externally influenced movements in departmental budgets.
  There has been no requirement to draw from this budget during
  2015/16.

- Education – Underspend of £1.410 million mainly due to
  savings in early years establishments. Due to delays in
  projects such as the embedding of additional hours for 3-5 year
  olds and the implementation of the Young Persons Bill,
  underspends have arisen.

- Miscellaneous Services – Overspend of £0.845 million mainly
due to the timing of leavers.

38. There are areas of underspend and overspend against budget lines,
although these are not material variances as a percentage of the
original budgets. However, the council should continue to consider
these to ensure that future approved budgets reflect the anticipated
underlying cost of service delivery.

39. The council is required by legislation to maintain a separate housing
revenue account and to ensure that rents are set to at least cover
the costs of its social housing provision. Rent levels are therefore a
direct consequence of the budget set for the year. The HRA
returned an overall surplus of £1.647 million in year increasing the
balance on the HRA account to £6.217 million of which £5.562
million is earmarked. Therefore the balance available to the HRA for
future use is £0.855 million.

40. The council’s current rent arrears amounted to £3.261 million for
2015/16. This is a reduction of 2.5% from 2014/15 balance of
£3.346 million. This had a consequent effect on the provision for
bad debts, reducing by £0.077 million to £2.176 million for 2015/16.

Financial management arrangements

41. As auditors, we need to consider whether councils have established
adequate financial management arrangements. We do this by
considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be
  able to deliver good financial management

- financial regulations are comprehensive, current and promoted
  within the council

- reports monitoring performance against budgets are accurate
  and provided regularly to budget holders

- monitoring reports do not just contain financial data but are
  linked to information about performance
• members provide a good level of challenge and question budget holders on significant variances.

42. We assessed the role and status of the proper officer against CIPFA’s “Statement on the role of the Chief Financial Officer in Local Government” and concluded that the council complies with the statement’s five principles.

43. We reviewed the council’s financial regulations, which are revised regularly, and concluded that they are comprehensive and current. The council’s financial regulations are available on the council’s website.

44. Budgetary control reports (both revenue and capital) are submitted to the Corporate Management Team on a monthly basis, and the relevant committees and full council in line with the committee reporting timetable. Revenue reports compare annual budget with projected outturn with service variances in excess of £50,000 highlighted and explanations provided.

45. The finance team continues to be built around generic posts and were in the midst of implementing a staff restructure, including rotation of posts, during the audit. This process resulted in, in some cases, delays in the time taken to respond to our requests for additional information. Finance officers should ensure that arrangements are in place to provide timely responses to audit queries, in order to expedite the completion of our work. Staff rotation should allow for the development of knowledge and expertise, reduce the risk of knowledge being held by a single member of staff and facilitate succession planning at certain grades.

46. As auditors we attend a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

47. We have concluded that the council’s financial management arrangements are satisfactory. Whilst overall financial management is satisfactory, underspends against budgets have significantly contributed to the higher level of reserves.

Financial sustainability

48. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.

49. In assessing financial sustainability we are concerned with whether:
   • there is an adequate level of reserves
   • spending is being balanced with income in the short term
   • long term financial pressures are understood and planned for
   • investment in services and assets is effective.

50. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.
Reserves

51. The overall level of usable reserves held by the council increased by £3.196 million compared to the previous year and totalled £22.255 million, refer Exhibit 1.

Exhibit 1: Usable reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2015 £ million</th>
<th>31 March 2016 £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>9.623</td>
<td>11.203</td>
</tr>
<tr>
<td>Housing revenue reserve</td>
<td>4.570</td>
<td>6.217</td>
</tr>
<tr>
<td>Capital receipts reserve</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Capital grants unapplied</td>
<td>0.421</td>
<td>0.484</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>4.012</td>
<td>3.824</td>
</tr>
<tr>
<td>Other reserves</td>
<td>0.433</td>
<td>0.527</td>
</tr>
<tr>
<td>Total usable reserves</td>
<td>19.059</td>
<td>22.255</td>
</tr>
</tbody>
</table>

Source: West Dunbartonshire Council 2015/16 financial statements

52. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. The council has continued to increase their general fund reserve, with a 16% increase being recorded in 2015/16.

