

# East Dunbartonshire Council

2021/22 Annual Audit Report



Prepared for the Members of East Dunbartonshire Council and the Controller of Audit  
25 October 2022

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# Key messages

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## 2021/22 annual accounts

- 1 The annual accounts of East Dunbartonshire Council give a true and fair view of its financial position for the year ended 31 March 2022. Our audit opinions on the annual accounts of the council, its group and the two section 106 charities administered by the council are unmodified.
- 2 The impact of the Covid-19 pandemic led to delays in the auditing timetable for 2021/22 annual accounts. Submission of the audited annual accounts is in line with revised government timescales and as agreed with council officers.

## Financial management

- 3 Financial management is effective with a budget setting process focused on the council's priorities.
- 4 Overall, the council delivered services within budget in 2021/22, an underspend of £13.892 million is reported against the total general fund budgeted net expenditure.
- 5 The Covid-19 pandemic continues to have a significant impact on the council's finances. £14.5 million was spent on Covid-19 costs, and funding of £18.5 million was received in 2021/22. With funding carried forward from last year, £11.3 million of Covid-19 funding is unspent and carried forward to 2022/23. Of this, £2.623 million is held in earmarked reserves to provide cover for Covid-19 recovery in 2022/23.
- 6 Despite the underspend against budget, usable reserves decreased by £3.5 million. The non-earmarked reserves are in line with the target 2 per cent of budgeted net expenditure considered prudent in the council's reserves strategy.
- 7 Systems of internal control operated effectively in 2021/22. There were a small number of areas where controls could be strengthened.

## Financial sustainability

- 8 Achievement of the 2022/23 budget is challenging. The projected financial gap of £6.970 million will be funded from reserves in the first instance, with the application of financial flexibilities and a refreshed organisational transformation programme later in the year.

- 9 The local government pay settlements will add to the financial pressures on all councils.
- 10 The latest medium-term financial plan, which sets out the budget to 2026/27, includes scenario planning and highlights the fragility of council finances to underlying assumptions.
- 11 The 'East Dunbartonshire Forward in Partnership – A Renewed Approach to Strategic Planning and Performance' paper included a number of reports which set out the council's new approach to strategic planning and performance.

## **Governance and transparency**

- 12 Following the May 2022 local government elections, the council has a new administration. An effective training programme is in place to support new and returning elected members.
- 13 The council has effective governance arrangements in place that support good governance and accountability. The council conducts its business in an open and transparent manner.

## **Best Value**

- 14 The council's Best Value Assurance Report (BVAR), published in September 2021, concluded that the council had demonstrated a good pace of improvement since the last Best Value audit in 2017. Good progress has been made with the improvement action plan agreed in response to the report.
- 15 The council has a comprehensive performance management framework, with service performance being regularly reported to elected members.
- 16 Service performance has been impacted by Covid-19 in some areas but the annual 2021/22 How Good Is Our Service (HGIOS) reports show that the council was on track to achieve many of its performance targets.
- 17 The council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas.
- 18 60 per cent of the council's 2020/21 LGBF performance indicators are in the top two quartiles of Scottish councils. However, the proportion of council indicators in the bottom quartile has risen from 8 per cent in 2019/20 to 16 per cent in 2020/21. Education services are performing particularly well even in the council's most deprived areas. The cost of waste management and some aspects of the housing service are areas highlighted for improvement.

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# Introduction

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1. This report summarises the findings arising from the 2021/22 audit of East Dunbartonshire Council (the council) and its group.
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan which was presented to management on 24 March 2022. The Annual Audit Plan was considered by members, on 31 March 2022, under interim governance arrangements put in place as a result of Covid-19. This report comprises the findings from:
  - an audit of the annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) namely, financial management, financial sustainability, governance and transparency and value for money.
3. The main elements of our audit work in 2021/22 have been:
  - an audit of the annual accounts of the council and its group including the statement of accounts of the two section 106 charities administered by the council and the issue of independent auditor's reports setting out our opinions
  - a review of the council's key financial systems.
4. In September 2021, the East Dunbartonshire Council Best Value Assurance Report (BVAR) was published. We have followed up the council's progress in implementing the recommendations in the BVAR and have included an update in this report.
5. The global coronavirus pandemic continued to impact on the council during 2021/22. This has had implications on the services it delivers, sickness absence, and the planned progress of some projects and activities. Risks related to the pandemic were included in our Annual Audit Plan, and we have adapted our planned work to address any new emerging risks. The audit of the accounts was carried out remotely.

## Adding value through the audit

6. We add value to the council through the audit by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations

- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

## Responsibilities and reporting

**7.** The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

**8.** The council is also responsible for compliance with legislation, as well as putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

**9.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

**10.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

**11.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#). and supplementary guidance.

**12.** This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

**13.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

## Auditor Independence

**14.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £268,110 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**15.** This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

## Audit appointment from 2022/23

**16.** The Auditor General for Scotland is responsible for the appointment of external auditors to central government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

**17.** The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Mazars will be the appointed auditor for East Dunbartonshire Council. We are working closely with the new auditors to ensure a well-managed transition.

**18.** A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

**19.** There are several significant changes introduced by the new Code, namely the integration of Best Value work into wider scope audit work.

**20.** We would like to thank elected members, Audit and Risk Management Committee members, Senior Management Team, and other staff, particularly those in finance for their co-operation and assistance over the last six years.

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# 1. Audit of 2021/22 annual accounts

The annual accounts are the principal means of the council accounting for the stewardship of resources and its performance in using those resources.

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## Main judgements

The annual accounts of East Dunbartonshire Council give a true and fair view of its financial position for the year ended 31 March 2022. Our audit opinions on the annual accounts of the council, its group and the two section 106 charities administered by the council are unmodified.

The impact of the Covid-19 pandemic led to delays in the auditing timetable for 2021/22 annual accounts. Submission of the audited annual accounts is in line with revised government timescales and as agreed with council officers.

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## Our audit opinions on the annual accounts are unmodified

**21.** The accounts for the council and its group for the year ended 31 March 2022 were approved at a meeting of the Audit and Risk Management Committee on 25 October 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

## The annual accounts were signed off in line with the revised timescales permitted to reflect Covid-19

**22.** Submission dates for the audited annual accounts and the annual audit report for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. Audit Scotland has set target dates for 2021/22 which transition to more regular timescales. For 2021/22, the deadline for the audited annual accounts is 31 October 2022.



**23.** We received the unaudited annual accounts on 23 June 2022 in line with the original timetable set out in our 2021/22 Annual Audit Plan. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. As a consequence of the Covid-19 pandemic and alternative working arrangements there were some delays in the provision of supporting documentation. However, this did not significantly impact on the ability to meet the revised audit timetable.

**24.** Covid-19 and remote working also had an impact on the time taken to complete audit work. Remote working meant that audit tasks took longer than usual as the audit team were unable to access staff, records and systems as readily as when physical access was available. Although later than first planned, the audit was completed and the annual accounts were signed off in line with the Scottish Government's revised deadline permitted to reflect the impact of Covid-19.

### **Our audit opinions on Section 106 charities are unmodified**

**25.** Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of East Dunbartonshire Council are sole trustees, irrespective of the size of the charity.

**26.** The council has made good progress in reducing the number of charitable trusts where it is the sole trustee in recent years from seven in 2015/16 to two in 2020/21. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that:

- the financial statements properly present the section 106 charities' financial position and are properly prepared in accordance with charities legislation
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

**27.** Our audit opinions on the two Section 106 charities are unmodified.

### **There were no objections raised to the annual accounts**

**28.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The council complied with the regulations. There were no objections to the 2021/22 accounts.

### **Overall materiality is £4.9 million**

**29.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming

the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

**30.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**31.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#). However, these changes were not significantly different from our planned levels and did not impact on our audit approach.

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## Exhibit 1

### Materiality values

Materiality	Council	Group
<b>Planning materiality</b> – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2022 based on the latest audited financial statements for 2020/21.	£4.918 million	£4.984 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 50% of planning materiality.	£2.459 million	£2.492 million
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.1 million	£0.1 million

Source: Audit Scotland

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## Significant findings from the audit of the annual accounts are reported in Exhibit 2

**32.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no significant findings to report around the qualitative aspects covering accounting policies, accounting estimates and financial statements disclosures.

**33.** The significant findings are summarised in [Exhibit 2](#). Where a finding has resulted in a recommendation to management, a cross reference to the action plan in [Appendix 1](#) has been included.

## Exhibit 2

### Significant findings from the audit of the annual accounts

Issue	Resolution
<p><b>1. Accounting treatment of Covid-19 funding</b></p> <p>The Scottish Government continued to provide Covid-19 support funding to all councils in Scotland in 2021/22 through a number of different grant funding streams.</p> <p>The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued guidance on the expected accounting treatment and disclosure requirements for each grant to assess whether they were acting as the principal, i.e. the council is acting on its own behalf) or as an agent of the Scottish Government in the disbursement of the grants to third parties.</p> <p>Our review of the council’s accounting treatment against the LASAAC guidance noted the following error:</p> <ul style="list-style-type: none"> <li>• Low Income Pandemic Payments (£0.834 million) which was accounted for as principal but should have been treated as agency.</li> </ul>	<p><b>For information only.</b></p> <p>The error has been corrected in the accounts. There was no impact on the council’s overall net expenditure. The annual accounts now fully comply with the LASAAC guidance.</p>

Source: Audit Scotland

## Other audit findings

### Pension liability

**34.** Due to the material value, the movement in the year, and the significant assumptions used in the calculation of the pension liability of £87 million (£171 million in 2020/21) this was an area of audit focus. Our audit work on the pension disclosures in the accounts concluded that the assumptions used by the actuary were reasonable and are consistent with current market trends. Council officers considered the actuarial assumptions provided by the actuary to ensure that these are in line with local context and found these to be appropriate. No issues were identified as a result of our audit work.

