

# East Dunbartonshire Council

2017/18 Annual Audit Report



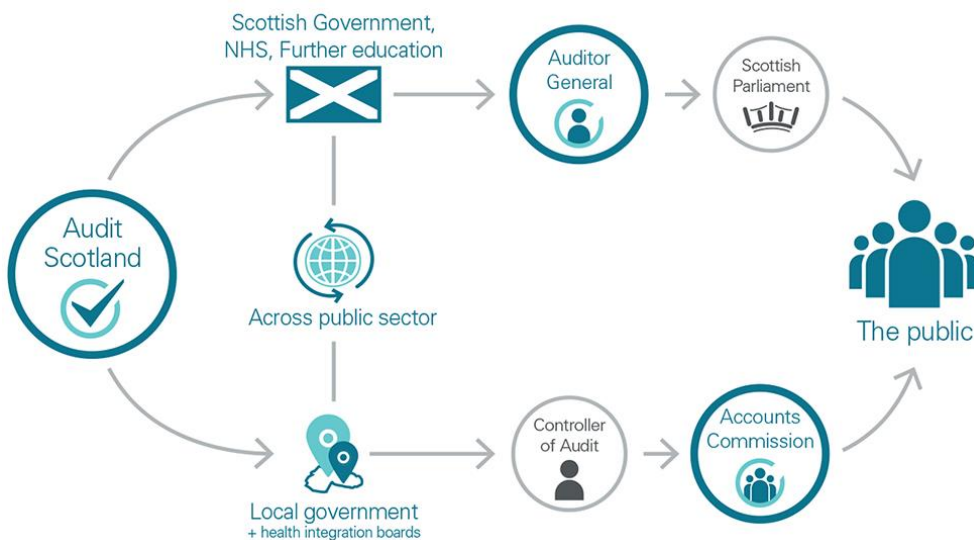
 AUDIT SCOTLAND

Prepared for the Members of East Dunbartonshire Council and the Controller of Audit  
27 September 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Contents

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Key messages	4
Introduction	6
Part 1 Audit of 2017/18 annual accounts	8
Part 2 Financial management	13
Part 3 Financial sustainability	21
Part 4 Governance and transparency	27
Part 5 Best Value	35
Appendix 1 Action plan 2017/18	47
Appendix 2 Significant audit risks identified during planning	52
Appendix 3 Summary of national performance reports 2017/18	55

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# Key messages

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## 2017/18 annual accounts

- 1 In our opinion, the Council and its group accounts give a true and fair view of their financial position, and they comply with accounting regulations.
- 2 The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements.
- 3 The statement of accounts of the three section 106 charities administered by the Council are free from material misstatement.
- 4 Our testing confirmed that controls relating to financial systems and procedures are designed appropriately and operating effectively.

## Financial management

- 5 Financial management is effective with a budget setting process focused on the Council's priorities.
- 6 The Council has delivered services in line with the total budget. In 2017/18, unrealised efficiency savings have been offset by underspends on services.
- 7 The format of financial monitoring reports for members was improved during 2017/18.

## Financial sustainability

- 8 The Council's financial position is sustainable in the foreseeable future but achievement of the 2018/19 budget is challenging. Efficiencies and income proposals of £12 million need to be achieved and £1.6 million of reserves will be used. The use of reserves is not sustainable in the longer term.
- 9 Transformation programme update reports now provide a comparison between the estimated savings included in the programme for each project and the actual savings achieved. The 2018/19 transformation programme shows 29 ongoing projects, with projected savings of £1.045 million.
- 10 The medium-term financial plan sets out future budget gaps up to 2023/24. The Council will need to identify how longer term budget gaps are to be filled.
- 11 As part of the Workforce Strategy detailed service workforce plans have been developed which include demographic profiles and contain action plans. This is a positive development.

## Governance and transparency

- 12** The Council has appropriate governance arrangements in place that support the scrutiny of decisions made by the Council.
- 13** Training delivered to members on scrutiny and the transformation programme should help to improve the effectiveness of scrutiny.
- 14** The Council is open and transparent in the way that it conducts its main business, with the public able to attend meetings of the Council and its committees.
- 15** The Council has improved reports for members and introduced a new reporting template in September 2017 which is subject to continual review.

## Best value

- 16** 61% of the Council's 2016/17 performance indicators are in the top two quartiles of Scottish councils. Performance has improved over time in 47% of indicators. Service satisfaction levels are above the Scottish average in most services. Education services are performing particularly well even in the Council's most deprived areas.
- 17** The Council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas. The cost of waste management is an area highlighted for improvement.
- 18** How Good is Our Service performance reports are comprehensive but some do not fairly report delays in implementing improvement plan indicators.
- 19** The Council has demonstrated that it responded positively to the key findings in the November 2017 Best Value follow up report. It has progressed a plan of improvement actions at a satisfactory pace, in line with expectations given the short time period since November. We will continue to monitor and report on progress on the improvement plans.
- 20** The leadership of the Council is demonstrating better management of improvement plans.

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# Introduction

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1. This report summarises the findings arising from the 2017/18 audit of East Dunbartonshire Council (the Council) and its group.
2. 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.
3. The scope of the audit was set out in our Annual Audit Plan presented to the 24 May 2018 meeting of the Audit & Risk Management Committee. It includes an audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

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## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

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4. Specifically this report comprises the findings from:
  - an independent audit of the Council and its group 2017/18 annual accounts and the statement of accounts of the three section 106 charities administered by the Council including the issue of independent auditor's reports setting out our opinions
  - an assessment of the Council's financial position, financial management and arrangements for securing financial sustainability.
  - a review of the Council's key financial systems and effectiveness of its governance arrangements

- audit work covering the Council's arrangements for securing Best Value through continuous improvement
- consideration of the four audit dimensions.

**5.** 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.

**6.** The Council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

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

## Adding value through the audit

**8.** Our aim is to add value to East Dunbartonshire Council by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas of improvement and recommending and encouraging good practice.

**9.** 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). It includes matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to their 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.

**10.** An agreed action plan is at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

**11.** We confirm that in carrying out the audit, 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 the 2017/18 audit fee of £248,580 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**12.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2017/18 annual accounts



### Main judgements

**In our opinion, the Council and its group accounts give a true and fair view of their financial position, and they comply with accounting regulations.**

**The statement of accounts of the three section 106 charities administered by the Council are free from material misstatement.**

**Our testing confirmed that controls relating to financial systems and procedures are designed appropriately and operating effectively.**

### Audit opinions on the annual accounts

**13.** The annual accounts for the Council and its group for the year ended 31 March 2018 were approved by the Audit Committee on 27 September 2018. We reported, within our independent auditor's report that, in our opinion:

- financial statements give a true and fair view and were properly prepared
- 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 guidance

**14.** We have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, the information and explanations we received, or the achievement of prescribed financial objectives.

The Council and its group annual accounts are the principal means of accounting for the stewardship of resources and performance in the use of resources.

### Audit opinions on section 106 charities

**15.** 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.

**16.** The Council has made good progress in reducing the number of charitable trusts where it is the sole trustee (from seven in 2015/16 to three in 2017/18).

**17.** We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in our independent auditor's reports that, in our opinion:

- 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.



## Submission of the Council and its group annual accounts for audit

**18.** We received the unaudited annual accounts on 15 June 2018 in line with the audit timetable set out in our 2017/18 Annual Audit Plan.

**19.** 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. This helped ensure that the audit of the annual accounts process ran smoothly.

## Risk of material misstatement

**20.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team and the wider audit dimension risks identified.

## Materiality

**21.** Material misstatements have a potential impact on our audit opinions referred to above. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

**22.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively. Misstatements which exceed performance materiality trigger a review our audit testing approach.

**23.** On receipt of the annual accounts we reviewed our planning materiality calculations and concluded that they remained appropriate.

## Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£3.6 million
Performance materiality	£0.9 million
Reporting threshold	£36,000

Source: Audit Scotland, Annual Audit Plan 2017/18

## How we evaluate misstatements

**24.** There were two material adjustments to the unaudited financial statements arising from our audit that have been amended in the audited financial statements. Further details are provided in [Exhibit 3](#). There were no unadjusted errors in the financial statements which exceeded our clearly trivial reporting threshold.

Significant findings from the audit in accordance with ISA 260


25. International Standard on Auditing 260 (UK) requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

26. The findings include our views about significant qualitative aspects of the Council’s accounting practices including:

- |   |   |
|---|---|
| • Accounting policies   | • Accounting estimates and judgements   |
| • Significant financial statements disclosures                | • Timing of transactions and the period in which they are recorded              |
| • The impact on the financial statements of any uncertainties | • The effect of any unusual transactions on the financial statements            |
| • Misstatements in the annual accounts                        | • Disagreement over any accounting treatment or financial statements disclosure |

Exhibit 3  
Significant findings from the audit of the financial statements

Finding	Resolution
<p><b>1. Net Pension Liability</b></p> <p>The net pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost.</p> <p>During the audit a national issue arose relating to the actuarial valuations of local government pension schemes, which impacts on the net pension liability figures included in all council accounts. It has been identified that they are misstated due to differences between the valuations prepared at the IAS19 valuation date and the actual values at 31 March 2018. The difference in the valuation for the total Strathclyde Pension Fund is £486 million.</p> <p>Where the difference is material (which it is for East Dunbartonshire Council) auditors were required to request a change to the unaudited annual accounts. The Council obtained a revised IAS19 actuarial valuation report at 31 March 2018 from Hymans Robertson, which shows the impact for the Council is to reduce its pension liability by £10.5 million (i.e. value of assets has increased so liability will reduce). This resulted in the net pension</p>	<p>The audited annual accounts have been updated to reflect the revised actuarial valuations for pension fund assets.</p>

Finding	Resolution
<p>liability shown in the balance sheet reducing from £141 million to £130.5 million.</p> <p>This revised valuation is a significant reduction from the liability reported in the 2016/17 balance sheet of the Council of £215.6 million.</p>	
<p><b>2. Trade Receivables</b></p> <p>Audit testing identified a number of errors within the trade receivables balance which included both items incorrectly posted to the wrong financial year and items that were incorrectly accounted for. The gross value of these items totalled £8.4 million. Additional testing by Council officers identified no further errors. We have reviewed this additional testing and we are able to place reliance on its results. The net effect of adjustments identified by audit was to reduce the trade receivables balance by £5.112 million.</p>	<p>The audited annual accounts have been updated to reduce trade receivables by £5.112 million. There is no material impact on the Council's financial position.</p> <p> <a href="#">Recommendation 1 (refer appendix 1, action plan)</a></p>
Source: Audit Scotland	

## Management commentary, annual governance statement and remuneration report

**27.** The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 requires councils to prepare and publish, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and clearly address the longer-term financial sustainability of the body.

**28.** Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements.

## Good practice in financial reporting

**29.** The annual report and accounts reflect good practice as set out in Audit Scotland on '[Improving the quality of local authority accounts – expenditure and funding analysis](#)'.

## Systems of internal control

**30.** 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.

**31.** Our findings were included in our management report that was presented to the Audit & Risk Management Committee in August 2018. We identified several control weaknesses, which we do not consider to be significant in terms of their impact on the Council's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. We did however identify two areas where additional audit testing was required to gain the necessary assurance for the financial statements audit. We selected a sample of employees to verify that they were valid employees of the Council and

we substantively tested a sample of payments to suppliers to ensure they were made to an existing supplier for a valid reason in the normal course of business for East Dunbartonshire Council. No issues were identified from this additional testing.

**32.** The annual governance statement in the Council's 2017/18 annual accounts refers to the fact that, on the basis of work completed by Internal Audit in 2017/18, the Council's internal control procedures were generally found to operate as intended with reasonable assurance being provided on the integrity of these controls.

## Follow up of prior year recommendations

**33.** We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

**34.** In total, seven agreed actions were raised in 2016/17. Of these:

- 5 have been fully implemented
- 2 are not actioned or have only partly been actioned.

**35.** Overall the Council has made good progress in implementing these actions. For those actions not yet implemented, revised responses and timescales have been agreed with management as set out in [Appendix 1](#).

## Integration Joint Board

**36.** For the third year the Council included its share of the financial transactions of East Dunbartonshire Integration Joint Board (the IJB) within its group financial statements. We provided assurances to the external auditor of East Dunbartonshire IJB under International Standard on Auditing 402 (audit considerations relating to an entity using a service organization) in relation to the income received and expenditure incurred by the Council on behalf of the IJB.