53. The General Fund balance includes planned commitments of £6.515 million, leaving an unearmarked balance of £4.688 million. The largest of these planned commitments relate to directorate expenditure commitments for 2016/17 to 2017/18 and transformational projects.

54. The council has a policy of holding a minimum unallocated reserve of at least 2% of net service cost. The Council’s unallocated reserve of £4.688 million as at 31 March 2016 represents 2.06% of the 2015/16 net cost of services (£227.479 million) which is at the lower end of CIPFA’s best practice guidance of holding 2% - 4% of revenue expenditure.

55. Despite the in year increase, exhibit 2 highlights that the council has the fourth lowest usable reserves in relation to net revenue stream for the year in Scotland. The council, like all local authorities, faces ongoing financial pressures. Ensuring there are sufficient reserves is important in order to protect the council against the financial impact of unforeseen events or reductions in future funding.

56. The council considers the current usable reserves level and plans for its usage as part of the annual budget setting process. An appropriate balance should be made to ensure current obligations are met and preparing for future commitments is achieved. This may protect the council against the financial impact of unforeseen events or reductions in future funding.
57. The council set its 2016/17 budget in February 2016. The 2016/17 budget was set at £218.216 million which identified that £2.735 million was required to be met from savings and/or reserves.

58. A number of efficiency measures have been agreed and are being implemented or are planned for implementation in 2015/16. Some of the more significant measures include:

- continuing to implement a new organisation wide operating model including service redesign and rationalisation
- review of staffing structures across the council
- review of the catering service

59. The council also set indicative budgets for 2017/18 and 2018/19 in October 2015 with updates approved in February 2016. The budgets require efficiency savings of £2.500 million and £4.821 million respectively. While the council has been proactive in its approach to identify savings opportunities, the realisation of these savings will become progressively more challenging year on year.

Council specific transformational programme/efficiency strategy

60. The council are undertaking a major transformation programme involving significant regeneration in the area. The programme includes building new schools, care homes, leisure facilities and office accommodation. Project management arrangements are well established and regular monitoring and scrutiny takes place through the council’s Change Board.

61. The Change Board continues to provide robust scrutiny for the significant change projects across the council. There is continuous review of the governance arrangements and project management of programmes to ensure improvement, support and intervention at appropriate stages.
62. At recent Change Board meetings, the group specifically took time to research and analyse improvement/efficiency activity across other organisations to gauge whether any ideas or initiatives could be implemented with the council. This has culminated in a range of further ideas and options proposed which are currently under review and consideration as part of the 2017/18 efficiency programme.

63. The council has a range of plans in this area, and it is important that robust project management arrangements continue to be applied to support the transformation required to meet the challenging budget reductions ahead.

Capital programme 2015/16

64. The council approved a ten year general services capital plan in February 2013 which set out the anticipated investment over the ten year period to 2022/2023. Since its approval, it has been subject to updates in February 2014 and February 2015. The council’s long term financial strategy was approved on 26 August 2015, which provides in detail the next 3 year capital plan.

65. The 2015/16 budget was set at £103.94 million with an actual spend of £68.511 million resulting in capital slippage of £33.727 million (33%). The majority of this slippage is due to a small number of large projects which have been delayed, not all at the control of the council. Exhibit 3 shows the trend of capital slippage over the last 8 years. Following improvement to 2013/14, the last 2 years has now shown a worsening position, with an increase from 27% to 33% in 2015/16.

66. The council approved its housing capital programme for 2015/16 in February 2015. Actual spend on the housing capital programme amounted to £21.594 million against a budget of £28.914 million. Taking into consideration of overspends (£1.855 million) and underspends (£3.708 million) has resulted in a total HRA capital slippage of £5.467 million (19%). Significant areas of slippage can be attributed to delays in the regeneration/demolition of surplus stock as well as delays in implementing integrated housing management system.