## Annual review of land and property valuations

**35.** East Dunbartonshire Council, like the majority of Scottish councils, carries out a rolling revaluation programme, for all categories of land and property assets to be revalued at least every 5 years. For those categories of assets not revalued in 2021/22 the Chief Finance Officer has documented how the council has concluded that in the absence of a recent revaluation, the asset values in the annual accounts are fairly stated. This included consideration of assurance received from its valuer. In the view of the council, this confirmed there were no material fluctuations in the value of those land and property assets not revalued in 2021/22, since the previous revaluations reflected in the accounts. What the council considered to be a material fluctuation in market values, was not laid out by the council in advance of the valuers assessment. This is required to identify when a revaluation of assets is needed, to ensure the accounts values are free from material misstatement. Documentation of these considerations should be produced annually to ensure the revaluation programme is frequent enough to provide assurance that asset values are fairly stated in the accounts.

**36.** In addition to the above, the council is required to consider whether, for those assets not revalued in year, there are any indications that an asset may have been impaired. Indicators of impairment include an unexpectedly significant decline in an asset's carrying amount that is specific to the asset, evidence of obsolescence or physical damage to an asset. The council's Estates department undertakes an annual impairment review, we are satisfied that this took place in 2021/22. However, the evidence of this review needs to be more formally documented in future.

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### Recommendation 1

In future years the consideration of whether there has been a material movement in asset values, should include what percentage movement would trigger a revaluation. This should be done in advance of the review of market indices or assessment from the valuer.

A formal impairment review should be documented on an annual basis.

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### The council applied the statutory override for the accounting for infrastructure assets included in its property, plant and equipment assets

**37.** The Code of Practice for Local Authority Accounting in the United Kingdom (the Code) requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Where a component of an asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset.

**38.** Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets,

in large part due to data limitations, the Scottish Government approved a [Statutory Override - Accounting for Infrastructure Assets](#) that is applicable to 31 March 2024. The statutory override is formed of two parts:

- **Statutory Override 1:** For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- **Statutory Override 2:** For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

**39.** Where a local authority chooses to adopt either or both of the statutory overrides, this should be disclosed within the relevant note to the annual accounts.

**40.** East Dunbartonshire Council applied both parts of the statutory override in its 2021/22 annual accounts. As part of our audit, we reviewed the infrastructure assets disclosures and the related notes, including the relevant disclosure in the accounting policies. We are satisfied that these disclosures reflect the statutory override and adequately explain the approach adopted to readers of the accounts.

### **The council's management commentary provides a fair and balanced picture of its financial and service performance for the year**

**41.** Management commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. We have concluded that the Management Commentary that accompanies the council's 2021/22 financial statements provides a fair and balanced picture of the council's financial and service performance in year. Its contents are in line with guidance expectations.

### **Our audit identified and addressed the significant risks of material misstatement together with the other areas of audit focus reported in our 2021/22 Annual Audit Plan**

**42.** In our 2021/22 Annual Audit Plan we identified two significant risks of material misstatement to the financial statements on which we needed to focus our audit work. [Exhibit 3](#) (overleaf) sets out the risks and summarises the audit procedures we performed during the year to obtain assurances on it and the conclusions from the work completed.

## Exhibit 3

### Significant risks of material misstatement in the financial statements

Significant risk of material misstatement	Audit response to risk	Results
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>We assessed the design and implementation of controls over journal entry processing.</p> <p>We made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>We carried out detailed testing of journal entries with a focus on significant risk areas, including year-end and post-close down entries.</p> <p>We evaluated any identified significant transactions outside the normal course of business, identified through audit testing of income and expenditure and accruals.</p> <p>We reviewed accounting estimates for evidence of management bias including assessing any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	<p>We did not identify any instances of management override of controls through our audit work. No further audit work required.</p>
<p><b>2. Estimation in the valuation of land and buildings</b></p> <p>The council held land and buildings (including council dwellings), with a net book value of more than £573 million as at 31 March 2021. An external valuer carries out valuations of</p>	<p>We reviewed the information provided to the external professional valuer to assess for completeness.</p> <p>We evaluated the competence, capabilities, and objectivity of the professional valuer.</p> <p>Our review of the professional valuer's work confirmed the appropriateness of the methodology and assumptions</p>	<p>We did not identify any significant issues in relation to the valuation of land and buildings. No further audit work required.</p>

Significant risk of material misstatement	Audit response to risk	Results
<p>land and buildings on a five year rolling basis.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p>	<p>used. We did not identify any non-compliance with RICS guidance.</p> <p>We obtained an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred.</p> <p>We evaluated the approach the council has adopted to assess the risk that assets not subject to valuation are not materially misstated and considered the robustness of that approach.</p> <p>We tested the reconciliation between the financial ledger and the property asset register.</p> <p>We assessed the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of land and buildings.</p>	

Source: Audit Scotland

**43.** In our audit plan, we also identified one wider audit dimension risk for this year's audit as part of our responsibilities under the [Code of Audit Practice 2016](#). The audit findings on this risk, Covid-19 recovery and transformation, is included in this report. [Appendix 2](#) summarises the audit procedures we performed during the year to obtain assurances over this risk and the conclusions from our work.

### **Identified misstatements in the accounts were adjusted in the accounts, these were less than our performance materiality and we did not need to revise our audit approach**

**44.** There were a number of adjustments to the unaudited financial statements arising from our audit which were above our reporting threshold. All adjusted errors related to classification errors within the notes to the accounts and as such there was no net impact of these adjustments on the deficit on the provision of services or net assets. We have concluded that the misstatements identified arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. There were no unadjusted errors in the annual accounts which exceeded our reporting threshold.



## **The council has addressed our prior year recommendation**

**45.** The council has addressed our prior year audit recommendation and an update is provided in [Appendix 1](#).



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## 2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

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### Main judgements

Financial management is effective with a budget setting process focused on the council's priorities.

Overall, the council delivered services within budget in 2021/22, an underspend of £13.892 million is reported against the total general fund budgeted net expenditure.

The Covid-19 pandemic continues to have a significant impact on the council's finances. £14.5 million was spent on Covid-19 costs and funding of £18.5 million was received in 2021/22. With funding carried forward from last year, £11.3 million of Covid-19 funding is unspent and carried forward to 2022/23. Of this, £2.623 million is held in earmarked reserves to provide cover for Covid-19 recovery in 2022/23.

Despite the underspend against budget, usable reserves decreased by £3.5 million. The non-earmarked reserves are in line with the target 2 per cent of budgeted net expenditure considered prudent in the council's reserves strategy.

Systems of internal control operated effectively in 2021/22. There were a small number of areas where controls could be strengthened.

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### Financial management is effective

**46.** The council has a well established budget setting process that supports elected members to develop and scrutinise savings plans and understand the impact of proposed service changes. The council's budget is aligned to its strategic service structure and reflects its overarching objectives. The council has agreed a consistent set of principles with officers applying these consistently throughout the budget-setting process. During this process, officers provide briefings and training for elected members. The Chief Executive, Chief Finance Officer, and finance staff also work with members from all political groups to answer their queries and assist them to develop budget and savings proposals that reflect the council's priorities.

**47.** The annual budget setting is normally informed by a public consultation exercise. There was no public consultation completed for the 2021/22 budget due to Covid-19 restrictions, however the outcomes from the 2020/21 budget consultation exercise were applied in 2021/22. The 2021/22 budget was seen as a ‘holding budget’ that was still reacting to changes resulting from the Covid-19 pandemic.

**48.** In February 2021, the council approved the Prioritising Our Services, Prioritising Our Resources: General Fund Revenue Budget 2021/22 report. The budget totalled £268 million to be spent on services, an increase of £16 million compared with the previous year. The budget was based on a freeze on council tax. The council deferred the implementation of efficiency savings in 2021/22 as the savings proposals agreed prior to the pandemic may not have supported recovery and renewal from Covid-19. Instead, the council have taken this time to review its options on how best to prioritise funding for its services, with the use of reserves effectively underwriting this future planning process.

**49.** The 2021/22 budget used the previous year’s budget as a baseline and included uplifts for known increases, but there were no significant changes in policy or council activities, as the council was still in the reactive phase of the Covid-19 pandemic. The council reflected the freeze on council tax levels and there were no increases applied on any council fees and charges. Provision was made for anticipated Covid-19 costs.

**50.** It was planned that the projected financial gap of £7.4 million would be funded from reserves, the application of financial flexibilities and a refreshed transformation programme.

### **Costs relating to the Covid-19 pandemic totalled £14.5 million in 2021/22**

**51.** The 2021/22 financial year was the second full year of the pandemic. The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**52.** The council carried forward Covid-19 funding of £7.260 million from the previous year and received £18.5 million funding in 2021/22 (£24.4 million in 2020/21). £14.5 million has been spent on Covid-19 costs in 2021/22. £11.3 million remains unspent which will be carried forward to 2022/23. Of this, £2.623 million is held in earmarked reserves to provide cover for Covid-19 recovery in 2022/23.