## Other findings

**37.** Our audit identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

## Objections

**38.** The Local Authority Accounts (Scotland) Regulations 2014 require a local authority 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 accounts.

# Part 2

## Financial management



### Main judgements

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

**The Council has delivered services in line with the total budget. In 2017/18, unrealised efficiency savings have been offset by underspends on services.**

**The format of financial monitoring reports presented to members was improved during 2017/18.**

**Transformation programme update reports now provide a comparison between the estimated savings included in the programme for each project and the actual savings achieved. The year to which the project relates should also be shown.**

### Financing the Council priorities

**39.** The Council priorities for 2017/18 were set out in its Local Outcomes Improvement Plan (LOIP) 2016-2019. The Transformational Change & Budget Reduction Strategy 2017/18 to 2018/19 and the Business and Improvement Plan (BIPs) of each Council strategic group are linked to the LOIP.

### Financial performance in 2017/18

**40.** In February 2017 the Council approved a budget of £246.9 million for 2017/18. The Council faces an increasingly challenging financial position. At this time it was estimated that the Council needed to save around £32.8 million in the three years from 2018/19 to 2020/21, with £11.5 million of savings required in 2017/18.

**41.** The Council has delivered services in line with its total budget. An underspend of £3.385 million is reported against budgeted general fund services net expenditure of £243.730 million. In addition, £2.093 million extra income is reported compared to a budget of £238.670 million. The Council had budgeted to use £2.964 million of its general fund reserves in 2017/18, but the actual outturn was an increase in the general fund reserves of £0.418 million.

**42.** The total efficiency savings included in the Council's 2017/18 revenue budget were £11.491 million, actual savings achieved were £9.087 million (79% of the total planned savings). Although this is an improvement on 2016/17 (when 56% of the total planned savings were achieved), this adds to the financial pressures faced by the Council in 2018/19. The under achievement of efficiency savings was mainly due to lower than expected savings in respect of funding provided to the IJB which accounts for £1.741 million of the unachieved savings.

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

43. While the Council's spending has remained in line with its overall budget, there are significant variations in how different services have performed. The more significant under and overspends are summarised in [Exhibit 4](#).

## Exhibit 4

### Summary of significant under / overspends against budget

Area	Under/over spend (£m)	Reason for variance
<b>Underspends</b>		
Education	£2.405m (2%)	The largest underspend is on teacher payroll costs arising from vacancies. There was also an underspend on payments to agencies and other bodies which was mainly due to timing of spending. There is a trend of underspends on the education budget (2016/17 £2.274 million).
Miscellaneous Services	£1.009m (24%)	This budget line contains a contingency for uncertainties including rates and inflation which were not spent in 2017/18.
<b>Overspends</b>		
Health & Social Care	£2.021m (4%)	Whilst accounted for as part of the Council's revenue monitoring report the budgets for Adult Social Care, Children's Health, Children's Social Work and Criminal Justice activities are managed by the IJB. The Council's budgeted and actual contribution to the IJB was £51.910 million. The overspend was financed from IJB reserves.
Assets & Facilities	£1.449m (13%)	The main areas of overspend were in employee costs due staff turnover savings not being achieved; increased property costs and under recovery of income on design and property maintenance charges.

Source: East Dunbartonshire Council 2017/18 Annual Accounts and 2017/18 Budget Outturn Report (June 2018)

44. The [Local Government in Scotland: Financial overview 2016/17](#) (November 2017) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for councils with decreasing (or low levels) of usable reserves to rely on. Whilst the outturn of the general services budget is, broadly satisfactory, the Council is committed to reviewing its budgets to ensure they reflect the cost of providing priority services. For example, due to the trend of underspends on education the base budget should be reviewed. In August 2017, the Transformation Programme Board agreed that a Zero Based Budgeting (ZBB) exercise is to be included in the transformation programme. Initial work on ZBB was undertaken at the start of the 2018/19 financial year and discussions and senior officers agreed that the principles of ZBB would be included within individual service reviews as and when these are carried out. A number of service reviews are included in the 2018/19 transformation programme and ZBB will be considered during these reviews. We will monitor progress in this area.

## Reserves

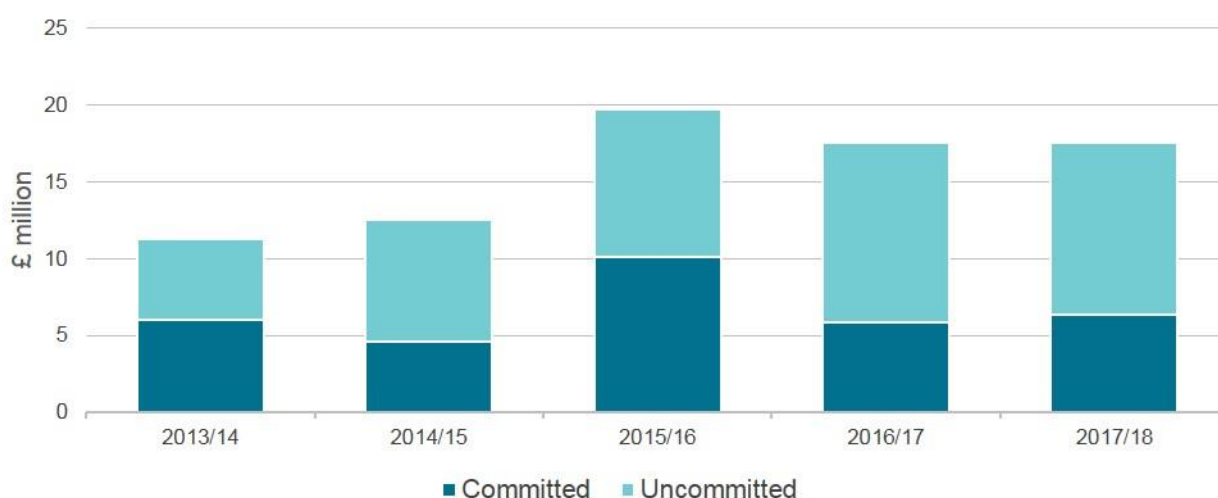
**45.** One of the key measures of the financial health of a local authority is the level of reserves held. The level of usable reserves held by the Council decreased by a small amount from £28.7 million in 2016/17 to £28.2 million in 2017/18 as illustrated in [Exhibit 5](#).

**46.** [Exhibit 5](#) provides an analysis of the general fund over the last five years split between committed and uncommitted reserves. This shows that the general fund reserve reached a peak of £19.7 million in 2015/16 but has reduced in the following years. At 31 March 2018 the Council has the following uncommitted general fund reserve balances:

- Contingency Reserve/Unallocated General Fund (£4.870 million) – maintained to provide improved financial resilience in future years.
- Prudential Reserve (£3 million) – maintained to underpin operational and borrowing activity.
- Treasury Management Reserve (£2.984 million) – maintained to provide stability during the delivery of the capital programme.

### Exhibit 5

#### Analysis of general fund over last five years



Source: East Dunbartonshire Council Annual Accounts 2013/14 to 2017/18

**47.** The general fund reserve is the largest usable reserve and has no restrictions on its use. Its main purpose is to provide a contingency fund to meet unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows. The Council's general fund balance at 31 March 2018 was £17.6 million an increase of £35,000 from 2016/17.

**48.** The Council's reserves strategy is to maintain the unallocated element of the general fund balance at a level approximating 2% of net service expenditure. The balance at 31 March 2018 is £4.870 million which represents 1.92% of net service expenditure in 2017/18. Any further reduction in the unallocated general fund balance in 2018/19 will breach the Council's reserve strategy.

**49.** The Council reviews how much of its general fund balance is uncommitted (non-earmarked) when setting the budget each year. The level of uncommitted



general fund reserves as at 31 March 2018 was £11.2 million which represents 4% of the 2017/18 net cost of services (£252.845 million). Planned commitments from the general fund balance amounted to £6.4 million and include service commitments to ongoing projects, costs of change and miscellaneous budget pressures for 2018/19. Committed (earmarked) balances represent 36% (2016/17: 34%) of the total general fund balance.

**50.** Earmarked reserves should relate to known or predicted expenditure. The level of detail reported on the earmarked reserves does not show the nature of these commitments. Sufficient information should be provided to members when reviewing the reserves strategy to allow them to challenge budget holders where earmarking of balances is requested.

## Improvements to financial reporting

**51.** The management efficiency actions and budget reduction and income generation proposals are the key drivers of the budget savings required for the Council to ensure sustainability in the future. The scrutiny of financial performance is delegated to the Policy & Resources Committee which receives regular revenue and capital monitoring reports.

**52.** Our Interim Audit Report issued in May 2017, highlighted financial monitoring reports for members included projected actual expenditure and variance against budget figures to the year end, and include progress on the achievement of efficiency savings targets. However, we identified that the effectiveness of these reports could be improved by the inclusion of phased budget figures as well as actual expenditure and variance against budget to date for the period being reported. As a result, during 2017/18 finance officers reviewed and revised the format of revenue budget monitoring reports in line with our recommendations.

**53.** The estimated savings from the 2017/18 transformation programme were included within the budget savings proposals. Our review of 2017/18 revenue budget monitoring reports identified that the reports could more clearly highlight which savings are included in the transformation programme.



**Recommendation 2** ([refer appendix 1, action plan](#))

## Progress on the 2017/18 transformation programme

**54.** Our 2016/17 Annual Audit Report highlighted that the transformation programme update reports provided to members did not include a comparison between the estimated savings in the programme for each project and the actual savings achieved. Our report also noted that other non-financial benefits derived from the transformation programme were not reported to members. As a result, we recommended that the Council should ensure that transformation programme update reports and revenue budget monitoring reports are explicitly linked and include details of the benefits achieved.

**55.** The Council monitors progress on each of its transformation projects via its performance management system, Pentana. This includes a comprehensive record for each project which includes its priority score, project sponsor and manager, project milestones with completion dates and estimated benefits.

**56.** In February 2017 the Council approved the 2017/18 transformation programme. In June 2017 an update on the transformation programme was presented to members and included a project overview which highlights the main achievements in 2016/17 and provides a summary of the main projects being taken forward in 2017/18. The 2017/18 transformation programme consisted of 29 projects with total projected savings of £0.557 million (at January 2018).



**57.** The 2018/19 transformation programme update report presented to the Policy & Resources Committee in May 2018 also provides an update on those transformation programme projects completed between April 2017 and March 2018. The report highlights that 24 projects were completed during this period with actual savings achieved of £0.168 million. However, these projects relate to both the 2016/17 and 2017/18 transformation programmes and the report does not highlight to which year each project relates. Our review identified that, of the 24 projects completed between April 2017 and March 2018, 15 projects were included in the 2017/18 transformation programme giving a completion rate of 52%. The report also provides a comparison between the estimated savings included in the programme for each project and the actual savings achieved. Where savings have not been achieved, this is highlighted together with details of whether savings can be expected in the following year. To improve the clarity of the transformation programme update reports the year to which the project relates should be included.



**Recommendation 3 (refer appendix 1, action plan)**

**58.** Savings from transformation projects in 2017/18 are a relatively small part of overall planned savings. However, it is acknowledged that, on top of the financial estimates, a number of the transformation projects will lead to financial benefits beyond 2017/18, not yet estimated, or will lead to service improvement with no financial benefits.

## **Housing revenue account (HRA)**

**59.** The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The income requirement for the HRA in 2017/18 was set at £12.612 million and was to be funded from council house rents. This resulted in a rent increase of 2.5%, and increased the average weekly rent based on a 48 week period from £74.53 to £76.39.

**60.** The Council's current tenant arrears in 2017/18 were £0.819 million. This is an increase of 18% from the level recorded in 2016/17 (£0.694 million). As a consequence, the HRA bad debt provision was increased to £1.026 million in 2017/18 from £0.862 million in 2016/17. This represents a deteriorating position.

**61.** Arrears are the main focus for the Council's Housing Service and the impact of Universal Credit and welfare reform continues to affect the level of arrears. The Council is running a pilot project in conjunction with Kirkintilloch Job Centre where at least one Housing Officer attends each week to support and advise both tenants and Job Centre staff regarding claiming the housing costs element of Universal Credit. This project is proving to be productive in assisting early intervention. In January 2017 a specialist team was set up within the Housing Service to work solely on rent arrears management. Housing officers continue to work with the Revenues section to ensure all Discretionary Housing Payment applications have been submitted.