67. The main capital projects which were progressed during 2015/16 which General Services were building upgrades, replacement of elderly care homes, replacement of Clydebank leisure centre and the office rationalisation. The HRA capital plan mainly focused on multi-storey improvements, void housing upgrades and new build council houses.
Asset Management

68. Following a review of the senior management structure, as of April 2016 there will be a strategic lead for Regeneration. One of their distinct service areas will be Corporate Asset Management. This area will then be split into five operational sections, Consultancy Services (General Services), Consultancy Services (HRA), Energy and Compliance, Asset Management and PPP Contract Monitoring.

69. The Asset Management team will contribute and support the effective management of all council assets, and will have direct responsibility for the asset management of all operational and non-operational properties and sites.

Workforce Management

70. The Workforce Planning Strategy and Framework was approved by the Corporate Services Committee in November 2013. The remit was to provide a mechanism to define the workforce requirements of the organisation and to develop appropriate responses.

71. The most significant developments which occurred during 2015/16 which impact the workforce plan is as follows:
   - organisational and service area structural reviews.
   - modern apprenticeship and trainee programmes and introduction of internships
   - development and implementation of phase 2 of the central administration project.

72. During 2015/16 there was focus on introducing a succession plan. The project has identified the critical posts and assessing the retention risks as well as recognising potential successors. The focus is currently on the senior management team.

73. The Workforce Strategy does not include an organisation-wide workforce plan which forecasts what the council’s workforce and skills needs are for the next 3-5 years to deliver its services and key priorities; however an agreement is in place to deliver a medium to long term plan from 2017/18 and beyond. It should be noted that a one year strategic organisational wide plan is in place for 2016/17.
74. As part of a targeted, focused approach to delivery of agreed efficiencies and reduction of workforce costs, the early retirement / voluntary severance has increased 137%, rising to 45 posts in 2015/16 from 19 in 2014/15. This has been managed to ensure this is in line with service requirements. This increase can also be attributed to the implementation of the council’s Future Operating Model, which focuses on reducing the layers of management, to safeguard frontline services.

75. Attendance management continues to be an area of significant priority for the council. During 2015/16 the council lost 52,027 (2014/15 57,211) full time equivalent working days to absence which equates to an estimated cost of £6.14 million (2014/15 £6.75 million). The average FTE days lost per employee has also fallen to 11.81 (2014/15 12.81). A joint attendance working group, with the trade unions, is now in its third year, and has been developing initiatives to improve performance and develop a revised attendance management policy with supporting arrangements, such as:

- carers leave
- the introduction of flexible solutions such as working at home and personal days tailored adjustments for disability.

76. While there has been decrease in the number of FTE days lost of 9%, it continues to have a significant financial impact to the council, which is not sustainable for the future.

Treasury Management

77. In 2015/16 the overall debt levels increased by £29.001 million, increasing both in long term and short term debt by £10.969 million and £18.032 million respectively. The increase is intended to support the council’s capital plan.

78. Exhibit 4 shows that the council’s net debt levels, as a proportion of net revenue stream, continue to be amongst the highest in Scotland. It is recognised that the total debt figure includes debt associated with both the HRA and the council’s Public Private Partnership (PPP) assets which not all Scottish local authorities will have.

79. The council need to balance the delivery of their capital programme with a need to ensure it can service the medium to long term debt incurred to finance it. We note that the council’s treasury strategy and capital plan consider affordability in relation to the capital plan over the next 10 years and beyond.
Pension liability

80. The net liability on the council's balance sheet has decreased from £216.679 million in 2014/15 to £153.740 million in 2015/16, a reduction of £62.939 million. The principal reason for this decrease is mainly as a result of the movement in the discount rate to calculate the pension liability.

81. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. The valuation of the fund as at 31 March 2016 stated that the assets held were sufficient to cover 79.71% of the accrued liabilities. The appointed actuaries are of the view that future pension liabilities will still be met by a combination of the pension scheme's asset holdings, future contributions by employers and employees and planned increases in employer's contributions.