### **The council received £18.5 million of direct funding, and administered £7.8 million of agency income, provided by the Scottish Government, to alleviate the impact of the pandemic on individuals, businesses, and the economy**

**53.** Throughout 2021/22 the council has played a key role in supporting individuals and families through the financial burden of the pandemic. This

included facilitating support for those self-isolating, provision of free school meals and funding for education recovery.

**54.** In addition, the council was responsible for administering £7.8 million to local applicants as part of the various business support grant schemes. Due to grant conditions, these business support funds are considered to represent an agency agreement. Agency payments are those paid out by the council on behalf of another organisation, in this case the Scottish Government. As such, the £7.8 million does not appear in the council's annual accounts, but it is disclosed in the management commentary.

### The council reported an underspend of £13.892 million against its 2021/22 general fund budget

**55.** The council underspent against its budget in 2021/22. An underspend of £13.892 million is reported against the total general fund budgeted net expenditure of £302.155 million. This underspend is net of a £1.141 million overspend in relation to services provided on behalf of East Dunbartonshire Integration Joint Board (IJB). £13.159 million of the underspend relates to the council's Covid-19 budget and is due to unspent funds in relation to ring-fenced grants including Discretionary Funds, Business Support and Low Income, Bridging Payments and Self-Isolation Payments. These have been carried forward for use in future years. The other main areas of underspend are described in [Exhibit 4](#). Due to this underspend, the planned use of reserves was not required.

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#### Exhibit 4 Summary of significant underspends against budget

Area	£m	Reason for variance
<b>Underspends</b>		
Debt Charges	£1.564m (13%)	Debt charges were lower than planned due to reduced borrowing as the capital programme was delayed due to Covid-19.
Education	£1.939m (2%)	The Education underspend relates to underspends in employee costs, supplies and services and payments to agencies and other bodies offset by the underachievement of early years income due to Covid-19.

Source: East Dunbartonshire Council 2021/22 Annual Accounts and 2021/22 Financial Outturn Report (June 2022)

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**The council's usable reserves have decreased by £3.5 million. The non-earmarked reserves are in line with the target 2 per cent of budgeted net expenditure considered prudent in the council's reserves strategy**

## Exhibit 5

### The council's usable reserves

Reserve	31 March 2021 (£ million)	31 March 2022 (£ million)
General fund non-earmarked	18.0	13.2
General fund earmarked	17.0	18.5
Housing revenue account	8.9	10.4
Vehicle repair and renewal fund	0.6	0.6
Capital fund	6.3	4.6
Central energy efficiency fund	0.2	0.2
<b>Total usable reserves</b>	<b>51.1</b>	<b>47.6</b>

Source: East Dunbartonshire Council 2021/22 Annual Accounts

**56.** The budget in 2021/22 showed that the council planned to use £7.4 million of reserves, £3.5 million was actually used.

**57.** [Exhibit 5](#) shows that, at 31 March 2022, non-earmarked reserves were £13.2 million. The council identified £5.9 million of this as a contingency reserve to meet unforeseen costs. This represented 2 per cent of the £293 million budgeted net expenditure for 2022/23. A target of 2 per cent is considered prudent by the council's Chief Finance Officer and set out in the council's reserves strategy.

**The housing revenue account balance reported a deficit of £3.310 million. After statutory adjustments the HRA balance increased by £1.479 million**

**58.** The council is required by legislation to maintain a separate HRA and to ensure that rents are set to a level which will at least cover the costs of its social housing provision. The income requirement for the HRA in 2021/22 was set at £14.571 million and was to be funded from council house rents. This resulted in a rent increase of 0.5 per cent.

**59.** In 2021/22, the council recorded a deficit on HRA services of £3.310 million which was mainly due to a shortfall in rental income received as a result of the Covid-19 pandemic. However, after applying statutory accounting adjustments there was an increase of £1.479 million on the HRA balance, resulting in a closing balance of £10.421 million at the year end. These statutory adjustments are required to remove

depreciation and impairment charges and to include loans fund costs, capital expenditure funded by the HRA and capital grants and contributions.

**60.** The council's current tenant rent arrears in 2021/22 were £1.099 million. The pandemic and continued restrictive engagement and escalation processes has seen rent arrears increase above the annual target set by the council in 2021/22 of £0.950 million. However, a focus on arrears collection has led to a decrease of arrears of 1 per cent from the level recorded in 2020/21 (£1.107 million). As a consequence, the HRA bad debt provision was reduced to £1.478 million in 2021/22 from £1.645 million in 2020/21.

**61.** The roll out of Universal Credit (UC), has fundamentally changed the payment mechanism for many tenants and put additional pressures on the Housing Service. In 2021/22 the council had over 1,100 tenants claiming UC with just over 250 of these payments being made directly to the council. Prior to the Covid-19 pandemic, the Housing service recruited an additional two officers to focus on mitigating the impact of UC and to target a reduction in rent arrears through being proactive with specific tenants, while also taking legal action when necessary for historic and non-responsive cases.

**62.** In addition to help improve collection rates, the Housing Service started using the Mobyssoft RentSense software application, which uses predictive analytics to assist prioritising resources through only identifying tenants requiring contact.

### **The council's long-term capital plans set out an ambitious capital investment programme but Covid-19 has impacted on its progress**

**63.** The council's capital investment plan is a core part of its overarching Prioritising our Services, Prioritising our Resources programme. It is a rolling ten-year capital plan that is aligned with the council's Capital Investment Plan and Treasury Management Strategy. The anticipated capital funding available for each of the next ten years is set out along with the expected sources of this funding and any related borrowing costs and the profile of borrowing repayments.

**64.** Covid-19 has had a significant impact on the 2021/22 general services capital plan. General services capital spending was £69 million compared with an initial budget of £96.3 million, which was subsequently revised downwards to £76.1 million for projects impacted by Covid-19 and anticipated project cashflows in 2021/22, which were rescheduled to 2022/23. The main area of slippage against the revised capital expenditure budget related to the new Additional Support Needs (ASN) school (£3.5 million), which has been rescheduled to 2022/23. Housing capital expenditure totalled £15.9 million against a revised budget of £17.5 million.

**65.** The council's General Services Capital Investment Plan 2022–2032 was approved in February 2022. The £401 million programme of work shows that £164 million (41 per cent) of spending is projected to be incurred in the next two

financial years. The council's Housing Capital Investment Plan covers a five-year period and includes planned expenditure of £138 million, of which £89 million relates to new build housing. The council's Strategic Housing Investment Plan (SHIP) 2022/23 – 2026/27 outlines how the council and its partners, including Registered Social Landlords (RSLs) and housing developers, will deliver more affordable homes in the area. The SHIP shows that 1,149 new homes are planned to be delivered by the council and its partners over the next five years. The 2021/22 HGIOS report for the Housing Service highlighted that the number of new affordable houses completed in the year was 88 against a target of 70.

## Financial systems of internal control operated effectively

**66.** As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**67.** Our findings were included in our 2021/22 management report that was presented to the Audit and Risk Management Committee in June 2022. Our report identified a number of areas where improvements could be made to existing procedures or where controls are not operating as expected, which we do not consider to be significant in terms of their impact on the council's ability to report financial and other relevant data in the financial statements. We did however identify some areas where additional audit testing was required to gain the necessary assurance for the financial statements audit. Our testing focused on the review of year end reconciliations between the general ledger and its feeder systems and the validity of Council Tax reliefs & discounts. No issues were identified from this additional testing.

**68.** The annual governance statement in the council's 2021/22 annual accounts refers to the fact that, on the basis of work completed by Internal Audit in 2021/22, the council's internal control procedures were generally found to operate as intended with reasonable assurance being provided on the integrity of these controls.



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## 3. Financial sustainability

Financial sustainability looks forward to the medium and long-term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered.

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### Main judgements

Achievement of the 2022/23 budget is challenging. The projected financial gap of £6.970 million will be funded from reserves in the first instance, with the application of financial flexibilities and a refreshed organisational transformation programme later in the year.

The local government pay settlements will add to the financial pressures on all councils.

The latest medium-term financial plan, which sets out the budget to 2026/27, includes scenario planning and highlights the fragility of council finances to underlying assumptions.

The 'East Dunbartonshire Forward in Partnership – A Renewed Approach to Strategic Planning and Performance' paper included a number of reports which set out the council's new approach to strategic planning and performance.

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### **The council's projected financial gap in 2022/23 is almost £7 million which will be met mainly through the use of reserves. The council plans a refreshed organisational transformation programme later in the year**

**69.** In February 2022 the Council approved its 'Prioritising Our Services, Prioritising Our Resources: General Fund Revenue Budget 2022/23' report. This provides details of the 2022/23 budget which was set at £293.231 million with a financial gap of £6.970 million. The budget is linked to the 2017-2027 Local Outcomes Improvement Plan (LOIP) and the three year rolling Business and Improvement Plans (BIPs) of the council's strategic service groups. An updated public budget consultation took place from August to November 2021 to inform the 2022/23 budget setting process.