**62.** In 2017/18, the Council recorded a deficit on HRA services of £1.306 million. This represents an improvement from the prior year in which a deficit of £3.002 million was returned. However, after applying statutory accounting adjustments there was an increase of £0.456 million on the HRA balance, resulting in a closing balance of £3.673 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.

## Capital programme 2017/18

**63.** The total capital budget for 2017/18 was £51.822 million, £37.893 million for general services and £13.929 million for the HRA. Actual capital expenditure was £45.584 million, £38.179 million for general services and £7.405 million for the HRA. The total underspend of £6.238 million represents 12% of the total capital budget for 2017/18 (6% in 2016/17).

**64.** During the year the Council has completed a significant number of projects within its capital programme including:

- Kirkintilloch Town Hall
- Bishopbriggs War Memorial Hall Refurbishment
- Roads and Footways
- Auchinairn Place Project

**65.** In recent years the Council has reduced slippage in the delivery of its general services capital programme. The general services programme was delivered as planned with a slight overspend of almost £0.3 million. However, slippage on the HRA capital programme has increased, as outlined in [Exhibit 6](#). HRA capital expenditure was £6.524 million lower than the original budget (47% below budget). This was mainly due to slippage of some of the planned new build housing projects with a number of projects starting later than planned as a result of delays in delivery of key infrastructure and pre-planning consultations. These projects have been carried forward into 2018/19. The project management for the HRA programme should be reviewed to ensure any good practice followed on the general services projects is being used on housing projects.

## Exhibit 6

### Capital slippage compared to budget (general fund and HRA) (£m)



Source: East Dunbartonshire Council Annual Accounts 2015/16 to 2017/18

## Borrowing in 2017/18

**66.** The Council's outstanding loans at 31 March 2018 were £183 million, an increase of £15 million on the previous year. The Council's total external debt (which includes long term liabilities) in 2017/18 was £267.370 million and was

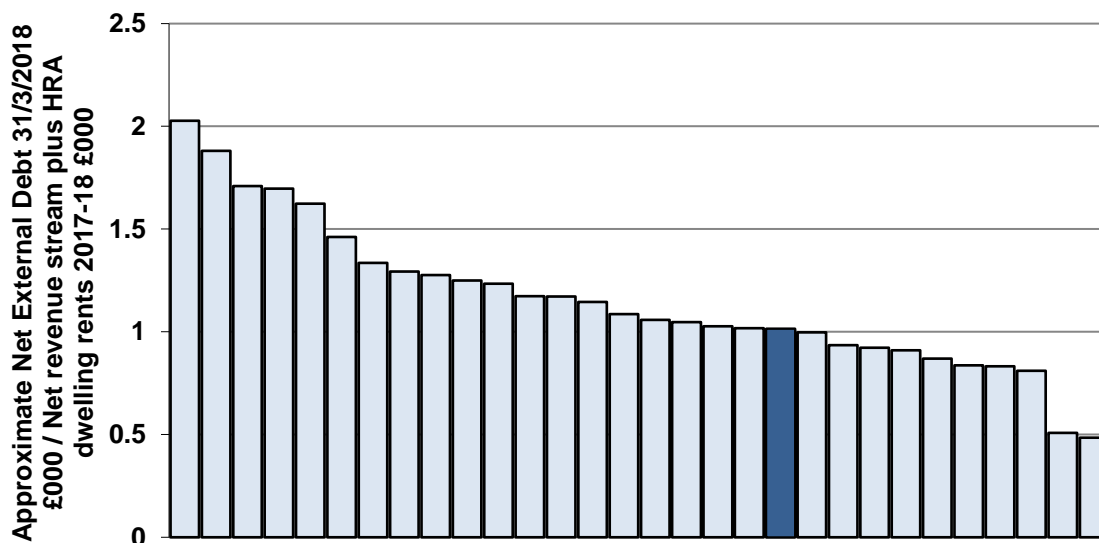
within the authorised limit and operational boundary set by the treasury management strategy of £290 million.

**67.** The capital financing requirement is a measure of the capital expenditure incurred historically by the Council that can be financed by external debt. The capital financing requirement at 31 March 2018 was £298.398 million which is £31.028 million higher than the Council's total external debt balance of £267.370 million (external borrowing of £183 million and PFI liability of £84.370 million).

**68.** Analysing net external debt as a proportion of net revenue stream gives an indication of the relative indebtedness of the Council. [Exhibit 7](#) shows approximate net external debt as at 31 March 2018 as a percentage of net revenue stream (including HRA dwelling rents) for all Scottish councils (excluding Shetland Islands and Orkney Islands councils). East Dunbartonshire Council is highlighted in [Exhibit 7](#) as being in the middle of the range of debt levels, with approximate net external debt of £245.5 million at 31 March 2018 (with net external debt being total external debt less short-term investments).

## Exhibit 7

Approximate net external debt as a percentage of net revenue stream including HRA dwelling rents



Source: Scottish councils' unaudited 2017/18 annual accounts (excluding Shetland Islands and Orkney Islands councils)

**69.** For a number of years, the Council has used reserves to support capital programmes, which it considers is a short term, prudent strategy in the current economic environment where investment returns are low. However, the Council has recognised that this situation is not sustainable in the long term and the Council's Treasury Management Strategy includes a plan to address this over the medium to long term. This position continues to be monitored by the Council as part of its overall treasury management strategy.

## Financial capacity

**70.** As highlighted in our 2016/17 Annual Audit Report, the Chief Finance Officer (CFO) who is the Section 95 Officer responsible for the proper administration of the Council's financial affairs is a third tier officer reporting to the Depute Chief Executive – Education, People & Business. Whilst he is not a member of the Corporate Management Team (CMT) he is a member of the Strategic Management Team and regularly attends CMT meetings. The Chief Executive and the CFO are both of the view that the CFO has the appropriate level of status and involvement with the CMT to effectively discharge his responsibilities.

**71.** Our 2016/17 Annual Audit Report also noted that, after a period of experiencing a reduction in the size of the finance team, departmental restructuring took place and changes were made within the finance team. This included recruiting additional experienced finance staff and staff to train towards an accountancy qualification. We feel that this is a positive move to ensuring that the finance team is sufficiently resourced in terms of time, experience and knowledge to ensure internal financial controls are operating effectively, to support the preparation of the financial statements and to support the Council decision making process.

# Part 3

## Financial sustainability



### Main judgements

The Council's financial position is sustainable in the foreseeable future but achievement of the 2018/19 budget is challenging. Efficiencies and income proposals of £12 million need to be achieved and £1.6 million of reserves will be used. The use of reserves is not sustainable in the longer term.

The 2018/19 transformation programme shows 29 ongoing projects, with projected savings of £1.045 million.

The medium-term financial plan sets out future budget gaps up to 2023/24. The Council will need to identify how longer term budget gaps are to be filled. The transformation programme should reflect all projects that will contribute to these plans.

The updated Workforce Strategy demonstrates that the Council is pursuing a good practice approach to workforce planning. The strategy includes plans for a three year workforce and skill profile. Individual service workforce plans have been produced which include demographic profiles and contain action plans. This is a positive development.

### Setting strategic priorities

**72.** The current Council priorities are set out in its Local Outcomes Improvement Plan (LOIP) 2017-2027, published in November 2017. The LOIP sets out the strategic direction, priorities and outcomes which have been agreed for delivery with community planning partners. The LOIP includes 6 local priorities which are supported by local outcome measures:

- East Dunbartonshire has a sustainable and resilient economy with busy town and village centres, a growing business base and is an attractive place in which to visit and invest.
- Our people are equipped with knowledge and skills for learning, life and work
- Our children and young people are safe, healthy and ready to learn
- East Dunbartonshire is safe place in which to live, work and visit
- Our people experience good physical and mental health and well being with access to a quality built and natural environment in which to lead healthier and more active lifestyles

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

- Our older population and more vulnerable citizens are supported to maintain their independence and enjoy a high quality of life and they, their families and carers benefit from effective care and support services.

**73.** In December 2017 the minority SNP administration resigned and a joint Conservative and Liberal Democrats administration was formed in March 2018, with two joint leaders. The new administration is committed to the Council's strategic priorities set out in LOIP.

**74.** The Transformational Change & Budget Reduction Strategy 2018/19 to 2019/20 and the Business and Improvement Plan (BIPs) for the Council's 11 strategic service groups are linked to the LOIP. BIPs are three year rolling strategic plans which set out the priorities for each of the strategic groups and identify their contribution to the delivery of the Council's local outcomes. Each BIP includes an improvement action plan (which incorporates a performance scorecard) that highlights how strategic groups will continue to improve performance and how these improvements will be monitored. This is consistent with good practice.

## Financial planning

**75.** In the period December 2017 to March 2018 the Council operated without an administration. A cross party working group was established to agree the 2018/19 revenue budget and all committee meetings were held as special Council meetings. The Accounts Commission's view is that a shared commitment to improvement helps inform constructive political discussion and debate. The cross-party working group demonstrated a shared commitment from all elected members to agreeing the financial budget. We recommend that members consider more cross-party working to make decisions on service priorities, to secure financial sustainability in the longer term.

**76.** The Chief Finance Officer provided a verbal update to elected members in December 2017 on the Scottish Government's draft budget for 2018/19 and its implications for the Council's 2018/19 revenue budget. In addition, an elected member seminar was held in January 2018 during which elected members received a detailed presentation from the Chief Finance Officer to provide further details of the Scottish Government's draft 2018/19 budget and its impact on the Council and its main sources of income. These briefings assisted the cross-party working group established to agree the Council's 2018/19 budget.

**77.** In March 2018 the Council approved its 'Strategic Planning and Performance Framework 2018/19 – 2019/20: Transformational Change and Budget Reduction' report. This provides details of the 2018/19 budget which was set at £242.2 million with a funding gap of £13.6 million. The ending of the public sector pay cap has been factored into this budget

**78.** As part of the 2018/19 revenue budget, £12 million of efficiency savings were agreed made up of 31 management efficiency actions totalling £5.8 million and 15 budget reduction and income generation proposals totalling £6.2 million. Members were also provided with a supplementary briefing pack for 8 of the more significant budget reduction and income generation proposals all of which were risk assessed. The remaining funding gap of £1.6 million is being met from general fund reserves.

**79.** The latest 2018/19 revenue monitoring report presented to the Policy & Resources Committee in August 2018 shows that the projected outturn savings is £13.6 million, which is in line with the savings target. There is a small projected overspend reported on Council services of £0.037 million.

**80.** The Council's medium term financial model, which covers the period up to 2023/24, has been reviewed in detail by the Chief Finance Officer to reflect independent economic advice provided on a monthly basis to all Scottish councils. Recent monthly briefings have included information on the Scottish Government's first Medium Term Financial Strategy (MTFS) and its potential impact on Scottish councils' finances. The Scottish Fiscal Commission's latest economic and fiscal

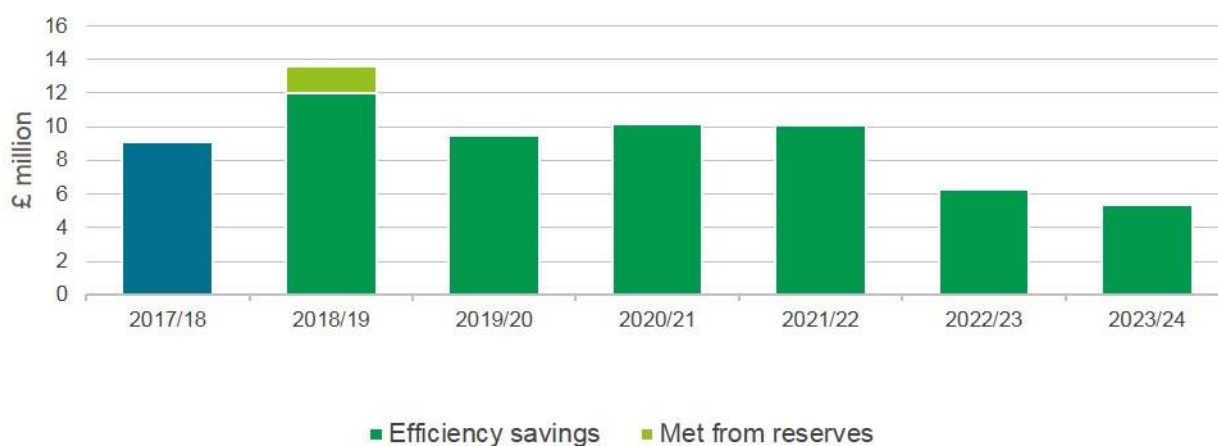
forecasts are also provided. The updated medium term financial model was presented to Council at the end of September 2018 and includes scenario planning.