Conclusion on financial sustainability

82. Overall we conclude that the financial position is currently sustainable although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels. Whilst the council holds reserves within CIPFA's best practice guidance of 2% - 4% of revenue expenditure, they are at the lower end of the range. Future demands on the revenue budget due to the need to meet funding gaps and service the council's debt may mean current reserve levels are insufficient in the medium to long term.

Outlook

83. Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2016/17, Scottish Government funding for councils decreased by 11 per cent in real terms to almost £10 billion. At the same time, demand for council services has increased, largely due to population changes. Increased pension contributions and national insurance changes will create further cost pressures on the council.
84. In common with many other councils, West Dunbartonshire Council is reporting gaps between income and the cost of providing services over the next few years. With further funding pressures expected, councils face difficult decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

85. The council are prepared for the introduction of Highway Network Assets in 2016/17. There is an agreement in place that the Roads Department will populate the valuation spreadsheet and it has been requested that internal audit assist in the sampling of this data. It has been agreed that the input data for the valuation will be populated annually using the latest version of the model, to enable a valuation to be included within the draft annual financial statements. A further review will then be carried out in August of every year to identify whether there have been any material changes between draft and final accounts.
Governance and transparency

86. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

87. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources. Overall we concluded that the council has appropriate arrangements in this area.

Corporate governance

88. The council’s corporate governance framework is centred on the full council, supported by four standing committees and appropriate sub-committee. Council and committees are well attended by elected members and papers are subject to a high level of scrutiny.

89. The Audit & Performance Review Committee (A&PRC) scrutinises the development of the council’s best value and continuous improvement activity, performance management and audit risk management activity and monitors the council’s committees. It is chaired by the leader of the opposition, has appointed lay members and is well attended by both elected members and appropriate council officers.

Local code of corporate governance

90. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by a working group of officers.
Internal control

91. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.

92. We reported our findings to the A&PRC in June 2016. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Our findings included a number of recommendations to enhance the control system in operation however our overall conclusion was that the council had appropriate systems of internal control in place during 2015/16.

Internal audit

93. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.

94. Our review of internal audit concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. We placed formal reliance on the work of internal audit in treasury management, council tax billing, NDR billing and collection as well as the review of key reconciliations.

95. During 2015/16, to ensure early compliance with the requirements of PSIAS, arrangements were proactively sought and put in place to undertake peer external auditing. The review found that for the thirteen assessment areas the council's internal audit service fully conforms in six areas and generally conforms in seven areas. The recommendations were accepted and will be implemented during 2016/17.

ICT audit

96. Our ICT audit work during 2015/16 generally found that the ICT controls are satisfactory. Following on from last year's review of the council's arrangements for dealing with a cyber attack we note that the council has completed their Cyber Incident Response Plan. In addition the council now have a second route to the internet using a network connection with East Dunbartonshire Council (EDC). This connection allows the council to use EDC connection to the internet should their direct connection with the internet be unavailable.

Arrangements for the prevention and detection of fraud

97. On 1 April 2015 the Corporate Fraud Team (previously Benefit Fraud Team) was established and moved under the remit of the
Audit and Risk Manager. This resulted in a more joined up approach to fraud detection and investigation which resulted in a shift in focus to corporate fraud. During 2015/16 the team identified £0.234 million of actual recoveries, charges and rebillings.

98. We have concluded that the council’s arrangements in relation to the prevention and detection of fraud and irregularities are satisfactory.

National Fraud Initiative in Scotland

99. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.

100. As part of our audit work we consider the council’s approach to the NFI exercise. The council have positively engaged in the initiative and have taken a sensible approach to reviewing data matches. During their investigation they discovered:

- 7 cases of fraud relating to local authority/NHS employees failing to report their employment to the agency awarding benefits.
- 58 invalid blue badges which have now been cancelled.
- 236 cases of Single Person Discount being incorrectly applied.

101. Overall, we concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

102. The arrangements for the prevention and detection of corruption in West Dunbartonshire Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Transparency

103. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.

104. Through our audit approach we gave consideration to:

- the clarity and presentation of the council’s committee papers, budget monitoring reports and financial statements
- the extent to which the council may exclude press or public from agenda items under the Local Government (Scotland) Act, 1973
Governance and transparency

- the council’s approach to public performance reporting
- accessibility of information via the council website.