**70.** The report highlights that the financial gap would be closed through the use of the council's Prudential Reserve in the first instance, which is consistent with the prior year and council strategy, as well as the application of financial flexibilities and a refreshed organisational transformation programme later in the year. The report also notes that this approach remains manageable within the council's overall finances.

## The council is projecting an overspend in 2022/23. The local government pay settlements will add to the pressures

**71.** The General Fund Revenue Monitoring Report to Period 3 of 2022/23 was presented to the Policy and Resources Committee meeting in August 2022. The report highlights a potential consolidated overspend (including the IJB) in 2022/23 of £5.950 million. Excluding the IJB overspend, this reduces the projected overspend to £2.721 million. The report stresses that the financial position may be impacted by a number of factors such as the in-year pressures of Covid-19, cost of living, EU withdrawal and the conflict in Ukraine.

**72.** The report also notes that the 2022/23 budget was balanced on the anticipated application of savings generated through the application of a number of fiscal flexibilities including:

- the use of a proportion of the capital grant for revenue purposes
- applying a one year loans fund repayment holiday
- the use of capital receipts to fund revenue expenditure
- a review of service contract arrangements.

**73.** Those flexibilities of most use to the council continue to be the subject of discussion with the Scottish Government and as such may not be applied as intended during 2022/23. Given the circumstances, the council may be required to rely on its reserves position at the end of 2022/23 unless further funding is received to accommodate.

**74.** A Financial Planning and Budget Update 2022/23 report was presented to the September 2022 meeting of the Council. The report provided an update on the issues reflected above and also on the pressures on from pay inflation from local government pay settlements. The council will reflect additional pay costs into future projections when the impact becomes clearer.

## The council's medium-term financial plan covers the period up to 2026/27

**75.** An updated financial plan that extended the timeline from 3 to 5 years up to financial year 2026/27 was presented to the Council on 4 November 2021. This includes scenario planning and highlights the fragility of council finances to underlying assumptions.

**76.** A paper was presented to a meeting of the Council on 23 June 2022, which was entitled 'East Dunbartonshire Forward in Partnership – A Renewed Approach to Strategic Planning and Performance'. This included a report which provides a financial planning and budget update for 2022/23. This report highlights ongoing and future risks in relation to financial sustainability, with references to the Accounts Commission's Local Government in Scotland Overview 2022 report and the Scottish Government Spending Review published on 31 May 2022. Whilst the information within the Scottish Government Spending Review did not provide allocations to individual councils, the



implications were a flat cash allocation against increasing inflation including pay pressures. Officers are of the view that this will have far reaching implications for councils with significant deviation in the gap until further clarity is provided by the Scottish Government. Although the council's risk based report sets parameters until 2026/27, it remains challenging for the council to assess any future gaps outwith these dates due to the limited information and longer term commitments.

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## Good Practice

The council has renewed its approach to strategic planning and performance during 2022/23.

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**77.** The 'East Dunbartonshire Forward in Partnership – A Renewed Approach to Strategic Planning and Performance' paper included a number of reports which set out the council's new approach to strategic planning and performance, with recommended strategic priorities to support the council, its citizens and local businesses collectively recover from the impact of Covid-19 in a post-pandemic environment.

**78.** The reports included within the paper were:

- The [Local Government in Scotland Overview 2022](#) report published by the Accounts Commission in May 2022 and the [supplemental checklist designed to support elected members](#) in scrutinising and understanding how well their council is planning recovery and renewal
- Financial planning and budget update 2022/23 which highlights ongoing and future risks in relation to financial sustainability, with references to the above Accounts Commission report and the Scottish Government Spending Review published on 31 May 2022
- Progress made on the review and refresh of Place Plans which highlights that a report will be presented to a future meeting of the Community Planning Partnership Board for its consideration and approval
- Renewed approach to strategic planning and performance: "East Dunbartonshire Forward in Partnership" and the refreshed priorities for the council for the period 2022-2027 detailing the Council's commitment and approach to delivering its strategic outcomes
- Strategy and transformative agenda for developing the organisation and workforce of the future to enable the council to respond to current and future challenges and to ensure it is aligned to deliver the council's strategic priorities. The report includes references to the above Accounts Commission report also notes the summary outcomes of the 2019 Employee Survey and the launch of the 2022 Employee Survey.

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# 4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information.

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## Main Judgements

Following the May 2022 local government elections, the council has a new administration. An effective training programme is in place to support new and returning elected members.

The council has effective governance arrangements in place that support good governance and accountability. The council conducts its business in an open and transparent manner.

The council has appropriate arrangements in place to prevent fraud and corruption.

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## Following the May 2022 local government elections, the council has a new administration

**79.** Following the local government elections in May 2022, 22 members representing the 7 multi-member wards were elected across East Dunbartonshire. The political composition is as follows:

- Conservative - 3
- Labour - 4
- Liberal Democrats - 6
- Independent - 1
- Scottish National Party – 8

**80.** In May 2022, at the first meeting of the new council, a Scottish National Party-led administration was put in place succeeding the previous Conservative and Liberal Democrats coalition who led the council in the previous administration.

## The council has an effective training programme to support new and returning elected members

**81.** The council has a training programme to support elected members to perform their role effectively. This includes a comprehensive induction programme for new elected members, ad hoc training provided by each strategic service and member seminars.

**82.** Since the local government elections in May 2022, both newly elected and returning members have taken part in a number of training courses, including a comprehensive induction programme. This comprised of welcome sessions, outlining members' key roles and responsibilities as councillors together with specific training on areas such as audit and risk management training and local government finance training. The council has put in place an ongoing training plan with this updated as required during the year.

**83.** Members have a responsibility to take advantage of the training opportunities provided to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles.

## Overall governance and accountability arrangements were effective

**84.** Elected 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. The governance and accountability arrangements we consider include:

- council and committee structure
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

**85.** No significant risks were identified from our review of the governance and accountability arrangements in the council.

## The governance arrangements have evolved to respond to the challenges from the Covid-19 pandemic

**86.** The impact of Covid-19 is set out in the Annual Governance Statement in the council's annual accounts. Changes were made to the governance arrangements to allow the council to respond to the unprecedented nature and scale of the threat to its communities and staff.

**87.** All non-essential committee business was deferred. Powers were delegated to the Chief Executive (and Depute Chief Executives in his absence) from 18 March 2020 (Command and Control arrangements). The Chief Executive provided updates to elected members at weekly briefings for political group leaders. Officers also provided fortnightly service update technical notes for elected members; and the CMT continued to liaise with political group leaders and the joint administration leadership team.

**88.** Council meetings were reintroduced in August 2020 in a virtual format as Special Council meetings which replaced service committee meetings which had been suspended. Service committee meetings resumed in November 2020 in a virtual format. The arrival of the second wave of the pandemic and the related Scottish Government announcement on Monday 4 January 2021 of enhanced 'Stay at Home' restrictions resulted in revisions being reintroduced, with the suspension of committees and boards until May 2021.

**89.** Council and Special Council meetings continued throughout 2021 as scheduled with a fuller resumption of committees commencing in August 2021 as a step towards the council's Covid-19 recovery, with the inclusion of scrutiny panels and other meetings which had not taken place since March 2020.

**90.** However, the emergence of the Omicron variant in late 2021 and the subsequent pressures on services resulted in the cancellation of the Audit and Risk Management Committee and Policy & Resources Committee during January 2022. Furthermore, in March 2022 certain other committees were also cancelled, with this being accompanied by a return to Command and Control arrangements. The March 2022 committee meetings were stood down due to the planned limitation in business as a result of the upcoming local government elections in May 2022. Nonetheless, Council continued to meet throughout this period to consider any urgent business.

**91.** Since the start of the Covid-19 pandemic, if officers have produced reports that do not need a specific decision and are for 'noting', these have been discharged via technical notes. This change was implemented to reduce the number of papers going to each Special Council meeting while the committee structure was suspended. A technical notes section was developed on the council's website, where relevant documents have been uploaded since April 2021.

**92.** A fuller return to committees commenced in June 2022 and it is anticipated that 2022/23 will see a return to governance arrangements including a full committee cycle.

### **The council conducts its business in an open and transparent manner**

**93.** There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions and is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

**94.** There is evidence from several sources which demonstrate the council's commitment to transparency. We have concluded that the council conducts its business in an open and transparent manner, evidence of this includes:

- Since March 2020, virtual meetings of the full Council have been streamed live online using YouTube
- The use of social media channels and YouTube with video presentations to seek to engage with residents
- Minutes of committee meetings and supporting papers are readily available on the council's website
- Elected members, council staff and stakeholders are kept up to date on how the risks of the pandemic are being mitigated and managed by the council through frequent technical notes, employee newsletters and Depute Chief Executive updates (including Covid-19 service updates) posted on the council's website
- The website includes a wide range of information including the annual accounts, register of members' interests, current consultations and surveys, and how to make a complaint
- The council publishes an annual public performance report which provides an overview of performance across all council services. This is available on the council's website.

### **Internal audit operates in accordance with Public Sector Internal Audit Standards**

**95.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carried out an assessment of the internal audit function at the council.

**96.** The internal audit function has sound documentation standards and reporting procedures in place and complies with the Public Sector Internal Audit Standards (PSIAS). We also reviewed the council's internal audit arrangements in accordance with International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could rely on specific areas of work of internal audit to reduce our audit work on key financial systems. From our initial review of the internal audit plans, we planned to consider the findings of Internal Audit across a range of work including I-Proc controls and grant funding received in order to provide additional audit intelligence and background information for our audit. However, this work has been delayed and will be carried out during 2022/23. The delay of this work has not impacted on our audit opinions.