**81.** The implications of EU withdrawal (Brexit) are considered within the Council's medium term financial model and long term financial risk management strategy.

**82.** Exhibit 8 shows the Council's current financial projections for 2019/20 to 2023/24 forecast funding gaps of approximately £10 million in the first three years, with the funding gaps reducing in the final two years. The Council has no detailed plans for how these gaps will be met, although it anticipates a planned use of reserves the amounts are yet to be identified. The Council recognises that the use of reserves to meet budget gaps is not sustainable in the longer term.

## Exhibit 8

### Identified funding gaps 2018/19 – 2023/24



Source: East Dunbartonshire Council

**83.** Councils need to develop effective longer-term financial plans strategies (typically covering five to ten years) which identify potential risks and ensure spending decisions are affordable. Plans should link spending to Council priorities and should plan for a range of funding scenarios and demand projections. In a report to the Council in November 2017, the Depute Chief Executive provided an update on the development of the Council's longer term financial planning as part of its Strategic Planning and Performance Framework. This includes a long term financial risk management strategy (which was presented to members as an appendix to the report) and its medium term financial model. Future council plans will consider the impact of any changes to the Scottish Budget process, which are proposed for the 2019/20 budget. As outlined in paragraph 42, in 2017/18 the Council achieved only 79% (£9.087 million) of its efficiency savings target. It will therefore be particularly challenging for the Council to achieve the increased savings required to deliver its service priorities in the future. The transformation programme needs to identify different ways of delivering services if this is to be achieved.

### The 2018/19 transformation programme

**84.** The transformation programme is part of the Strategic Planning and Performance Framework for meeting future funding gaps. In March 2018 the Council approved the 2018/19 transformation programme. In May 2018 an update on the transformation programme was presented to the Policy & Resources Committee and included a project overview which highlights the projects delivered



between April 2017 and March 2018 and provides a summary of the main projects being taken forward in 2018/19.

**85.** Our review of Council reports on the 2018/19 transformation programme noted the following:

- March 2018 - 23 projects included in the programme, with projected savings of £0.745 million.
- May 2018 – 26 projects included in the reprioritised programme (none detailed as complete), with projected savings of £1.045 million.
- August 2018 – 29 projects (now includes 3 IJB projects) included in the reprioritised programme (none detailed as complete), with projected savings of £1.045 million.

**86.** Progress against these is reported in revenue budget monitoring reports presented to the Policy & Resources Committee. However, we identified that not all of the estimated savings from the 2018/19 transformation programme are included within the management efficiency actions and budget reduction and income generation savings proposals for 2018/19 (e.g. Fleet Service Delivery Review and Education Shared Cluster Support Services) but no reason is provided. The Council should ensure that transformation programme reports presented to members provide clear reasons why some of the estimated savings from projects are not included in the Council's efficiency savings programme.



**Recommendation 3** ([refer appendix 1, action plan](#))

## Workforce planning and skill profiling

**87.** The Council's workforce (FTE) at 31 March 2018 is 3,636, comprising 1,266 teachers and 2,370 other staff. Audit Scotland's [Local government in Scotland – challenges and performance 2018](#) (April 2018) report highlighted the need to plan and manage Council workforces. Failing to do this can affect the skills mix and ability of the organisation to deliver, manage and scrutinise services effectively. The report says that workforce plans should be aligned to other long-term plans such as financial plans.

**88.** The Workforce Strategy Action Plan is contained within the updated Workforce Strategy for 2018-2021 approved by Council in June 2018. The strategy includes four phased approach to help the Council develop a three year Workforce and Skill Profile for 2018 to 2021 relating to succession planning, cluster analysis, scenario planning and planning and implementation. This approach reflects guidance in the Accounts Commission's and Auditor General for Scotland's Public Sector Workforce Report (2013).

**89.** The strategy provides an update on the four phased approach and notes that assessments of phases 1 and 2 were completed in 2017/18 by strategic leadership teams. The outcomes of this process identified areas where further planning and implementation of potential solutions have been included in phases 3 and 4 outputs.

**90.** The Workforce Strategy highlights that, in preparation for EU withdrawal, an impact assessment is being undertaken to inform the next steps for the Council and engagement with employees. In addition, the strategy notes that COSLA, on behalf of all Scottish councils, is engaging with the Scottish Government to develop a collective view of the likely impact of EU withdrawal on the local government workforce in Scotland.

**91.** The Council's updated Workforce Strategy demonstrates the Council is applying a good practice approach to workforce planning. The strategy highlights



that individual service workforce plans have been developed which outline demographic profiles and contain an action plan. Our review of a sample of these service workforce plans within two of the Council's strategic service groups noted that they contain a more detailed analysis of the workforce in terms of demographics and role specific. The action plan for each strategic service group provides a list of areas of future demand or forecasted need and for each of these the potential impact on the workforce, a risk assessment and the actions being by the Council. The plans are live documents and are subject to review on an ongoing basis. We feel that the development of these workforce plans is a positive move.

**92.** The Council has no plans for any reductions in staff numbers in the near future and none are included in the 2018/19 transformation programme. Instead staff cost savings are being pursued through changes in employee terms and conditions. The proposed changes included the reduction of annual leave by three days and removing enhanced overtime pay. The Council has reported estimated annual savings from these changes of £2.3 million. However, during recent meetings between the Council and trade unions, agreement has been reached on matters relating to terms and conditions, including no change to annual leave entitlement, no change to unsocial hours payments and no change to premium overtime rates. The agreement to a package of alternative proposals to reductions to terms and conditions of c. £2 million of efficiencies, confirms the commitment from trade unions and the Council to work to secure alternative financial efficiencies; service transformation and improvement, and maximise employment as far as possible, by adopting the following principles within the strategic service delivery reviews:

- Consider all models of service delivery through robust option appraisal
- Maximise flexibility and service resilience
- Cost effective contractual resourcing (working & shift pattern arrangements aligned to service demands which remove the need for overtime working but may require additional contractual resources).

## Industrial action

**93.** On 21 June 2018, staff started 4 days of strike action over the proposed changes to employee pay and conditions. The strike action led to the closure of schools and nurseries for 4 days and bin collections, libraries, museums and cemeteries were among the other Council services affected. Any impact of this on Council service performance indicators will be reflected in the 2018/19 annual audit report. At the end of August 2018, as full agreement had not been reached between the Council and trade unions in relation to discretionary additional payments to employees approved for release through voluntary redundancy or early retirement, the trade unions announced further strike action scheduled for 12 September 2018. However, on 10 September 2018, the trade unions agreed to suspend this planned action following further talks with the Council. As a result, trade unions will be consulting their members on a revised Redundancy Payments Policy & Framework.

## Consultation with employees

**94.** In councils striving for Best Value through continuous improvement we would expect that the views of stakeholders including the community and staff are sought and used to identify areas for focus and improvement.

**95.** The Council last carried out an employee survey in 2009. A well designed employee survey provides feedback on leadership practices, fairness of pay, workplace relationships, team spirit, and opportunities for personal development which are all critical components of employee engagement. An employee survey would also help the Council to identify critical issues that are impacting on employee performance and enable it to develop meaningful action plans to address these issues. The Council should design and carry out an employee

survey on a regular basis to capture the views of staff and assist the Council in focusing its improvement plans.



[Recommendation 4 \(refer appendix 1, action plan\)](#)

## EU withdrawal

**96.** There remains significant uncertainty about the implications of EU withdrawal. The Council's financial preparations are discussed at paragraph 81 and workforce preparations at paragraph 90.

# Part 4

## Governance and transparency



### Main Judgements

**The Council has appropriate governance structures in place.**

**Training for members on scrutiny and the transformation programme should help to improve the effectiveness of scrutiny.**

**The Council is open and transparent in the way that it conducts its main business, with the public able to attend meetings of the Council and its committees.**

**The Council has improved reports for members and introduced a new reporting template in September 2017 which is subject to review.**

### Changes in the council

**97.** In December 2017 the Council's minority SNP administration resigned. At the 2018/19 revenue and capital budget setting meeting of the Council in March 2018, the Council appointed a joint Conservative and Liberal Democrats administration and two joint leaders of the Council. As the Council had no administration in this three month period, all committee meetings were held as special Council meetings with all elected members being invited. This was to ensure that, in the absence of the administration, all elected members were equally advised of Council business.

**98.** In addition, a cross-party working group was established in January 2018 to discuss and agree 2018/19 budgetary decisions in February and March 2018.

### Governance arrangements

**99.** We reviewed the Council's governance and accountability arrangements which included:

- confirming that the governance framework and governance arrangements, including decision-making and scrutiny, are regularly reviewed and updated to ensure they remain effective
- assessing the effectiveness of decision-making to ensure it is balanced by effective scrutiny and challenge by those independent of the body
- confirming that there is effective scrutiny and challenge in place over policy decisions, service performance, and programme management
- confirming that decision makers have the information they need to scrutinise, challenge and make transparent decisions
- ensuring that it is clear what decisions have been made, who made them and the rationale supporting those decisions.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

**100.** We concluded that the Council's overall arrangements are effective in that they support good governance and accountability.

## Scrutiny arrangements

**101.** The Audit & Risk Management Committee has been a separate committee since September 2016. Following the forming of the new administration in March 2018, a new Convenor has been appointed and it has met on two occasions. In accordance with the Accounts Commission's recommended good practice, the Convenor of this committee is a member of an opposition party. We will monitor the effectiveness of this committee throughout our appointment. We encourage the committee Convenor to build a self assessment of the committee's effectiveness into its agenda cycle, using for example, Chartered Institute of Public and Accountancy (CIPFA) guidance.

**102.** The Council also operates two scrutiny panels (Transformation, Economy and Employment, and Transformation and Community Wellbeing) to help elected members scrutinise the Council's transformation programme and its impact upon services, as well as the Council's priorities and significant financial challenges.

**103.** During 2017/18, the Council improved the format of committee reports to include recommendations, items to 'note', summary information, etc. The new template for committee reports was developed to make recommendations and the risks associated with decisions clearer and was introduced from September 2017. Throughout the year Council officers request ad-hoc verbal feedback from members on the effectiveness of the new report format, level of detail and use of plain English.

**104.** The work of the scrutiny panels continues with action logs supplementing the agendas. This ensures that members are advised of the progress of required actions with the aim to close actions in one committee cycle. Opportunities have been taken to reduce the volume of complex information presented to members with, for example, budget reports providing high level detail supplemented with useful guidance for members similar to that provided in Accounts Commission and Audit Scotland national performance reports.

**105.** In 2016/17 the Council acknowledged that there was still room for further improvement in the work of the scrutiny panels, particularly around clarifying the reasons why the Audit & Risk Management Committee has selected specific areas for scrutiny and the focus of panels' scrutiny. As a result, the Convenor and Vice-Convenor of the Audit & Risk Management Committee now meet with scrutiny panels' chairs on a cyclical basis to discuss potential scrutiny topics.

**106.** Two training sessions on the transformation programme were provided to elected members in November 2017 and May 2018 to assist their understanding and support their scrutiny of the programme. The sessions also included reporting of progress of the transformation programme.

**107.** In addition, the Council arranged for the Chartered Institute of Public Finance & Accountancy (CIPFA) to provide detailed scrutiny training to elected members in November 2017. This training covered:

- Context and objectives – including recommendations from the Accounts Commission's Best Value Follow Up Report 2017 on the Council and the benefits of effective scrutiny
- Foundations for successful scrutiny – including culture
- Advice on how elected members should prepare, question and reflect
- Practical application of the above.

**108.** During 2017/18 members of the Audit & Risk Management Committee received presentations on the role of internal audit from the Chief Finance Officer and the work of external audit from Audit Scotland. As noted in paragraph 76, elected members also received briefings from the CFO in December 2017 and January 2018 on the Scottish Government's draft 2018/19 budget and the implications for the Council.

**109.** The training provided for elected members demonstrates the support given to members to support their role in effective scrutiny role. Officers advised that all training sessions provided to members were well attended.

## Transparency

**110.** Transparency means that the public, in particular local residents, have access to understandable, relevant and timely information about how the Council is taking decisions and how it is using resources such as money, people and assets. We have concluded that the Council conducts its business in an open and transparent manner.

- Public can attend meetings of the full Council and other committees.
- Minutes of committee meetings and supporting papers are readily available 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 a high level overview of performance across all Council services. This is available on the Council's website.