105. Overall we have concluded that the council has appropriate arrangements in place to ensure transparency.

**Freedom of Information (FOI) requests**

106. There were 996 FOI requests received during 2015/16, and 931 (93%) were responded to within 20 days. During the period there were 10 reviews against denial of FOI request, with 6 reviews upheld.

**Integration of health and social care**

107. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

108. The West Dunbartonshire Health & Social Care Partnership (HSCP) Board first met on 1 July 2015 and approved the appointment of the Chief Officer and Chief Financial Officer, membership of the Partnership Board and the integrated scheme. The Strategic Plan was also approved at this meeting with applicable functions and budgets delegated to the IJB.

109. The HSCP has produced financial statements for 2015/16 covering the period 1 July 2015 to 31 March 2016, which have been audited by Audit Scotland and will be reported to the HSCP Board in a separate Annual Audit Report for 2015/16 by 30 September 2016.

110. Embedding the HSCP’s governance arrangements will be an essential element in meeting its future challenges and maintaining accountability.

**Local scrutiny plan**

111. The 2016/17 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to West Dunbartonshire Council in April 2016.

112. The 2015/16 LSP did not identify any areas where specific scrutiny activity was required although it did identify three areas that required ongoing oversight and monitoring. These were

- Housing and Homelessness
- People Management
- Efficiency

113. This will continue to be monitored throughout the year and reviewed as part of our shared risk assessment for 2016/17.

**Outlook**

114. Councils will continue to operate in a changing environment within continuing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations.
115. Partnership, joint working and arm’s length organisations have become increasingly popular vehicles for planning and delivering council services and there is a sustained national focus on their use. Where council services are being delivered by third party organisations it will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council’s priorities are being achieved.
Best Value

116. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Procurement

117. 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.

118. The annual PCA was replaced by the Procurement & Commercial Improvement Programme (PCIP) which focuses on the policies and procedures driving procurement performance and the results they deliver. PCIP introduced a revised assessment methodology and new scoring and performance bands with councils being assessed every two years. The revised assessment results are not comparable with the previous PCA scores. Scotland Excel began undertaking PCIP assessments for local authorities in May 2016, and the cycle will continue until November 2016.

119. Internal audit finalised their report, Procurement – approved contractors list, during the year. This has highlighted a number of high risk areas. Management has been advised of these risks and an appropriate action list has been created to rectify the issue. The progress of these actions will be reported to the A&PRC on a quarterly basis.

Shared services

120. The council have established a Change Board which is responsible for the delivery of the Delivering for the Future Strategy, the council’s capital plan and any other strategic change projects as determined by the board. The board consists of the Strategic Leadership Group and is chaired by a Strategic Director. The Board meets monthly with project sponsors reporting on progress using an established project template.

121. One workstream monitored by the Change Board is the shared services project ‘Developing Services Through Partnerships’ which
focuses on changing how the council works through developing partnerships and sharing resources. Discussions are underway with various councils and public sector organisations to consider sharing opportunities across a range of council services. The council have successfully agreed partnership working with the National Park and from April 2016 will provide their internal audit service as well as delivering grounds maintenance services.

122. The council meeting in June 2016 approved the creation of a Shared Services Joint Committee with East Dunbartonshire and Inverclyde councils. This committee will oversee the operation of and provide democratic accountability for shared local authority services.

123. It has been projected that in 2015/16 the three authorities spent in the region of £102 million on Roads and Transportation. Through engaging in a collaborative service it is estimated that recurring savings of 15% by 2020 could be achieved.

Following the public pound

124. Local authorities have a statutory responsibility to comply with the Accounts Commission/COSLA Code of Guidance and funding external bodies and following the public pound.

125. The council's main ALEO partnership is for leisure provision through the West Dunbartonshire Leisure Trust. The council maintain ownership of the material property assets and a service level agreement is in place to manage the delivery of leisure services. In previous years we confirmed that the council has appropriate governance arrangements in place in respect of community grants, economic development grants and funding provided to procure services from the local third sector.