**97.** The 2021/22 Internal Audit Annual Report was presented to the Audit and Risk Management Committee meeting held in June 2022. The report highlights

that as at the end of March 2022 a total of 35 (95 per cent) of 37 planned outputs were completed.

**98.** The report refers to internal audit's 2021/22 follow up work. It highlights 2 outstanding actions rated as high risk which relate to contract management and the contractual status of Social Work expenditure:

- **Contract Management:** A review of the contract and supplier management process is ongoing to develop a consistent and effective council wide approach. This work has been paused due to resourcing challenges within the service. Actions will be taken forward in respect of reviewing processes, guidance, documents, training provision and ICT systems to assist contract and supplier management. No revised action date reported.
- **Contractual Status:** The agreed action of reducing the number of Social Work service providers not on contract is in progress, and a new Planning & Service Development (P&SD) structure is in place. Recruitment is underway into the new structure, with the Manager and Team leaders having been appointed. To fully address this risk further discussion is required between Procurement, Legal and P&SD to agree actions to monitor spend on the contract tracker. A review of the spend going through the general ledger will be carried out and any uncommissioned spend will be included on an updated contract. March 2023 is the revised action date.

**99.** The internal audit team continue to follow up all outstanding actions with executive officers and senior management to ensure that residual issues are addressed.

### **An investigation relating to allegations within social work services at the council has been concluded**

**100.** An investigation relating to allegations on the treatment of staff within social work services at the council has been concluded. The findings were shared with appropriate stakeholders during December 2021 and a wider action plan was prepared to address the recommendations from the report and the areas for improvement, which included communications and training for line managers. The implementation of the action plan is being overseen by the council's Chief Solicitor and Monitoring Officer. Officers have been engaging with the relevant trade unions officials on the key themes within the report.

### **Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate**

**101.** The council has arrangements in place designed to maintain standards of conduct including codes of conduct for members and officers. There are also established procedures for preventing and detecting bribery and corruption including a Corporate Fraud & Corruption Policy and an Anti-Bribery Policy.

**102.** Senior officers are required to complete an annual form providing any relevant details for inclusion in a separate register of interests. The council's Chief Solicitor and Monitoring Officer is responsible for preparing and maintaining this register of interests.

**103.** Instances of fraud and corruption can be particularly prevalent in the procurement function. Controls to manage the risk of fraud in procurement include the: SFI's, Code of Conduct, Scheme of Delegation, Internal Audit, controls around segregation of duties regarding the contract management process, a gifts and hospitality policy, gifts and hospitality registers for elected members and senior officers and non-collusion declarations within procurement request forms.

**104.** The 2021/22 Fraud Performance Outcomes report was presented to the Audit and Risk Management Committee in June 2022. The report highlighted that the Corporate Fraud Team's achievements in 2021/22 included the identification of:

- Non-Domestic Rates (Business Rates) liability evaded of £540,569 (up from £15,538 in 2020/21)
- Council Tax discounts, evasion, exemptions and reductions with a value of £194,344 (up from £32,524 in 2020/21)
- Preventative work with Housing Services resulted in 85 offers of tenancies being withdrawn (up from 27 in 2020/21)
- 16 Education registration applications refused/withdrawn (up from 8 in 2020/21)
- 4 Licences refused/revoked/surrendered or application withdrawn (up from 2 in 2020/21)

**105.** The report notes that the above results were higher than the previous year due to a number of reasons but mainly the fact that the 2021/22 results include findings from the biennial National Fraud Initiative (NFI) data matching exercise to identify fraud and error.

**106.** We concluded that the council has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any other specific issues we require to bring to your attention.

### **Arrangements in place for investigating and reporting data matches identified by the National Fraud Initiative are satisfactory**

**107.** The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. Audit Scotland coordinate NFI in Scotland. Computerised techniques are used to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.



**108.** The council has processes in place to ensure cases are reviewed timeously. We highlighted in our 2021/22 Management Report, presented to the meeting of the Audit and Risk Management Committee in June 2022, that as of the end of February 2022, the council had investigated 99.7 per cent of all recommended matches with only 5 individual cases still under investigation.

**109.** We have concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.



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# 5. Best Value

Using resources effectively and continually improving services.

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## Main judgements

The council's Best Value Assurance Report (BVAR) published in September 2021 concluded that the council had demonstrated a good pace of improvement since the last Best Value audit in 2017. Good progress has been made with the improvement action plan agreed in response to the report.

The council has a comprehensive performance management framework, with service performance being regularly reported to elected members.

Service performance has been impacted by Covid-19 in some areas but the annual 2021/22 How Good Is Our Service (HGIOS) reports show that the council was on track to achieve many of its performance targets.

The council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas. The cost of waste management and some aspects of the housing service are areas highlighted for improvement.

60 per cent of the council's 2020/21 LGBF performance indicators are in the top two quartiles of Scottish councils which is a slight decrease from 2019/20 (62 per cent). However, the proportion of council indicators in the bottom quartile has risen from 8 per cent in 2019/20 to 16 per cent in 2020/21. Education services are performing particularly well even in the council's most deprived areas.

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## **The council's Best Value Assurance Report published in September 2021 concluded that the council had demonstrated a good pace of improvement since the last Best Value audit in 2017**

**110.** Best Value is concerned with using resources effectively and continually improving services. Best Value is assessed over the audit appointment as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council is considered by the Accounts Commission at least once in this period. The [BVAR for East Dunbartonshire Council](#) was published by the Accounts Commission in September 2021 and concluded that the council had demonstrated a good pace of improvement since the previous Best Value audit in 2017. It also highlighted that the council recognises that its pace of improvement needs to be maintained as services adapt to the Covid-19 recovery phase.

## Good progress has been made in implementing the improvement action plan agreed in response to the BVAR

**111.** The BVAR was considered by the Council on 4 November 2021, together with an action plan addressing the improvement recommendations in the report. This included the proposed timescales for implementation of the actions. The report included five recommendations which were endorsed by the Accounts Commission. An update on progress against the action plan was reported to the Council on 22 September 2022. [Exhibit 6](#) sets out the BVAR recommendations, the planned management action reported to the Council on 4 November 2021, the progress reported to Council on 22 September 2022 and the progress noted from our follow up audit work in relation to each recommendation.

### Exhibit 6

#### Council response and progress to date for recommendations in BVAR

Recommendation	Council response (November 2021) and progress to date
<p><b>1. The Local Government Benchmarking Framework reports to elected members should include a link to Business and Improvement Plans for those indicators where performance is identified for improvement.</b></p>	<p><b>In progress</b></p> <p>Management action - The council's performance improvement actions plan sets out future planned activity in relation to the Business Improvement Planning. Guidance is currently being prepared for with improvements being implemented for the financial year 2022/23 onwards.</p> <p>The revised format will ensure that any priority indicators identified in the LGBF are assigned Improvement actions and targets in the BIPS as appropriate. <b>Target Date: 31 March 2022.</b></p> <p>Progress to date – The council introduced a requirement that all bottom quartile LGBF indicators should be included as priority indicators in the relevant strategic services' BIPs for 2022/23 but they are not linked to specific improvement actions. This will be addressed in the 2023/24 BIP guidance. Officers carried out follow up work on understanding of the context of lower performing LGBF indicators for 2019/20 and provided a report to elected members in August 2021 outlining the context of these lower performing indicators and improvement narrative for each indicator. This has also been included in the main analysis of 2020/21 LGBF indicators presented to the meeting of the Council in September 2022. See paragraphs 121 and 126.</p>
<p><b>2. The 'Performance and Governance' section of the council's website should be improved in line with the commitment made in the Corporate Performance Improvement Action Plan</b></p>	<p><b>Complete</b></p> <p>Management action - In line with aspirations outlined in the performance improvement action plan and feedback from discussions with auditors, the council's performance pages have now been updated on the website in a format consistent with best practice allowing for a more user friendly experience and</p>

Recommendation	Council response (November 2021) and progress to date
<p><b>2021/22. The presentation of performance information should be enhanced to make it easier for citizens to see how the council is performing overall.</b></p>	<p>easier access to performance data for our citizens. <b>Target Date: 21 October 2021.</b></p> <p>Progress to date - From review of the council's website, the Performance webpage now shows the following information:</p> <ul style="list-style-type: none"> <li>• Local Outcomes Improvement Plan (LOIP) 2017-2027</li> <li>• Working with the People of East Dunbartonshire</li> <li>• Service Level Business Improvement Planning (BIPs)</li> <li>• Annual Performance Report</li> <li>• How Good is Our Service? Performance Reporting</li> <li>• Performance Indicators</li> <li>• Local Government Benchmarking Framework</li> <li>• Best Value Reports</li> <li>• Focus on Performance: Case Studies</li> <li>• Infographic Video on Year End Performance</li> <li>• Customer Service</li> <li>• Complaints</li> </ul> <p>There has been an improvement on the information and each section heading includes a short description and hyperlinks to related reports. The council's performance framework involves multiple reports so having all of these linked to the Performance webpage aids the easy access of its stakeholders. Further improvements are planned during 2022/23 with the introduction of monthly performance reporting and less reliance on PDF documents on the website in line with best practice.</p>
<p><b>3. Officers are planning to update the medium-term financial plan to reflect the impact of Covid-19. Once this has been completed, the council should consider developing a long-term financial plan which includes forecasts of its financial position in the years ahead.</b></p>	<p><b>In progress</b></p> <p>Management action - The council will review the outcomes of the updated financial planning exercise with extended timelines and an assessment of the financial gap over 5 rather than the existing 3 years. The council's existing long term plan will be reviewed thereafter. <b>Target Date: 4 November 2021 initially and June 2022 for the long term plan.</b></p> <p>Progress to date – As noted in paragraphs 75 and 76, an updated financial plan that extended the timeline from 3 to 5 years up to financial year 2026/27 was presented to the Council on 4 November 2021. This includes scenario planning and highlights the fragility of council finances to underlying assumptions. Although the council's risk based report sets parameters until 2026/27, it remains challenging for the council to assess any future gaps outwith these dates due to the limited information and longer term commitments.</p>