## Internal audit

**111.** 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.

**112.** This confirmed that the internal audit function has sound documentation standards and reporting procedures in place and complies with almost all of the Public Sector Internal Audit Standards (PSIAS). An independent external examination of the Council's internal audit function was completed by a Senior Manager from another council in early 2018. This concluded that the internal audit team fully conforms to 12 of the 13 standards and generally conforms to the other standard covering Independence and Objectivity. Two actions are being taken forward: minor changes to the Internal Audit Charter and for a strengthening of the Declaration of Interest form completed by internal audit staff. These actions are to be completed by 31 March 2019.

**113.** 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. As a result, we were able to place reliance on the work done by internal audit in relation to the controls over the accounts payables function, including payment controls, access and authorisation rights and changes to suppliers standing data.

## Following the public pound

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

**115.** The Council allocates significant funding to only one such body, East Dunbartonshire Leisure and Culture Trust Limited. We found appropriate reporting and monitoring arrangements are in place for the funding provided to the leisure trust, which meet the expectations of the Code.

**116.** In May 2018 the Accounts Commission published a report, [\*Councils' use of arm's-length organisations\*](#) (ALEOs). The audit examined the following:

- Councils' reasons for using ALEOs.
- How councils oversee and govern ALEOs.
- What ALEOs have achieved.

**117.** The report identified that:

- ALEOs have brought benefits, including reducing costs, increased uptake in sport and leisure and improved standards of care.
- Councils have strengthened their oversight of ALEOs. They are showing improving practice in evaluating them as an option but could do more to involve the public and wider stakeholders in that process.
- There are issues in councils' use of ALEOs. Councils need to continue to follow the principles of the Following the Public Pound code agreed by the Accounts Commission and the Convention of Scottish Local Authorities. The Commission has since published updated guidance on governance, accountability and potential conflicts of interest such as councillors sitting on ALEO boards as well as carrying out their council role.
- Around half of ALEOs are registered charities and this allows them relief from non-domestic rates. However, the Scottish Government has indicated this would not be available to new ALEOs.

## State aid regulations

**118.** We reported last year that the Council does not have formal arrangements in place to ensure compliance with European Commission State Aid Regulations. We highlighted that the Council was working on the development of policy and procedures to support compliance.

**119.** During 2017/18 the Scottish Government State Aid Team delivered training to relevant senior officers in the Council. In addition, a team leader post in Legal & Democratic Services was appointed to finalise a policy document. In the intervening period, the Council's Chief Solicitor and Monitoring Officer reviews all Council reports to ensure that there are no state aid implications and the Chief Finance Officer is also informed of any emerging issues.

## Standards of conduct for prevention and detection of fraud and error

**120.** The Council has a range of activities 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.

**121.** In 2016/17, we highlighted that senior officers do not complete full registers of interest like those completed by members, for declaring interests in other bodies. As a result, during 2017/18 the Council developed a form for senior officers to complete to provide relevant details for inclusion in a separate register of interests. Senior officers completed this form by the end of July 2018 and the Council's Chief Solicitor and Monitoring Officer is responsible for preparing and maintaining this register of interests.

## National Fraud Initiative

**122.** The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques 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.

**123.** NFI activity is summarised in [Exhibit 9](#) and highlights that the Council has made good progress in investigating those matches recommended for investigation. The approach taken by the Council has been to investigate those matches which are considered to be higher risk (such as payments to care homes), with the remaining lower risk matches being investigated using sample testing. We consider this approach to be reasonable.

### Exhibit 9 NFI activity



4,173

**Matches**



787

**Recommended for  
investigation**



612

**Completed/closed  
investigations**

Source: NFI secure website: [www.nfi.gov.uk](http://www.nfi.gov.uk)

**124.** NFI progress and outcomes are reported regularly to the Audit & Risk Management Committee and senior management by Internal Audit. The Fraud Team Leader oversees NFI work including the completion of the NFI self-appraisal checklist which we were advised is used for planning of future NFI work, as opposed to monitoring the progress of NFI work, which is carried out using the NFI website.

**125.** We concluded that the Council is pro-active in investigating matches and reporting the outcomes of NFI activity.

**126.** During 2017/18 Audit Scotland undertook a pilot project at the Council to identify the possibility of using NFI data matching processes to ensure social care payments are cancelled when a client dies. Currently, NFI only matches the following care costs:

- private residential care home residents to deceased persons records
- personal budget direct payments to housing benefits, pensions, other councils' personal budget data and the Metropolitan Police's counterfeit identity data.



**127.** The pilot extended the NFI data matching to include not only private residential care home residents, but also clients in receipt of care at home. The Council does not own any residential care homes.

**128.** The results of the pilot were reported to the Council in April 2018 and identified nine cases in respect of clients who received care from a private provider and payments continued after the client's death. The payments totalled £40,266 and although the Council recovered the overpayment, this highlighted that controls were not operating effectively.

**129.** As a result, the Council introduced a new process for council tax department staff to notify social work services staff when they receive a change for a client in receipt of social care. Such changes include the death of a client or change of client address. The Council is also reviewing its processes for dealing with deceased clients across all departments to streamline the process and ensure better sharing of information.

**130.** As a result of this pilot, a new NFI data match is being developed by the Cabinet Office and this data match will be offered nationally on an optional basis for all councils. The pilot at the Council also features as a case study within Audit Scotland's [\*The National Fraud Initiative in Scotland\*](#) (July 2018) report.

## ICT controls

**131.** The Public Services Network (PSN) is the UK government's high-performance network. Public bodies wishing to connect are required to submit a detailed application together with an independent ICT health check. If the submission meets the assessors' standard, then compliance is granted either unconditionally or conditionally with an action plan if the current level is close to meeting the standard. In June 2018, the Council successfully retained its PSN certification.

## Cyber security

**132.** The Scottish Government issued a [\*Public Sector Action Plan on Cyber Resilience\*](#) in November 2017 which requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate. The Scottish Government actively encourages public sector bodies to seek independent assurance of critical technical controls, which in its view is achieved by obtaining Cyber Essentials or Cyber Essentials Plus accreditation.

**133.** The Council is currently working on the Cyber Essentials pre-assessment questionnaire with a view to acquiring the Cyber Essentials certification by the end of October 2018.

**134.** During the year, we reviewed the Council's cyber security arrangements and concluded there are satisfactory controls in place. However, detecting, preventing and handling cyber-attacks is a constantly evolving environment and one that requires continued updating of skills for the general and the specialist ICT staff and maintenance of good controls reduces the risk of a successful cyber-attack.

## General Data Protection Regulation

**135.** The new General Data Protection Regulation (GDPR) came into force on 25 May 2018. This replaced the UK Data Protection Act 1998. As a Regulation, all EU member states must implement it in the same way. GDPR sets out further requirements than the DPA and has introduced new and significantly changed data protection concepts.

**136.** GDPR introduces a wide range of new rights for individuals in respect of their personal data. These include the right to be forgotten, the right to object to certain processing activities and to decisions taken by automated processes. Failure to



comply with new GDPR data handling arrangements could result in the Council incurring significant fines.

**137.** A GDPR report was presented to members in March 2018 and provided an update on the Council's readiness and implementation of the GDPR requirements. In June 2018 a report was presented to the Council seeking approval for the necessary updates to the existing Council policies and procedures relating to data protection, following the enactment of the Data Protection Act 2018 and the implementation of GDPR. In addition to these reports, quarterly information management performance reports are presented to the Audit & Risk Management Committee with the most recent report presented in August 2018. These reports provide assurance to members that the Council is transparent in relation to its management of information and is complying with statutory requirements.

**138.** Based on an assessment of the evidence we have concluded that the Council made good progress on implementing GDPR requirements.

### Lennoxtown Community Hub

**139.** At the Council meeting on 21 June 2018, members considered a report in private on an issue titled '91 Main Street, Lennoxtown'. The report invited Council to approve the terms of a proposed agreement between the Council and the tenant relating to the existing lease and proposed amended terms for the remainder of the lease. There followed considerable discussion in relation to the terms and proposals contained in the report. Councillors approved a proposal for an internal investigation on the matter. The Chief Solicitor & Monitoring Officer confirmed that she would instruct an internal investigation in this regard and further advised Council that Audit Scotland would pick up the references to the proposed agreement in the year end annual accounts. The Chief Finance Officer confirmed that this was reported as a contingent liability within the draft annual accounts, that this treatment would be reviewed as part of the external audit process and further noted the potential for this to be changed to a provision where deemed appropriate.

**140.** In August 2018 the Council confirmed that the above issue had been concluded and the settlement is now included as an expense in the audited 2017/18 annual accounts. Our review of the accounting treatment has concluded that this transaction is appropriately treated in the accounts.

**141.** Internal audit are currently carrying out the investigation, the results of which are still to be reported. We will review the results of the internal audit investigation when they are reported.

### Integration of health and social care

**142.** The Scottish Government's 2020 vision places greater emphasis on enabling people to stay in their homes, or another homely setting, where possible, sharing their lives with their family and friends and doing the things that give life meaning and value. The integration of health and social care is a mechanism to achieve this.

**143.** The East Dunbartonshire Integration Joint Board (IJB), commonly known as East Dunbartonshire Health & Social Care Partnership, is provided in partnership with NHS Greater Glasgow & Clyde. The financial transactions of the East Dunbartonshire IJB have been consolidated into the Council's group accounts. The IJB publishes its own set of audited accounts.

**144.** The IJB has its own performance management framework to ensure that progress against key plans, strategies and budgets are monitored routinely in order that timely action can be taken to address any performance issues. Progress is monitored by senior management, appropriate scrutiny committees, the IJB and all partners.

**145.** The IJBs face financial challenges in the future as well as service delivery challenges from the new landscape. Audit Scotland, as part of a series of reports, will be reporting on integration authorities' progress after the first year of IJBs being established. This report is due in November 2018 and auditors will assess the effectiveness of the partnership arrangements after the report has been published.

## Local scrutiny plan

**146.** The 2018/19 Local Scrutiny Plan (LSP) prepared by the Local Area Network (LAN) of scrutiny partners for the Council was submitted to the Council in March 2018. It was presented to the Audit & Risk Management Committee in May 2018. The LAN did not identify any new scrutiny risks in the year which would require specific scrutiny work during 2018/19. The Council will be subject to a range of nationally driven scrutiny activity as set out in the LSP.

## Equal pay

**147.** In September 2017, the Accounts Commission published its findings from an audit of equal pay across local government. The audit found that councils underestimated the challenges involved in implementing the Single Status Agreement (SSA) and some of the approaches taken by councils did not always prioritise pay equality and were later found to be discriminatory. East Dunbartonshire Council implemented single status in March 2008 and reports that between 2004/05 and 2015/16 it has spent £6 million compensating workers who had been unfairly paid and settling equal pay claims.

**148.** Since December 2016 the Council has completed a further wholesale job evaluation exercise (following on from that undertaken in 2008) along with a terms and conditions review and is working towards settling all outstanding equal pay claims. The job evaluation exercise (implemented in July 2017) was undertaken to provide assurance that the current pay and grading model is gender neutral.

**149.** As at March 2018, the Council had settled almost 80% of its outstanding claims, leaving just over 20% from 49 claimants outstanding. The settlement agreements issued to date, include compensation for both historic inequality and also compensation for "second wave claims" in respect of the period of pay protection immediately following the implementation of job evaluation in 2008, thereby circumventing the need for both the Council and claimants to go through a second claims process. Workers could potentially still make new claims against councils. This means that councils need to be confident that they have fair and transparent pay arrangements and take necessary action, such as regular equal pay audits, to deliver pay equality in line with their public sector equality duty.

# Part 5

## Best Value



### Main judgements

The Council has responded positively to the key findings in the November 2017 Best Value follow up report. It has progressed a plan of improvement actions at a satisfactory pace, in line with expectations given the short time period since November. We will continue to monitor and report on progress on the improvement plans.

The leadership of the Council is demonstrating improved management of improvement plans.

61% of the Council's 2016/17 performance indicators are in the top two quartiles of Scottish councils. Performance has improved over time in 47% of indicators. Service satisfaction levels are above the Scottish average in most services.

Education services are performing particularly well even in the Council's most deprived areas.

The performance management framework is linked to the local priority outcomes.

The Council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas. The cost of waste management is an area highlighted for improvement.

How Good is Our Service performance reports are comprehensive but some do not fairly report delays in implementing improvement plan indicators.