126. During 2017 Audit Scotland, on behalf of the Accounts Commission for Scotland, will undertake a review of the Following the Public Pound Code in conjunction with an update of the definition of ALEOs to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies.

Performance management

127. The council is committed to having a strong framework in place for monitoring and reporting performance. A corporate self-evaluation model is in place which is based on the Public Sector Improvement Framework and operates in conjunction with more service specific self-evaluation activity. The council also participate in the Local Government Benchmarking Framework (LGBF) which brings together performance indicators for a range of services as well as service costs and customer satisfaction. Regular performance monitoring against strategic priorities and service plans, is undertaken at the monthly Performance and Monitoring Group, chaired by the Chief Executive.

128. The council’s priorities are set out in its strategic plan 2012-2017 and are supported by a series of objectives. Progress against these objectives is assessed using a range of performance indicators with this progress reported in the council’s public performance report and through a series of booklets, each focusing on specific areas. Any
performance indicators which relate to services provided by the Health & Social Care Partnership (HSCP) are now reported separately through the HSCP annual performance report.

129. We have concluded that the council has robust and effective performance management arrangements which will help in the delivery of the council’s strategic and operational objectives.

Overview of performance targets in 2015/16

130. As mentioned earlier, the council have established their own performance indicators which are linked to their Strategic Plan. With the removal of HSCP specific indicators it has resulted in 32 PI’s identified to monitor progress, over two overarching priorities, being Social Mission and Organisational Capabilities.

131. During 2015/16 the Policy, Planning and Performance (PPP) team was established to provide greater support to strategic directors, strategic leads and the Chief Executive in performance management and improvement. The creation of a PPP business partner role has resulted in additional capacity at a senior level for the scrutiny and proactive management of performance in priority areas.

132. A report was taken to council in August 2016 which summarised the progress of meeting these PI’s and was made publically available on their website. Information relating to five out of the 32 was not available, however will be reported between August and February 2017. Of the remaining PI’s:

- 12 (45%) met or exceeded target
- 11 (41%) narrowly missed target
- 4 (14%) significantly missed target

133. Areas to note of strong performance:

- percentage of educational establishments receiving positive inspection reports
- number of new build social housing for rent
- percentage of people with increased or sustained income through Benefit Maximisation.

134. Areas where the target were significantly missed:

- average number of working days lost per employee due to absence for all local government employees and teachers.
- current tenant’s arrears as a percentage of total rent due.

135. Both attendance management and rent arrears remain a focus for the council, and the council has ongoing initiatives in place for improvement during 2016/17.

Statutory performance indicators (SPIs)

136. The Accounts Commission places great emphasis on councils’ responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.

137. For 2015/16 three (SPIs) were prescribed:
- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
- SPI 2: covering a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

138. Overall we concluded that the council’s arrangements for publication were satisfactory.

Local performance audit reports

139. A summary of all local external audit reports issued to the council during the year is provided at appendix II.

Local performance audit work

140. During 2015/16 we carried out follow-up audit work on behalf of Audit Scotland to identify the progress the council has made in relation to the recommendations made in Audit Scotland’s national performance report Scotland’s Public Sector Workforce which was published in November 2013. As part of our audit we provided an information return to Audit Scotland which highlighted the following points:

- The council workforce plan has predominately focused on the short-term and, as a consequence, there has been no forecasting of expected staff numbers/skills requirements.

- The council has been proactive in identifying shared services/resources opportunities.

National performance audit reports

141. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in appendix III. West Dunbartonshire Council The council has processes in place to ensure that all national reports and their impact on the council are considered by Members.

Equalities

142. The Equality Act 2010 introduced a new public sector ‘general duty’ which encourages equality to be mainstreamed into public bodies’ core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

143. The council’s corporate services committee approved the council’s Equality Mainstreaming Report in May 2015 and it has been submitted to the Equality and Human Rights Commission and is available on the council’s website.