Recommendation	Council response (November 2021) and progress to date
<p><b>4. The corporate risk register should be updated to reflect the councils risks in the Covid-19 recovery phase. Regular review of the corporate risk register by elected members should be introduced.</b></p>	<p><b>In progress</b></p> <p>Management action - Work to update the corporate risk register in collaboration with the Senior Management Team will be a priority in Quarter 3 of 2021/22 with a view to having the corporate risk register formally submitted to Council for consideration by the end of January 2022. <b>Target Date: 31 January 2022.</b></p> <p>Progress to date – Whilst an update of the corporate risk register was scheduled to go to the first meeting of Council following Summer recess in September 2022. This was delayed to facilitate a fundamental review of the risks to reflect the revised strategic priorities, and other recent changes with inflation and the cost of living crisis. Officers now plan to present the updated corporate risk register to the November 2022 Council meeting.</p>
<p><b>5. The council should work with the CPP to revise the LOIP annual progress reports to include a summary of progress against the outcome performance indicators.</b></p>	<p><b>In progress</b></p> <p>Management action - A comprehensive review of the Place / Locality Plans has commenced. In addition, and in order to support this review the council is currently undertaking the 'Your Voice Matters' budget consultation and engagement which will support identifying public and community priorities.</p> <p>The plans thereafter include the review the LOIP through a Covid lens and ensure priorities are relevant and updated as required. This should all support the commitment to incorporate the improvements highlighted, and to incorporate performance progress against the indicators. <b>Target Date: Place/Locality Review, Outcomes of Budget Consultation, Review of the LOIP and Incorporation of these in progress and outcome performance indicators going forward - Complete Autumn 2022.</b></p> <p>Progress to date - Paragraph 78 highlights that a paper presented to the Council meeting on 23 June 2022 included a report which provides an update on the progress made on the review and refresh of the Place Plans and notes that a report will be presented to a future meeting of the CPP Board for consideration and approval.</p> <p>This review of the Place Plans is nearing completion and includes indicators to demonstrate impact in relation to key priorities. Thereafter, the intention is to review the LOIP taking into account increases in the cost of living, ensuring priorities are relevant and incorporate performance monitoring and reporting demonstrating the impact in relation to reducing inequality and poverty, against measurable indicators. This is planned for Autumn 2022. At the meeting of the CPP Board on 29 September 2022 update reports were provided in relation to the review of Place Plans and the LOIP.</p>

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Source: East Dunbartonshire Council Best Value Update Report to Council (22 September 2022) and Audit Scotland Follow Up Work

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**112.** The council's incoming external auditor will continue to monitor progress against the Best Value Assurance Report action plan, and the impact of the actions taken, as part of their 2022/23 audit.

### **The council has a comprehensive performance management framework, with service performance being regularly reported to elected members**

**113.** The council has a comprehensive performance management framework. Performance information is reported to members as part of the How Good Is Our Service (HGIOS) reports. These reports are presented to the relevant strategic service committee. They include reports of progress against performance targets linked to the Local Outcomes Improvement Plan (LOIP) priorities. The reports are used to identify areas of good practice and help drive action where improvement is needed. Performance targets set out in each services' Business and Improvement Plan (BIP) are reviewed annually to ensure that they are challenging and driving continuous improvement in service delivery.

**114.** HGIOS reports include the following sections:

- Local delivery story.
- Progress of prioritised performance indicators (including absence management).
- Progress on BIPs' areas for improvement.
- Progress of financial targets.
- Stakeholder engagement activity.
- Plans, policies, programmes and strategies.
- Improvement activities.
- Current delivery focus.

**115.** During 2021/22 the HGIOS reports for Quarters 1 and 2 were presented to the relevant strategic service committees and added to the council's website timeously after approval by each committee. The 2021/22 annual HGIOS reports for each strategic service group were presented to the relevant strategic service committees during June 2022 and added to the council's website.

**116.** During 2021 the council reviewed its strategic planning and performance framework and the Corporate Performance Improvement Action Plan details planned actions including:

- moving from quarterly HGIOS reports to six monthly HGIOS reports
- transition to monthly performance reporting elected members by way of technical notes
- investigate options for an area-wide satisfaction survey to improve outcome measures
- regular reporting to relevant strategic committees, based on benchmarking of priority areas
- desk-based study of best practice and area-based data to inform service planning
- enhanced performance area on the website for improved public performance reporting.

**Service performance has been impacted by Covid-19 in some areas but the annual 2021/22 HGIOS reports show that the council was on track to achieve many of its performance targets**

**117.** The 2021/22 annual HGIOS reports for each strategic service group were presented to the relevant strategic service committees during June 2022. Progress against the council's 121 prioritised performance indicators is reported, and the results are shown in [Exhibit 7](#) overleaf. Of the 114 indicators that could be reported on, 59 per cent are on target, 13 per cent are within 5 per cent of target and 28 per cent are off target. This is an improvement on the 2020/21 results which were more affected by Covid-19.



## Exhibit 7

### Performance information for 2021/22

Strategic service group	On target	2–5% off target	Off target	Data not available*
Place, Neighbourhood and Corporate Assets				
Comprises the following strategic service groups:				
• Assets and Facilities	8	1	2	
• Housing	6	3	3	
• Land Planning and Development (including economic development)	4		5	2
• Neighbourhood Services	4		1	
• Place and Community Planning	2			3
• Roads and Environment	4		3	
• East Dunbartonshire Leisure and Culture Trust	4	1	1	
Education, People and Business				
Comprises the following strategic service groups:				
• Education	9	4	2	1
• Finance and Audit	5		2	
• Legal and Democratic Services	4	2	4	
• Organisational Transformation	3		5	1
• Customer and Business Support Services	4	2	3	
• Health and Social Care Partnership	10	2	1	
<b>Total</b>	<b>67</b>	<b>15</b>	<b>32</b>	<b>7</b>

Source: How Good Is Our Service reports 2021/22

\* Data for the indicators in this column are not available due to the impact of Covid-19, awaiting data being reviewed by the Scottish Government or no target set due to the nature of the indicator. These indicators include the number of targeted underage sales test purchasing visits for age restricted products, number of targeted co-production initiatives jointly delivered by the Community Protection Service and Police Scotland, number of interventions by environmental health and trading standards in response to Covid-19 and percentage of fire risk assessments completed to schedule.

**118.** The HGIOS reports explain why the indicators in [Exhibit 7](#) are off target, which provides information for scrutinising progress in the delivery of the BIP for each strategic service group. Areas identified for improvement include:

- Attendances for sports development was 10,109 against a target of 39,620, as schools were slow to return football and rugby programmes due to Covid-19
- Attendance levels of Looked After Children (LAC) attending all schools was 86 per cent against a target rate of 93 per cent
- The average length of time taken to re-let properties was 75 days against a target of 60 days
- Current tenant arrears which were £1.074 million at 31 March 2022 against a target of £0.950 million
- The number of jobs created through business support programmes was 137 against a target of 240
- The average number of days to settle public liability claims was 309 days against a target of 215 days.

**119.** In the 2021/22 HGIOS reports areas of good or improving performance include:

- The average number of days taken to fully process new Housing Benefit claims was 21 days against a target of 25 days
- The number of new affordable houses completed in the year was 88 against a target of 70
- The percentage of fraud investigations commenced within 10 days of assessment was 100% against a target of 100%
- The average time (working days) taken to respond to building warrant applications which was 18.68 days against a target of 20 days
- Attendances at leisure centres was 556,414 against a target of 478,460
- Exclusion rates of LAC attending all schools was 146 days lost against a target rate of 220 days lost.

## **The council uses the Local Government Benchmarking Framework to evaluate its performance**

**120.** The council uses the [Local Government Benchmarking Framework](#) (LGBF) data to analyse and report on its performance. As part of the September 2021 BVAR report covering 2019/20 LGBF data, officers committed to providing a further report explaining the planned improvement action to address underperforming LGBF indicators, particularly those indicators in the bottom quartile compared to other Scottish councils. The BVAR recommended (see [Exhibit 6](#) Point 1) that future LGBF reports to elected members should include a link to BIPs for those indicators where performance is identified for improvement.