**150.** To review how effectively the Council demonstrates Best Value (BV) in its delivery of services, we consider our audit findings across all the audit dimensions referred to in paragraph 3. This section of the report reflects on this and more specific findings from the five year audit approach covering aspects of BV in the council. This section also includes audit findings relating to the audit dimension of Value for Money such as how effective the leadership is of the transformation programme, which is driving efficiencies in the council's activities

Councils have a duty to secure Best Value though continuous improvement.

### Best value - follow up of previous findings

**151.** Best Value arrangements in the Council are being assessed over the five year audit appointment, as part of the annual audit work. This year's audit work focused on:

- follow up of progress made by the Council in response to the November 2017 Best Value audit report
- the BV characteristic of sustainable development (paragraphs 186-189)
- the Council's service performance (paragraphs 160-182).

**152.** In December 2016 the Accounts Commission concluded in a Best Value Follow up Report that the Council did not demonstrate adequate capability to deliver its ambitious transformation programme which affected its ability to address its significant funding gap. This was evidenced by failure to meet targets and lack of clarity about the savings to be achieved. The report contained recommendations on the pace of progress with its transformation programme, workforce planning, the quality of member scrutiny and need for effective leadership to manage the required changes in the Council.

**153.** In a further follow up report published in November 2017 the Commission said that they were encouraged by the Council's positive response to the findings from December 2016. They commended the Council for acting upon the various areas of concern set out in those findings. They said that given the short period of time since the last findings, certain actions remain in progress and the longer-term effect of improvements has yet to be seen. They encouraged the Council to maintain momentum and continue to demonstrate effective leadership in taking improvements forward. It will be important for the Council to assure itself that it has the right capacity to deliver the transformation needed for the challenges that lie ahead.

**154.** They also endorsed the recommendations made by the appointed auditor in the 2016/17 annual audit report of the Council and noted that progress against improvement actions will be reported through the annual audit. Progress against the improvement actions discussed in the November report is as follows:

Leadership of the Council's improvement plans	The Council has demonstrated that it has taken improvement actions to respond to all key findings of the November 2017 Best Value Follow Up Report. Officers and members continue to demonstrate effective leadership in taking improvements forward.  Paragraphs 157-159
Clearer reporting on Transformation Programme benefits	Clearer presentation of the progress of projects is still required in reports to members. Budget monitoring reports need to highlight the transformation programme projects.  Paragraphs 54-58 and 84-86  <b>Action plan points 2 and 3</b>
Progressing Workforce Strategy and plans	The updated Workforce Strategy 2018-2021 was approved.  Service workforce plans have been developed which outline demographic profiles and contain an action plan.  Paragraphs 87-92

<p>Improved reports to Members to support scrutiny</p>	<p>A new Convenor was appointed to the Audit &amp; Risk Management Committee in March 2018. A programme of training events has been provided to members to help improve the quality of scrutiny.</p> <p>The format of reports to members has been improved in the year.</p> <p>The effectiveness of scrutiny will be reported in 2018/19.</p> <p>Paragraphs 101-109</p>
<p>Link from the Council's strategic priorities to financial and operational plans</p>	<p>The current Council priorities are set out in its Local Outcomes Improvement Plan (LOIP) 2017-2027. The LOIP is linked to the Transformational Change &amp; Budget Reduction Strategy and Business and Improvement Plan (BIPs) for the Council's 11 strategic groups. Each BIP includes an improvement action plan (including a performance scorecard) that highlights how strategic groups will continue to improve performance and how these improvements will be monitored. This is consistent with good practice.</p> <p>Paragraphs 72-74 and 163</p>
<p>Long term financial plans need to be developed</p>	<p>In November 2017 the Council discussed an update on the development of the Council's longer term financial planning as part of its Strategic Planning and Performance Framework. The report included a long term financial risk management strategy but it does not yet include financial forecasts.</p> <p>The medium-term financial plan sets out future budget gaps up to 2023/24 and the Council will need to identify how future budget gaps are to be filled.</p> <p>Paragraph 80-83</p>
<p>Zero Based Budgeting (ZBB) pilot to be progressed.</p>	<p>The principles of ZBB are to be included within individual service reviews when these are carried out. A number of service reviews are included in the 2018/19 transformation programme and ZBB will be considered during these reviews. We will</p>

	<p>report on the effectiveness of budgeting in our 2018/19 annual audit report.</p> <p>Paragraph 44</p>
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**155.** In our 2016/17 Annual Audit Report we concluded that the Council had demonstrated that it responded positively to the key findings in the December 2016 report. It had progressed a plan of improvement actions at a satisfactory pace, in line with expectations given the short time period since December 2016. We highlighted that we would continue to monitor the Council's progress with its improvement plans during 2017/18 and provide an update in our Annual Audit Report.

**156.** Our follow up work in 2017/18 identified that the Council has demonstrated a further positive response to the key findings in the 2017 BV follow up report. It has progressed a plan of improvement actions at a satisfactory pace, in line with expectations given the short time period since November 2017. Improvements are still in progress in some areas and an update is to be reported in 2018/19.

### Leadership of the Council's improvement plans

**157.** In December 2017 the Council considered and accepted all of the recommendations made by the Accounts Commission in the November BV follow-up report. The improvement actions have been incorporated into the Best Value action plan on the Council's performance monitoring system (Pentana).

**158.** The Transformational Change and Budget Reduction Strategy is the key driver for preparing the council for its future challenges. Officer leadership is provided by the Transformation Programme Board, chaired by the Chief Executive, and attended by the SMT. The Programme Management Office which is part of the Finance Section manages all transformation projects. This leadership structure has demonstrated improved performance in delivery of the Council's improvement plans.

**159.** The Council has demonstrated that it has taken improvement actions to respond to all key findings of the December 2016 Best Value Report and the November 2017 Best Value Follow Up Report. Evidence of this is included throughout this report. The impact of actions to date varies and where the impact of the improvement actions is still to be demonstrated by the Council, they will be kept under review by audit. Improvement recommendations identified by audit relevant to specific Best Value arrangements have been included in the action plan at [Appendix 1](#).

### Performance management and internal performance reporting

**160.** The Council has an established performance management framework. The Council's performance information is reported through quarterly How Good Is Our Service (HGIOS) evaluation reviews and annual Business and Improvement Plans (BIPs) for all services. Scrutiny of directorate performance is undertaken by the relevant strategic committee. The performance targets within BIPs are reviewed on an annual basis and subject to ongoing challenge and scrutiny throughout the year.

**161.** HGIOS evaluation reviews are presented to the relevant strategic committees. They provide a comprehensive review of each strategic group's performance and activity covering the following areas:

- Local delivery story – includes overview of performance

- Prioritised performance indicators (PI) – highlights the status (On target, 2-5% off target and Off target), quarterly and annual outcomes, annual target and update notes
- Absence management – provides quarterly and annual absence statistics for the strategic service and Council wide
- Progress on BIPs – for each area for improvement highlights the status (On target, 2-5% off target and Off target), progress against target and update notes
- Financial targets – for each main service division provides annual budget, projected annual outturn, variance against budget and narrative where significant variances shown
- Consultation / engagement activity with stakeholders
- Policy and strategy documents published in the period
- Improvement priorities – lists areas requiring improvement, improvement activity and implementation timescales
- Current delivery focus – lists ongoing service priority areas.

**162.** [Exhibit 10](#) shows a breakdown of annual and quarterly performance reported by traffic light status for the indicators for all strategic groups, as reported in the HGIOS evaluation reviews for 2017/18.

**163.** The Council demonstrates that it is monitoring its performance against its strategic priorities set out in its Local Outcomes Improvement Plan (LOIP) 2017-2027 through the HGIOS review reports. The reports are presented in a clear format. The progress against the Council's 98 priority PIs are reported together with 86 improvement indicators. Officers should consult with members on the level of detail and the number of indicators on performance information they wish to see, to confirm that it meets their needs.

**164.** We reviewed the 2017/18 HGIOS reports as reported in [Exhibit 10](#) and identified 12 BIP areas for improvement where the original due date for achievement had passed and had been revised and yet they were shown as 'On target' against the revised target date even though little or no progress had been made. For example, this was the case for all 6 BIP areas for improvement within Legal and Democratic Services. Our view is that this approach is misleading and the status of these areas for improvement should be reported as 'Off target'. Therefore, the figures in the 'Off target' column in [Exhibit 10](#) include such areas for improvement where the original due date has passed and had been revised. How progress against BIP areas for improvement are reported to members within HGIOS reports should be reviewed.



**Recommendation 5** ([refer appendix 1, action plan](#))



## Exhibit 10

### Performance information for 2017/18

Strategic Groups	On target	2-5% off target	Off target
Place, Neighbourhood and Corporate Assets			
Comprises the following strategic groups:			
• Assets and Facilities	11		8
• Housing	4	2	4
• Land Planning and Development	8		1
• Neighbourhood Services	9	2	2
• Place and Community Planning	21	1	2
• Roads and Transportation	10		1
Education, People and Business			
Comprises the following strategic groups:			
• Education	11	1	2
• Finance, Audit and Performance	8	1	11
• Legal and Democratic Services	7		6
• Organisational Transformation	9		4
• Customer and Digital Services	15	1	4
• Integrated Health and Social Care	10	3	5
<b>Total</b>	<b>123</b>	<b>11</b>	<b>50</b>

Source: How Good Is Our Service Reports 2017/18

**165.** In the HGIOS report areas of good or improving performance include:

- 9.5 days were lost to sickness absence on average per employee for all employees (teaching and non-teaching staff) against a target of 10 days
- The average number of days taken to fully process new Housing Benefit claims was 24.5 days against a target of 27 days
- The average length of time taken to re-let properties was 47 days against a target of 55 days.

**166.** Areas identified for improvement include:

- Reducing current tenant arrears which were £0.8 million at 31 March 2018 against a target of £0.65 million
- Increasing the percentage of supplier invoices paid within 30 days which was 90.4% against a target of 97.5%
- Reviewing the performance of customer requests that are resolved at first point of contact by Customer Services. The percentage achieved in relation to this indicator was 62% against a target of 70%.

**167.** Overall, based on the figures shown in [Exhibit 10](#), the Council has achieved 67% of its performance targets, with a further 6% being within 5% of the target. This is similar to the 2016/17 results.



## Local Government Benchmarking Framework

**168.** The [Local Government Benchmarking Framework](#) (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them. The LGBF enables a council to compare its performance against the Scottish average and other individual councils. The most recent [National Benchmarking Overview Report 2016/17](#) by the Improvement Service was published in February 2018 and covered the 2016/17 reporting period

**169.** Officers reported on the Improvement Service report to the Policy & Resources Committee (P&R) in May 2018. The Improvement Service report was separately provided to all elected members. The overall conclusion from the Council's analysis of the Improvement Service report was that the Council has continued to maintain and improve performance in the majority of areas when compared with the previous year and highlights, when benchmarked, the majority of the Council's performance indicators are in the top two quartiles.

**170.** The P&R report provides details of the Council's performance indicators that are in the bottom quartile and, for each indicator, sufficient narrative is given outlining the action being taken by officers to improve performance.

## Relative performance against the Scottish average

**171.** National indicators show the Council's performance in many services has improved in the last six years compared to other councils. The P&R report contains an analysis of the movement in the 70 LGBF indicators since 2010/11. This shows that 49 indicators have improved. When their ranking is benchmarked against other councils, performance has improved in 33 indicators (47%), been sustained for 16 indicators (23%), and declined in 22 (30%).

**172.** The report also shows an analysis of all national indicators over a shorter time period which shows that 38% of the Council's indicators were in the top quartile (44% in 2015/16), 23% in the second quartile, 22% in the third quartile and 17% (13% in 2016/16) were in the bottom quartile. Based on this analysis there are some services where the pace of improvement is slower than other councils, in the last year. However, the overall performance remains strong.

**173.** These figures have not been checked by us but they are consistent with our own analysis of the national indicators over a similar time period.

**174.** The Accounts Commission's report [Local government in Scotland – Challenges and performance 2018](#) (April 2018), selected eight LGBF indicators that give an indication of performance in services likely to be of great interest to the public. East Dunbartonshire Council's performance against these indicators is shown in [Exhibit 11](#) overleaf. This shows improvements in all eight indicators since the baseline indicators of 2012/13.