144. A revised report will be available in April 2017 which will measure progress and identify revised equality outcomes for 2017-2021.
Outlook

145. In common with other councils, West Dunbartonshire Council faces the key challenges of reducing budgets, an aging population with higher levels of need and the public expectation of high quality services. Savings have been made in recent years largely by reductions in the workforce. However, as choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities and achieving best value.
## Appendix I: Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

<table>
<thead>
<tr>
<th>Audit Risk</th>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk of material misstatement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk of material misstatement due to fraud in revenue recognition</strong></td>
<td>• Analytical procedures on income streams.</td>
<td>We undertook detailed testing of income streams. No frauds were identified.</td>
</tr>
<tr>
<td>ISA 240 presumes an inherent risk of fraud where income streams are significant.</td>
<td>• Detailed testing of revenue transactions focusing on the areas of greatest risk.</td>
<td></td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Dunbartonshire Council receives a significant amount of income in addition to Scottish Government funding. The size and diversity of income streams flowing to the council means that there is an inherent risk that income could be materially misstated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk of management override of control</strong></td>
<td>• Detailed testing of journal entries.</td>
<td>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</td>
</tr>
<tr>
<td>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit.</td>
<td>• Review of accounting estimates.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Focused testing of accruals and prepayments.</td>
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</tr>
</tbody>
</table>
## Appendix I: Significant audit risks

<table>
<thead>
<tr>
<th>Audit Risk</th>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Evaluation of any significant transactions that are outside the normal course of business.</td>
<td>We did not identify any incidents of management override of controls.</td>
</tr>
<tr>
<td>Estimation and judgement</td>
<td>Completion of ‘review of the work of an expert’ for the professional valuer.</td>
<td>We reviewed the work of the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts. No material misstatements were identified.</td>
</tr>
<tr>
<td>Untaken annual leave accrual</td>
<td>Review the 2015/16 untaken annual leave accrual during the audit of the council’s 2015/16 financial statements.</td>
<td>Errors were identified in the untaken annual leave accrual. Adjustments have been process to correct these.</td>
</tr>
</tbody>
</table>
## Audit Risk

### Housing rent reconciliation

In 2012/13, 2013/14 and 2014/15 our audit has highlighted unreconciled differences between the financial ledger and the housing rents system.

**Risk**

There is a risk the financial ledger does not accurately record all relevant transactions.

<table>
<thead>
<tr>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review the 2015/16 reconciliation during the audit of the council's 2015/16 financial statements.</td>
<td>Our review of the 2015/16 reconciliation during the audit reported an unreconciled difference of £7,382. Although this is an increase on the previous year, we have concluded that this is no longer a material concern.</td>
</tr>
</tbody>
</table>

### Health & Social Care Partnership

The West Dunbartonshire HSCP is now operational and the council will need to make appropriate disclosures in the 2015/16 single entity and group financial statements.

<table>
<thead>
<tr>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review the HSCP disclosures during the audit of the council's 2015/16 financial statements.</td>
<td>No significant issues were identified from our review of the Health and Social Care Partnership disclosures in the 2015/16 single entity and group financial statements.</td>
</tr>
</tbody>
</table>

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

#### Managing financial pressures

The council continues to face the challenge of bridging a funding gap of over £4 million over the period 2015/16 to 2018/19 whilst it services existing debt levels and has relatively low reserves as a percentage of net cost of services.

<table>
<thead>
<tr>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
</table>
| • Monitor the council’s financial position via revenue budget reports presented to full Council and meetings with officers.  
• Ongoing review of council’s progress delivering savings options.  
• Review of council’s revised long term Financial Strategy. | The council reported a 2015/16 surplus against service budget of £2.017 million. The council’s 2016/17 budget identified that a balance of £2.719 million is to be met from savings. The council also set indicative budgets for 2017/18 and 2018/19 which identify planned savings and further funding gaps which need to be |
<table>
<thead>
<tr>
<th>Audit Risk</th>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>The council may be unable to generate sufficient efficiencies and cost savings to bridge the funding gap.</td>
<td>We have concluded that the council’s financial management arrangements are satisfactory.</td>
</tr>
<tr>
<td><strong>Capital slippage</strong></td>
<td>The council has appropriate capital monitoring arrangements in place and a good focus on project planning and delivery. However, capital slippage in 2015/16 is still projected to be approximately 25%.</td>
<td>We concluded that although capital slippage had reduced since its peak in 2012/13, there is still room for improvement.</td>
</tr>
<tr>
<td>Risk</td>
<td>Future capital programmes and associated service improvements may not be delivered in a timely manner.</td>
<td></td>
</tr>
</tbody>
</table>
Appendix II: Summary of West Dunbartonshire Council local audit reports 2015/16