**121.** In August 2021 officers provided a report to elected members outlining the context of the bottom quartile indicators and improvement narrative for each indicator. This has also been included in the main analysis of 2020/21 LGBF indicators presented to the meeting of the Council in September 2022 (see paragraphs below). In addition, the council introduced a requirement for Executive Officers to include all bottom quartile LGBF indicators within the indicator set in services' BIP for 2022/23 but they are not linked to specific improvement actions. This will be addressed by the council going forward.

**122.** The council's Chief Finance Officer is the lead for the Chartered Institute of Public Finance and Accountancy directors of finance group on LGBF matters and attends LGBF board meetings to advise on financial matters on behalf of the group.

### **The LGBF shows that the council's service performance in 2020/21 was impacted by the Covid-19 pandemic. While 46 per cent of indicators improved, the number of indicators in the bottom quartile has increased**

**123.** Officers provided an initial analysis report on the [2020/21 LGBF data](#) published by the Improvement Service to elected members in March 2022 with a covering technical note. The council's initial review of 2020/21 LGBF data highlights that the data covers the first year of the Covid-19 pandemic. The report notes the impact of Covid-19 has affected the core operating and delivery landscapes for councils and the performance and expenditure data should be interpreted with this in mind when comparing performance with previous years and across councils.

**124.** Following the publication of additional 2020/21 LGBF data by the Improvement Service in July 2022, officers produced a further analysis report which was presented to elected members in September 2022. This report shows that 46 per cent of comparable indicators demonstrating improved performance from the previous year. This is a decline from the 52 per cent of indicators in 2019/20 showing improvement from the previous year. These results do not include satisfaction data from the SHS for the rolling three year period 2018-2021 which have yet to be published.

**125.** The council's rank performance when compared across Scottish councils now reports 38 (37 per cent) of the council's indicators in the top quartile, compared to 39 per cent in 2019/20 and 60 per cent in the top half (62 per cent in 2019/20). However, the number of indicators in the bottom quartile has risen from 8 (8 per cent) in 2019/20 to 17 (16 per cent) in 2020/21. The indicators in the bottom quartile are spread across services and are as follows:

- Percentage of procurement spend spent on local enterprises
- Proportion of people earning less than the living wage
- Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting
- Percentage of rent due in the year that was lost due to voids

- Percentage of council dwellings meeting Scottish Housing Standards
- Net cost per waste collection per premise
- Net cost of waste disposal per premise
- Gender Pay Gap
- Cost per dwelling of collecting Council Tax
- Cost of museums per visit
- Cost of parks and open spaces per 1,000 population
- Cost per attendance at sports facilities
- Total useable reserves as a percentage of council annual budgeted revenue
- Uncommitted general fund balance as a percentage of council annual budgeted net revenue
- Actual outturn as a percentage of budgeted expenditure
- Percentage of adults supported at home who agree that they are supported to live as independently as possible
- Gross Value Added (GVA) per capita.

**126.** As noted earlier, the report provides narrative outlining the factors affecting these indicators and actions being taken to improve performance where it is within the council's influence.

**127.** The analysis report also compares the council's performance in 2020/21 against its LGBF family groups. This shows a similar picture with 58 per cent of indicators in the top half and 22 per cent of indicators in the bottom quartile (22 indicators) when ranked against the LGBF family groups.

### **Education services have been performing particularly well over a number of years even in the council's most deprived areas**

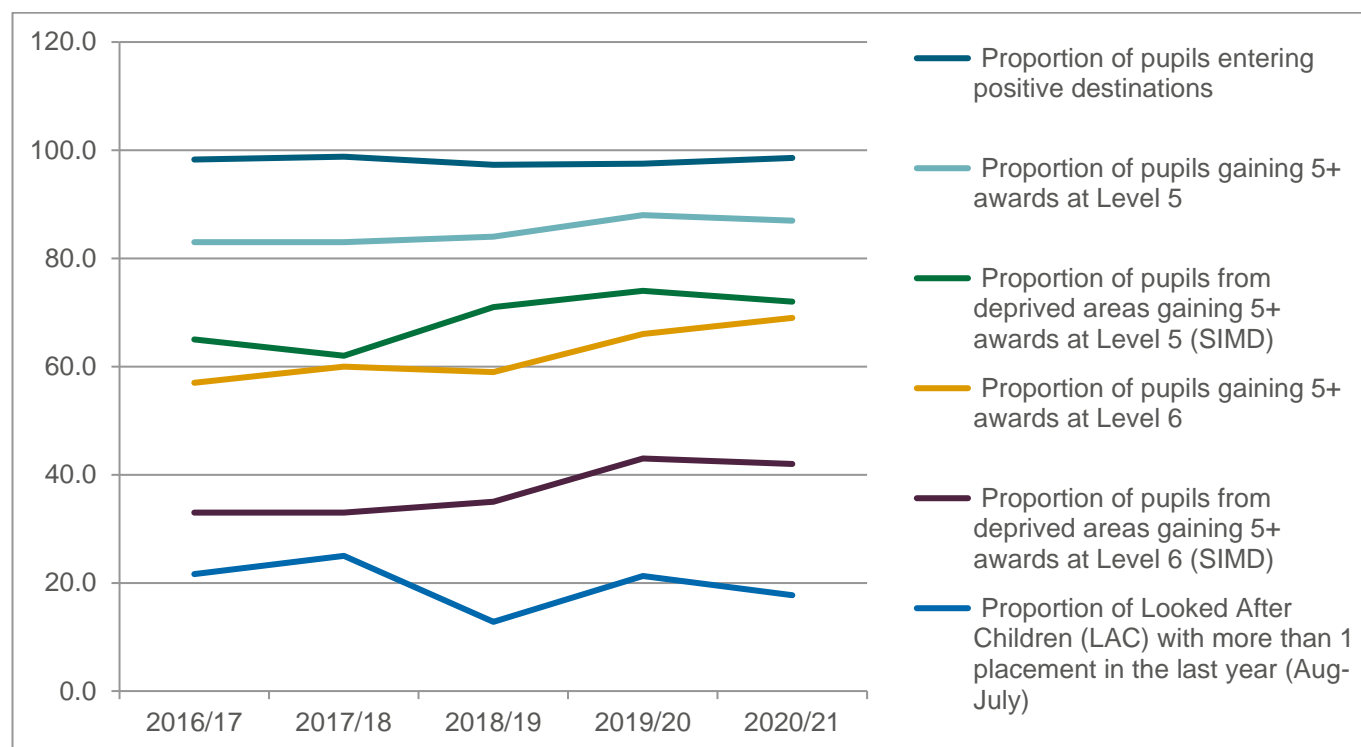
**128.** The council's Education Service has consistently performed particularly well. It makes a key contribution to LOIP priorities and outperforms the Scottish average.

**129.** In the year 2020/21, most of the council's LGBF Children's Services indicators were in the top two quartiles of performance. The council is ranked the highest in Scotland for the percentage of pupils entering positive destinations. The council is also ranked the second highest in Scotland for eleven of the Children's Services indicators, including the percentage of pupils gaining five or more awards at both level 5 and level 6, the percentage of pupils living in the 20 per cent most deprived areas gaining five or more awards at both level 5 and level 6 and the percentage of P1, P4 and P7 pupils combined

achieving expected CFE level in both literacy and numeracy. [Exhibit 8](#) shows the trends in the council's performance against a number of key education indicators since 2016/17.

## Exhibit 8

### Selected LGBF Children's Services indicators, 2016/17 to 2020/21



Source: Local Government Benchmarking Framework, Improvement Service 2022

## Areas of poorer performance include some housing services and the cost of some waste management services

**130. Waste management:** The LGBF indicators show that the net cost of both waste collection and waste disposal per premise is above the Scottish average cost in the past few years. The council is ranked twenty-seventh (bottom quartile) and twenty-ninth (bottom quartile) out of the 32 Scottish councils for these indicators respectively.

**131.** The cost of waste collection and disposal performance is heavily influenced by both the frequency of the services provided. The council continues to provide a fortnightly general waste service, a twin stream recycling service, a separate food waste collection and a garden waste service. The service frequency and method of collection has a significant impact on the resources and fleet required, including overhead allocations to support this level of service. In 2021, the service reviewed the overhead allocations applied for these areas following the renewal of a number of fleet assets, in order to improve efficiency. Officers envisage that this will lead to improvements and that contractor changes during 2021 for both residual waste treatment and dry

recycling will assist in improving recycling rates and operational revenue costs for waste indicators in future years.

**132.** The Neighbourhood Services BIP for 2022-2025 includes a key improvement action to review neighbourhood services waste and recycling operations and annual targets have been set for the cost of waste disposal and collection performance indicators. Progress will be monitored through the service's six monthly HGIOS reports.

**133. Housing:** The council is in the bottom quartile for three of the 2020/21 LGBF indicators in relation to the housing service. The council is ranked twenty-first for the percentage of rent due in the year that was lost to voids, twenty-fifth for the percentage of council dwellings meeting Scottish Housing Standards and twenty-fifth for the gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year. It should be noted that the council has improved its performance in respect of the average number of days taken to complete non-emergency repairs LGBF indicator taking an average of 11.1 days in 2020/21 compared to 14.2 days in 2019/20, improving its ranking from twenty-sixth in 2019/20 to eighteenth in 2020/21 when compared to other Scottish councils who operate a housing service.