## Exhibit 11

East Dunbartonshire's Council's performance against selected LGBF indicators 2012/13 to 2016/17

Indicator	2012/13	2013/14	2014/15	2015/16	2016/17	Since 2012/13
Proportion of Pupils Entering Positive Destinations (%)	96.0	97.0	96.8	97.5	98.3	↑
Percentage of Pupils from Deprived Areas Gaining 5+ Awards at Level 6 (SIMD)	18.0	29.0	27.0	38.0	33.0	↑
Percentage of Pupils Gaining 5+ Awards at Level 6	48.0	49.0	53.0	56.0	57.0	↑
Percentage of income due from Council Tax received by the end of the year	96.6	96.2	96.6	96.7	96.8	↑
Percentage of people 65+ with intensive needs receiving care at home	31.1	38.3	40.1	38.9	39.6	↑
SDS spend on adults 18+ as a % of total social work spend on adults 18+	2.2	3.0	3.1	4.0	6.1	↑
Percentage of total household waste arising that is recycled	38.7	44.9	44.5	50.7	48.5	↑
Percentage of A class roads that should be considered for maintenance treatment	38.3	34.0	31.1	29.7	29.5	↑

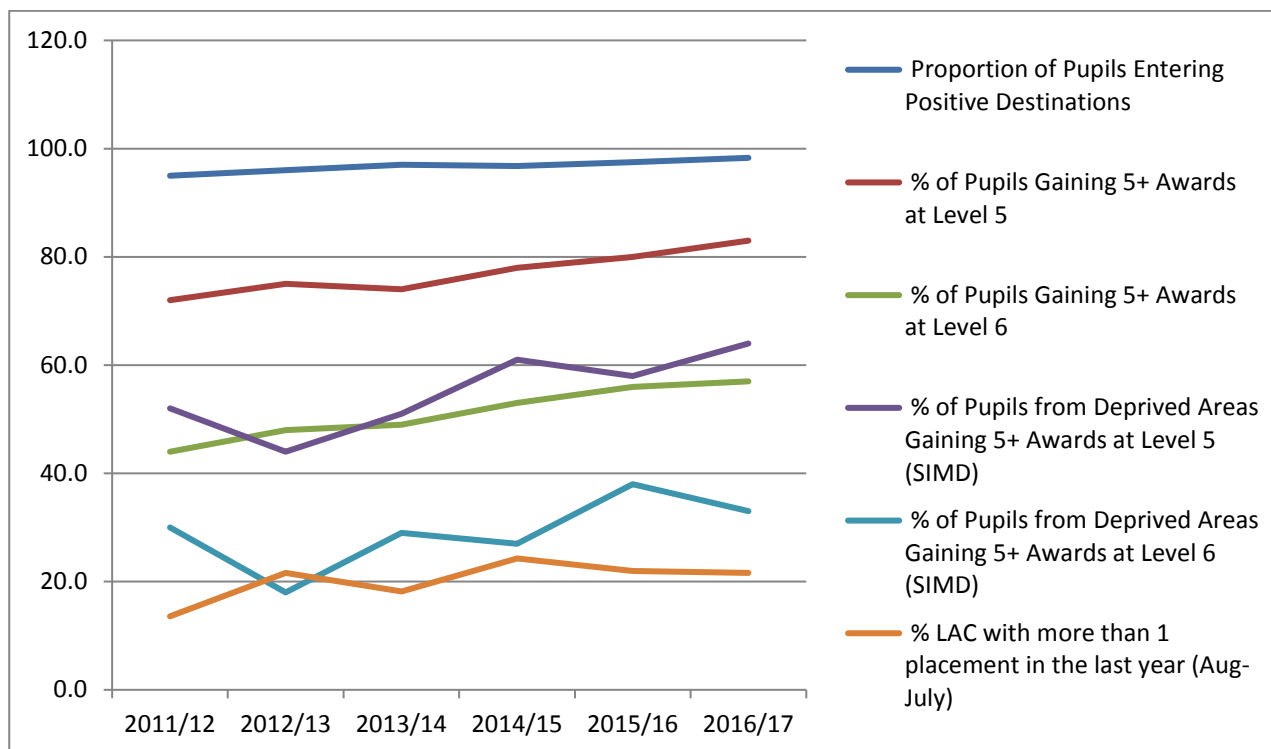
Source: Local Government Benchmarking Framework, Improvement Service 2018

### Areas of good or improving performance

**175. Education:** An area worthy of particular mention is the Council's Education service, which makes an important contribution to the LOIP priorities and outperforms the Scottish average. The LGBF children's indicators monitored through the Council's education services are all in the top quartile of performance except for cost per primary school, and cost per secondary school pupil which are in the second and third quartiles respectively. The academic attainment of pupils from deprived areas is the highest in Scotland. [Exhibit 12](#) overleaf indicates a positive trend of year-on-year improvements in performance against a number of key Education indicators since 2011/12. Additional analysis of Scottish Government teacher and pupil census data shows both pupil numbers and teachers numbers have been increasing and the pupil to teacher ratio has largely reflected this trend. The Council is the second highest on this measure within its family group of 8 councils and is in-line with the Scottish ratio.

## Exhibit 12

### Selected LGBF education indicators, 2011/12 to 2016/17



Source: Local Government Benchmarking Framework, Improvement Service 2018

## Areas of poorer performance

**176. Waste management:** [Exhibit 11](#) shows that the Council is recycling more household waste than it was in 2012/13. However, the LGBF indicators show that the net cost of both refuse collection and waste disposal per premise is above the Scottish average cost in the past three years. The Council is ranked twenty-eighth out of the 32 Scottish local authorities for both of these indicators.

**177.** In the P&RC report the Council explains that in relation to refuse collection, the service frequency and method of collection has a significant impact on the resources and make up of fleet required to deliver this service. The Council is proposing to review operations with a view to improving performance in both recycling rates and cost. In respect of waste disposal, the Council is currently reviewing contract arrangements for disposal and treatment costs and continues to develop the Mavis Valley transfer station in preparation for the Clyde Valley residual waste treatment contract commencing in 2019.

**178.** Other indicators in the bottom quartile are listed in the May 2018 P&R report with explanations and notes of any improvement plans.

## Service satisfaction

**179.** The LGBF also includes service satisfaction indicators which are based on an average of the results of the Scottish Household Survey for the last 4 years (2014 to 2017). This survey, which began in 1999, is a continuous survey based on a sample of the general population in private residences in Scotland. The aim of the survey is to provide representative information about the composition, characteristics and behaviours of Scottish households, both nationally and at a more local level. The survey covers a wide range of topics to allow links to be made between different policy areas, with a particular focus on information to aid policy decisions on transport and social inclusion.

**180.** The P&R report makes general comments on these indicators and says that service satisfaction has gone down across Scotland and that only 30% of the satisfaction indicators show improvement over time. The LGBF service satisfaction indicators for 2016/17 show that despite this East Dunbartonshire Council is in the top two quartiles for 6 of the 8 indicators, [Exhibit 13](#).

## Exhibit 13

### East Dunbartonshire Council's performance against service satisfaction LGBF indicators

Indicator	Satisfaction level (%)	Ranking out of 32 Scottish local authorities
Adults satisfied with local schools	82.0	12 <sup>th</sup>
Adults satisfied with social care or social work services	84.2	7 <sup>th</sup>
Adults satisfied libraries	77.0	15 <sup>th</sup>
Adults satisfied with parks and open spaces	82.7	25 <sup>th</sup>
Adults satisfied with museums and galleries	62.0	23 <sup>rd</sup>
Adults satisfied with leisure facilities	78.0	14 <sup>th</sup>
Adults satisfied with refuse collection	85.3	16 <sup>th</sup>
Adults satisfied with street cleansing	75.7	13 <sup>th</sup>

Note: Satisfaction levels based on average of responses to Scottish household surveys for 2014 to 2017 with the exception of adults satisfied with social care or social work services which is based on the results of the 2013 to 2016 surveys as this information was not collected as part of 2017 survey.

Source: Local Government Benchmarking Framework, Improvement Service 2018

**181.** The P&R report includes plans for improving satisfaction levels for parks and open spaces through the Council's Open Space Strategy Action Plan.

**182.** The Council also routinely undertakes customer satisfaction surveys at a local level as part of its performance management framework. We have not reviewed the results of any Council customer satisfaction surveys as part of our audit.

## Public Performance Reporting: Statutory performance indicators (SPIs)

**183.** The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. 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.

**184.** For 2017/18 two SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving Best Value
- SPI 2: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

**185.** Overall, we concluded that the Council's arrangements for publication are satisfactory. The Council publishes an annual public performance report which provides a high level overview of performance across all Council services. This is available on the Council's website.

## Sustainability

**186.** Sustainable development is one of the Best Value characteristics defined in the 2003 statutory Best Value guidance. The guidance defines it as development which secures a balance of social, economic and environmental well-being in the impact of activities and decisions, and which seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs.

**187.** As part of our 2017/18 audit work we completed a review of the Council's sustainable development arrangements. This involved looking at whether the Council can demonstrate that sustainable development issues are embedded in the its vision and strategic direction as well as its governance arrangements. We also considered whether the Council's resources are planned in a way that contributes to sustainable developments and that sustainable development is effectively promoted through partnership working.

**188.** We concluded that sustainable development is embedded within the Local Outcomes Improvement Plan (LOIP) 2017-2027 and included within the Business and Improvement Plans (BIPs) for each strategic group. However, officers feel that further work is required to promote sustainable development at a strategic group level through the Council's HGIOS service performance reporting arrangements and this is being considered by officers.

**189.** In November 2016, the Council approved a sustainability and climate change framework. The Council is currently preparing a dynamic action plan which will be used to monitor and record progress in the delivery of the framework and this is due to be presented to members in late 2018. The Council has a sustainable development policy team in place who carry out strategic environmental analysis (SEA) for all strategic documents presented to members. However, officers have identified that in 2016/17, only 55% of reports that contained a strategic action plan were subject to a SEA analysis. Although we are satisfied that there is sufficient evidence to confirm that sustainable development issues are integrated into decision making processes approved by members, further work is required to demonstrate the consideration of environmental analysis and risk assessment processes prior to strategies being approved. Provision of sustainable development training for members should be considered to help them fully understand their responsibilities in this area and the impact on the Council.

## Shared services

**190.** The Accounts Commission and Auditor General have highlighted the benefits to the people who use council services, communities and public sector organisations of working well together. The Accounts Commission's recent report, [\*Local government in Scotland – Challenges and performance 2018\*](#) (April 2018) identified limited evidence of councils collaborating or sharing services.

**191.** In June 2016 the Council approved the establishment of the East Dunbartonshire, Inverclyde and West Dunbartonshire Councils' Shared Service Joint Committee (SSJC). The committee became effective from 1 November 2016 and established a governance framework for the potential sharing of services.

**192.** A model for the sharing of roads and transportation services between the councils was progressed. The strategic business case was approved by the SSJC in March 2017 and a detailed business plan was developed during 2017/18 by external consultants which considered a range of options.

**193.** A report was presented to Council in March 2018 and provided an update on the shared services proposals. The report highlighted that the recommendation from the external consultants was that, whilst there was not significant financial efficiency from any of the potential options, a lead authority model was marginally the best option to support increased resilience and operational service delivery across the three councils. The model was developed on the basis that an associated realignment of employees under a single lead authority, akin to a traditional Transfer of Undertakings (Protection of Employment) TUPE arrangement, would be required.

**194.** Following the completion of the business plan, officers from across the three councils met with their respective roads and transport workforces setting out the recommendation by consultants for a lead authority model with a TUPE transfer to be introduced within 2 years of implementation at April 2018. The three chief executives and then leaders also met and provisionally identified Inverclyde Council as the potential lead within a lead authority model should such a model be supported by the three councils.

**195.** However, feedback from the workforces within all three councils was that they did not support a model that involved a potential TUPE transfer of staff. Following further engagement with local members, officers moved to consider a lead authority model that does not involve a TUPE transfer or potential changes to terms and conditions.

**196.** In March 2018 East Dunbartonshire Council took the decision that its involvement in the joint roads service would not be as part of the lead authority model as the view was that the nature of the efficiencies that can be realised from a shared roads service, were outweighed by the additional support costs of this model.

**197.** As a result, the Council agreed the model of a strategic planning partnership arrangement as the basis for the Council's continued involvement in future shared services.

**198.** Both Inverclyde and West Dunbartonshire councils have indicated that they intend to move forward with the sharing of services on a lead authority model, with Inverclyde Council being the host authority and introducing a lead officer.

**199.** No savings from the joint roads service have been included in the council budgets, so there is therefore no impact on its financial position.