**Internal Controls Review:** The overall conclusion is that internal controls within the council are operating effectively, although there are some areas where improvements can be made.

**Annual Audit Plan:** Planned external audit work for the 2015/16 Financial Statements.

**Internal Audit Reliance Letter:** The letter sets out our assessment of internal audit and outlines areas of intended reliance on internal audit.

**Annual Audit Report:** Annual report to those charged with governance. Summarises our main findings from the 2015/16 Audit of West Dunbartonshire Council and draws to the attention of those charged with governance significant matters arising from the audit of the financial statements prior to the formal signing of the independent auditor’s report.

**Independent auditor’s report on the 2015/16 financial statements**
Appendix III: Summary of Audit Scotland national reports 2015/16

Health and social care integration (December 2015) – Significant risks must be addressed if a major reform of health and social care is to fundamentally change how services are delivered, and improve outcomes for the people who use them.

Community planning: an update (March 2016) – Progress on community planning has not yet achieved the major change needed to fulfil its potential to reduce inequalities and put communities at the heart of delivering public services.

Major capital investments in councils: follow-up (January 2016) - Councils need to improve further the way they manage major projects like schools, roads, housing and flood prevention, says the Accounts Commission.

Changing models of health and social care integration (March 2016) - A lack of national leadership and clear planning is preventing the wider change urgently needed if Scotland’s health and social care services are to adapt to increasing pressures.

An overview of local government in Scotland (March 2016) – Budget reductions mean starker choices ahead for councils which will not be met simply by continuing to cut staff and services.

### Appendix IV: Action plan

<table>
<thead>
<tr>
<th>No.</th>
<th>AS ref.</th>
<th>Paragraph ref.</th>
<th>Issue/risk/Recommendation</th>
<th>Management action/response</th>
<th>Responsible officer / Target date</th>
</tr>
</thead>
</table>
| 1   | 29      |                | **Untaken Annual Leave**  
The council has omitted untaken annual leave for those on maternity and long term sick. Although a process was in place during 2015/16 which enabled those teachers beginning their maternity leave to take their annual leave in advance, going forward this has been removed. The inclusion of untaken annual leave for those on maternity leave and long term sick will ensure the accrual reflects the true year end liability moving forward.  
**Recommendation**  
Finance staff should co-ordinate with Human Resources to identify and monitor any employee who will accrue disproportionate annual leave and ensure these are included within the untaken annual leave accrual. | Finance staff will liaise with Human Resources to ensure all aspects of untaken annual leave are properly accounted for in the year-end accrual.                                                                                           | Finance Manager April 2017 |
<table>
<thead>
<tr>
<th>No. AS ref.</th>
<th>Paragraph ref.</th>
<th>Issue/risk/Recommendation</th>
<th>Management action/response</th>
<th>Responsible officer / Target date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>65</td>
<td><strong>Capital slippage</strong></td>
<td>Officers will continue to monitor and report to Members as to progress against the capital plan. This will include appropriate consideration as to the need for re-profiling of the plans.</td>
<td>Strategic Lead – Resources Ongoing</td>
</tr>
</tbody>
</table>

**Capital slippage**
An underspend against the revised level of capital expenditure of £33.727 million (33%) was recorded. There is a risk that the capital plan is not delivered which may adversely impact upon the delivery of the council’s objectives and the achievement of planned savings.

**Recommendation**
The council should review its capital plans and improve the control of capital projects and, if necessary, re-profile the budget to reflect current plans.