**134.** The Housing BIP for 2022-2025 includes key improvement actions in relation to void performance (i.e. rent loss due to voids and the average length of time taken to re-let properties) and reducing housing rent arrears, with annual targets set for performance indicators and progress will be monitored through the service's six monthly HGIOS reports.

**135.** The Scottish Housing Regulator's (SHR) 2021/22 Landlord Report for East Dunbartonshire Council provided a summary of the council's performance against the Scottish Social Housing Charter's standards and outcomes. The council's performance against the charter's standards and outcomes during 2021/22 was poor, compared with the Scottish average ([Exhibit 9](#)).

## Exhibit 9

**East Dunbartonshire Council's overall performance against the Scottish Social Housing Charter's standards and outcomes during 2021/22 was poor, compared with the Scottish average**

	East Dunbartonshire Council	Scottish average
<b>Tenant satisfaction</b>		
Proportion satisfied with overall service provided (%)	<b>75.9</b>	<b>87.7</b>
Proportion who felt landlord was good at keeping them informed (%)	<b>82.6</b>	<b>91.2</b>
Proportion satisfied with opportunities to participate in landlord's decision-making (%)	<b>78.9</b>	<b>86.8</b>
<b>Quality and maintenance of homes</b>		

	East Dunbartonshire Council	Scottish average
Proportion of homes that meet Scottish Housing Quality Standard (%)	13.9	74.6
Average time to complete emergency repairs (hours)	3.3	4.2
Average time to complete non-emergency repairs (days)	12.0	8.9
Proportion of reactive repairs completed 'right first time' (%)	82.4	88.3
Proportion of tenants who were satisfied with repairs or maintenance carried out (%)	88.7	88.0
<b>Neighbourhoods</b>		
Proportion of antisocial behaviour cases resolved (%)	91.9	94.7
<b>Value for money</b>		
Current and past rent collected during the year as a proportion of total rent due in year (%)	98.1	99.3
Uncollected rent due because homes were empty (%)	1.4	1.4
Time taken to re-let homes (days)	73.8	51.6

Source: [Scottish Housing Regulator's 2021/22 Landlord Report for East Dunbartonshire Council](#)

**136.** The tenant satisfaction levels are disappointing, as the landlord report shows that the council's average weekly rent across all house sizes was 5.7 per cent lower than the Scottish average weekly rent across all house sizes. The 2022–2025 BIP for the Housing service confirms that, as part of its stakeholder engagement, it will review the feedback from the tenant satisfaction surveys to identify areas for improvement.

**137.** The [SHR engagement plan](#) for the council for the period 31 March 2022 to 31 March 2023 shows that SHR will engage with the council to discuss its services for people who are homeless and decide whether SHR requires any additional assurance. The engagement plan also highlights that, to assess the risks to people who are threatened with or experiencing homelessness, SHR will engage with all Scottish councils during 2022/23.

### The people of East Dunbartonshire are more satisfied with most of their council services than the Scottish average

**138.** As noted earlier, the additional 2020/21 LGBF data published by the Improvement Service in July 2022 did not include satisfaction data from the SHS for the rolling three year period 2018-2021. The [BVAR](#) published in September 2021 reported on the satisfaction data from the SHS for the rolling three year period 2017-2020 which was included in the 2019/20 LGBF data. The BVAR highlighted that East Dunbartonshire Council was in the top two quartiles for 6 of the 11 indicators and above the Scottish average for 8 of the 11 indicators. The percentage of adults supported at home who agree that they are supported to live as independently as possible is the one indicator in the

lowest quartile. Officers will report on the more up to date satisfaction data from the SHS to elected members as soon as this is published by the Improvement Service.

**139.** In addition to using the LGBF satisfaction indicators, the council routinely undertakes customer satisfaction surveys at a local level as part of its performance management framework. Summary results are reported in the HGIOS reports. For example, the 2021/22 year-end HGIOS performance report for the Assets and Facilities Service highlights that, in relation to property maintenance, of the 1,597 customer satisfaction surveys completed, 88.9 per cent of tenants said they were very or fairly satisfied with the service provided.

### **The council is meeting statutory performance indicators (SPIs) expectations on reporting its performance to the public**

**140.** The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

**141.** The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

**142.** Overall, we concluded that the council's arrangements for publication of performance information are satisfactory. The council publishes an annual public performance report which meets the requirements listed in the paragraph above and includes assurance on the council's arrangements for delivering Best Value. The council's 2020/21 public performance report is available on the council's website. The 2021/22 public performance report will be published early in 2023.

### **National performance audit reports**

**143.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 3](#). National reports are reviewed by officers and taken for elected members' consideration where appropriate.



# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Annual review of land and property valuations</b></p> <p>For those categories of assets not revalued in 2021/22 the Chief Finance Officer has documented how the council has concluded that in the absence of a recent revaluation, the asset values in the annual accounts are fairly stated. Documentation of these considerations should be produced annually to ensure the revaluation programme is frequent enough to provide assurance that asset values are fairly stated in the accounts.</p> <p>The council is also required to consider whether, for those assets not revalued in year, there are any indications that an asset may have been impaired. Although the council undertakes an annual impairment review, the evidence of this review is not formally documented.</p> <p>Risk – Asset values are not fairly stated in the accounts.</p>	<p>In future years the consideration of whether there has been a material movement in asset values, should include what percentage movement would trigger a revaluation. This should be done in advance of the review of market indices or assessment from the valuer.</p> <p>A formal impairment review should be undertaken and documented on an annual basis.</p> <p><a href="#">Paragraphs 35. and 36.</a></p>	<p>During the annual revaluation process officers will seek additional assurance from external valuers in relation to asset categories not scheduled for revaluation within the current cycle. In addition, the process for impairment will be formally documented within process notes and evidence of these meetings retained for audit scrutiny.</p> <p>Executive Officer – Assets &amp; Facilities and Chief Finance Officer</p> <p>June 2023</p>



## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>PY1. Bad debt provisions and collectability of debt</b></p> <p>The council has a number of bad debt provisions (BDPs) for various categories of debtors including Council Tax, Non-Domestic Rates, Housing Rents and Sundry Debtors.</p> <p>The level of provision applied is dependent on the council's consideration of the collectability and age profile of its debt. The impact of Covid-19 has further impacted the level of provisions required with significant increases being applied in 2020/21.</p> <p>Risk – The gross debtors balance is overstated as some debts will not be collectable. However, these have been fully provided for as part of each BDP.</p>	<p>Officers should review all debts with an older age profile, which are already fully provided for and where it is considered they are not collectable, they should be considered for write off.</p>	<p><b>Complete</b></p> <p>We confirmed that during 2021/22 officers reviewed all debts with an older age profile, which were already fully provided for and where it was deemed they were not collectable, they were written off.</p> <p>This included significant debtor balances write offs such as Council Tax (£0.690 million), Housing Rents (£0.300 million) and Sundry Debtors (£0.130 million).</p> <p>As a result of these in year write offs, this has reduced the level of bad debt provisions required against these categories of debtor.</p>

# Appendix 2. Wider audit dimension risks

The table below sets out the wider audit dimension (from the [Code of Audit Practice 2016](#)) risks that we identified in our 2021/22 Annual Audit Plan together with a summary of the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from our work.

## Wider audit dimension risks

Audit risk	Audit response to risk	Results and conclusions
<p><b>1. Covid-19 recovery and transformation</b></p> <p>The council continues to deal with the operational and financial impact of the Covid-19 pandemic. There remain major challenges for the council across a range of areas, including:</p> <ul style="list-style-type: none"> <li>• financial sustainability of services</li> <li>• capacity to deliver services and manage and any service backlogs</li> <li>• staff care and wellbeing concerns.</li> </ul> <p>To deliver the council's longer-term recovery plans services will need to change. Key to this will be ensuring clear links between the recovery plans and the council's financial planning, the revised Local Outcome Improvement Plan, workforce planning, asset management and the digital strategy.</p>	<p>Considered the 2021/22 financial outturn.</p> <p>Reviewed the financial monitoring during the year, including the use of reserves and delivery of planning saving.</p> <p>Considered the 2022/23 revenue budget and required savings target.</p> <p>Reviewed the council's consideration of the longer-term financial impact of the Covid-19 pandemic, reflected in its medium term financial plan (approved in November 2021).</p>	<p><b>Results:</b> Part 2 of this report highlights that the council delivered services within budget in 2021/22, an underspend of £13.892 million. Due to this underspend, the planned use of reserves was not required in 2021/22.</p> <p>Part 3 of this report highlights that the 2022/23 revenue budget was set with a financial gap of £6.970 million to be funded from reserves, the application of financial flexibilities and a refreshed organisational transformation programme later in the year.</p> <p>It also includes a report detailing the agenda for developing the organisation and workforce of the future to ensure it is aligned to deliver the council's strategic priorities. It notes the summary outcomes of the 2019 Employee Survey and the launch of the 2022 Employee Survey.</p> <p>An updated financial plan that extended the timeline from 3</p>

Audit risk	Audit response to risk	Results and conclusions
		<p>to 5 years up to financial year 2026/27 was presented to the Council.</p> <p><b>Conclusion:</b> The council's budget setting and financial management arrangements are effective but the future financial position remains challenging and uncertain for the council.</p>

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# Appendix 3. Summary of 2021/22 national performance reports and briefing papers

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May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

# East Dunbartonshire Council

## 2021/22 Annual Audit Report

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