## National performance audit reports

**200.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18, Audit Scotland published a number of reports were issued which are of direct interest to the Council. These are outlined in [Appendix 3](#). Findings from national reports are reported to members alongside an assessment of current arrangements against good practices and the agreement of actions to ensure further improvements.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement

No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Trade receivables</b></p> <p>Audit testing identified a number of errors within the trade receivables balance which included both items incorrectly posted to the wrong financial year and items that were incorrectly accounted for. The gross value of these items totalled £8.4 million.</p> <p><b>Risk</b></p> <p>The annual accounts do not reflect actual income and may be materially misstated.</p>	<p>The Council should remind all officers of the procedures to be followed at the financial year end in relation to the accounting treatment of income due from debtors.</p> <p><a href="#">Exhibit 3</a></p>	<p>Finance will work with service teams to better anticipate, identify and record trades receivables as at the year-end. Whilst an adjustment of £8.4 million was identified the majority (£7.890 million) had been correctly accrued and, following technical advice from auditors, the balance sheet required to be amended. Two transactions represented the majority of this balance at £7.453 million. Additional work will be undertaken as part of the preparation of the financial statements to mitigate this risk.</p> <p>Chief Finance Officer &amp; Principal Accountants</p> <p>July 2019</p>
2	<p><b>Revenue budget monitoring reports</b></p> <p>Revenue budget monitoring reports show efficiency savings proposals. But it is not clear which of these relate to estimated savings proposals in the transformation programme.</p> <p><b>Risk</b></p> <p>Members are not clear of the contribution made by transformation programme projects to the revenue budget.</p>	<p>The Council should revise revenue budget monitoring reports presented to members to highlight those individual savings proposals that are also included in the transformation programme.</p> <p><a href="#">Paragraph 53</a></p>	<p>Quarterly Revenue Monitoring Reports to the Council's Policy and Resources Committee will be updated to clearly identify those savings proposals being taken forward as part of the transformation programme.</p> <p>Chief Finance Officer</p> <p>November 2018</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p><b>Transformation programme</b></p> <p>The transformation programme update reports do not highlight, for each completed project, the year to which the project relates.</p> <p>Not all of the estimated savings from the 2018/19 transformation programme are included within the management efficiency actions and budget reduction and income generation savings proposals for 2018/19 but no reason is provided to why this is the case.</p> <p><b>Risk</b></p> <p>Members are not provided with assurance on the completion rate of the annual transformation programme. The link between the transformation programme and financial efficiency savings projects is unclear.</p>	<p>The Council should revise transformation programme update reports to show, for each project completed, the year to which it relates. The update reports also need to specify why some of the estimated savings from the transformation programme have not been included within the Council's efficiency savings programme.</p> <p><a href="#">Paragraph 57</a></p> <p><a href="#">Paragraph 86</a></p>	<p>Recognising the complexity of the transformation programme and its intrinsic links to the Council's overall efficiency savings programme, including budget reduction and income generation, and the necessity for Members to have assurance and visibility of the contributions made by the transformation programme to the revenue budget, the Council will further enhance its transformation performance reports to provide additional links to revenue monitoring and budget delivery.</p> <p>Strategic Lead – Organisational Transformation</p> <p>November 2018</p>
4	<p><b>Employee consultation</b></p> <p>The Council does not carry out regular employee surveys.</p> <p><b>Risk</b></p> <p>The Council is missing the opportunity for staff to contribute to its improvement action plans.</p>	<p>The Council should design and carry out an employee survey on a regular basis. Results should be considered as part of the Council's improvement plans.</p> <p><a href="#">Paragraph 95</a></p>	<p>The Council has recently committed to undertake a staff survey in line with the recommendation. This commitment was included as part of the Quarter 1 absence management report to the Council's Policy and Resources Committee in August 2018.</p> <p>Strategic Lead – Organisational Transformation</p> <p>June 2019</p>
5	<p><b>Performance reporting</b></p> <p>In HGIOS progress reviews presented to members, a number of improvement actions where the original due date had passed and had been revised were shown as 'On target' against the revised target date even though little or no progress had been made.</p> <p><b>Risk</b></p>	<p>Management should review BIP areas for improvement and ensure that progress against target is accurately reported to members within HGIOS reports, particularly where the original due date has passed and then been revised.</p> <p><a href="#">Paragraph 164</a></p>	<p>The Performance Management system is specified to allow the owner to set a revised timescale for an action which has been delayed. The system then reports delivery against the revised date rather than the original delivery date but automatically allocates an 'amber' status to reflect the change in delivery</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
	Members are not provided with an honest assessment of progress made against improvement actions.		<p>timescales. HGIOS reports continue to report the original date, alongside revised timescales, to highlight that the project has been re-phased. Where there is a narrative to explain the reasons why the project has been delayed and suitable disclosures are made to reflect original dates this is seen to be open and transparent; the Council's view is that an 'amber' flag is more appropriate than a 'red' flag.</p> <p>Chief Internal Auditor</p> <p>No Further Action Proposed</p>

#### Follow up of prior year recommendations

<b>b/f</b>	<p><b>1. Capital expenditure</b></p> <p>Audit testing and Council finance officers identified a number of items of capital expenditure totalling £0.662 million that had been incorrectly posted to the 2017/18 financial year when this expenditure should have been accrued into the 2016/17 financial year.</p> <p><b>Risk</b></p> <p>The 2017/18 annual accounts do not reflect actual expenditure and may be materially misstated.</p>	<p>The Council should remind all officers of the procedures to be followed at the financial year end in relation to accruing expenditure to the financial year in which the expenditure was incurred.</p>	<p>Audit testing of capital expenditure in 2017/18 did not identify any errors.</p> <p>Action complete.</p>
<b>b/f</b>	<p><b>2. Long-term financial plan</b></p> <p>The Council has yet to issue a long-term financial plan which identifies potential risks and ensures spending decisions are affordable. Such a plan should include a range of scenarios to ensure the Council is prepared for different levels of funding and income.</p> <p><b>Risk</b></p>	<p>Although the Council has a medium-term financial plan that includes scenario planning, the Council should consider expanding this approach and develop a longer-term financial strategy.</p>	<p>The updated medium-term financial model identified funding gaps up to 2023/24 and includes scenario planning. The Council has also developed a long term financial risk management strategy.</p> <p>Paragraphs 80-83</p> <p>Action complete.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>The Council is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>		
b/f	<p><b>3. Efficiency savings</b></p> <p>Although the Council has a detailed savings plan for 2017/18, each savings proposal has not been risk assessed, i.e. assessed to estimate the risk of not achieving the saving. In addition, detailed saving proposals for future years have yet to be developed.</p> <p><b>Risk</b></p> <p>The Council does not achieve its efficiency savings target leading to increased use of contingency reserves and increases the level of efficiency savings required in future years.</p>	<p>The Council should ensure each savings proposal for 2017/18 is risk assessed and also develop risk assessed detailed savings plans to address future years funding gaps.</p>	<p>As part of the approval of the 2018/19 revenue budget members were provided with a supplementary briefing pack which included a risk assessment for the most significant budget reduction and income generation proposals.</p> <p>The updated medium-term financial model identified funding gaps up to 2023/24 and includes scenario planning.</p> <p>Paragraphs 80-83</p> <p>Action complete.</p>
b/f	<p><b>4. Transformation programme</b></p> <p>The programme update reports to members do not provide a comparison between the estimated savings included in the programme for each project and the actual savings achieved. Other non-financial benefits are also not reported.</p> <p><b>Risk</b></p> <p>Members are not provided with assurance that the projects realise the planned benefits.</p>	<p>The transformation programme update reports and the revenue budget monitoring reports should be explicitly linked and include details of the benefits achieved.</p>	<p>Our review of transformation update reports and revenue budget monitoring reports during 2017/18 identified that the links between these reports need to be improved and transformation programme update reports need to identify the year to which completed projects relate.</p> <p>Paragraphs 54-58 and 84-86</p> <p>2017/18 action plan above.</p>
b/f	<p><b>5. Workforce improvement plan</b></p> <p>A four phase plan is being developed. Progress is to be reported to members.</p> <p><b>Risk</b></p> <p>The progress report does not include clear actions to drive achievement of the plan.</p>	<p>The December 2017 progress report to members should include milestones and target dates for each of the four phases of the plan.</p>	<p>The Workforce Strategy 2018-2021 presented to Council in June 2018 includes an action plan setting out clear actions and target dates.</p> <p>Paragraphs 87-92</p> <p>Action complete.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
b/f	<p><b>6. Reports to members</b></p> <p>A new template for reports to members is being implemented.</p> <p><b>Risk</b></p> <p>The format and content of reports to members does not support them in fulfilling their responsibilities on taking decisions and scrutiny of performance.</p>	<p>After a period of time, the Council should request feedback from members on the effectiveness of the new report format, level of detail and use of plain English.</p>	<p>Officers regularly seek ad hoc verbal feedback from members on the revised report format to identify where improvements can be made.</p> <p>Paragraphs 103-104</p> <p>Action complete.</p>
b/f	<p><b>7. Registers of interest</b></p> <p>There is currently no requirement for senior officers to complete a register of interest.</p> <p><b>Risk</b></p> <p>Officers' interests and those of their close family are not adequately disclosed to enable potential conflicts to be identified and managed.</p>	<p>Senior officers should complete registers of interest at least annually and consideration should be given to extending this to other staff as appropriate.</p>	<p>During 2017/18 the Council developed a form for senior officers to complete to provide relevant details for inclusion in a separate register of interests. Senior officers were requested to complete this form by the end of July 2018. The register will be compiled when the forms are received.</p> <p>Paragraph 121</p> <p>Action ongoing.</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<b>1 Risk of management override of controls</b>  ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls.	Detailed testing of journal entries.  Reviewed significant management estimates and evaluated the impact of any variability in key assumptions.  Focused testing of accruals and prepayments.  Evaluated significant transactions that were outside the normal course of business.	We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.  We did not identify any incidents of management override of controls.
<b>2 Risk of fraud over income</b>  ISA 240 requires that audit work is planned to consider the risk of fraud over income, which is presumed to be a significant risk in any audit.	Reviewed controls within income systems.  Performed analytical procedures on income streams.  Detailed testing of revenue transactions which focused on the areas of greatest risk.	We undertook detailed testing of income streams.  No frauds were identified.
<b>3 Risk of fraud over expenditure</b>  The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure. The Council incurs significant expenditure in areas such as welfare benefits, grant payments and procurement expenditure, which present a risk of fraud over expenditure.	Reviewed work on the follow up of National Fraud Initiative (NFI) matches.  Assessed the overarching controls in grant schemes.  Detailed testing of expenditure and housing benefit transactions.	We concluded that the Council is proactive in following up NFI matches.  No control weaknesses were identified in relation to grant schemes.  No significant issues were identified from our testing of expenditure and housing benefit transactions disclosed in the 2017/18 financial statements.
<b>4 Estimation and judgements</b>  There is a significant degree of subjectivity in the measurement and valuation of pension assets and liabilities. The valuation of	Reviewed of the work of the actuary.  Reviewed the appropriateness of actuarial assumptions.	We reviewed the work of the actuary and assessed the appropriateness of the actuarial assumptions.

Audit risk	Assurance procedure	Results and conclusions
pension fund assets and liabilities is assessed by professional actuaries each year and is dependent on a number of external variables.	Confirmed pension valuations in actuarial report are correctly reflected within the 2017/18 financial statements.	<p>We confirmed that revised pension valuations provided by the actuary are correctly reflected in the 2017/18 financial statements. See <a href="#">Exhibit 3</a> for details of changes made to the unaudited figures.</p> <p>No material misstatements were identified.</p>

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

<p><b>5 Effective Leadership and Scrutiny</b></p> <p>At the 2018/19 revenue and capital budget setting meeting in March 2018, the Council appointed a joint administration and two co-leaders of the Council after the resignation of the previous administration in December 2017. It is too early to assess whether this has adversely impacted the effectiveness of scrutiny within the Council and the Council's ability to provide strategic direction. This was of specific concern with regard to the setting of the revenue and capital budgets for 2018/19.</p>	<p>Maintained communication with Council officers and strategic leads.</p> <p>Reviewed 2018/19 budget documentation and updated transformation programme.</p> <p>Regularly attended Council meetings.</p>	<p>We regularly attended Council meetings and reviewed the 2018/19 budget papers which included the updated transformation programme. The Council agreed a balanced revenue budget for 2018/19 in March 2018.</p>
<p><b>6 Financial Sustainability and Planning</b></p> <p>The Council continues to face significant financial pressures from funding constraints and increasing costs. There is a risk that the Council is unable to achieve the required savings to address the funding gap which places further pressure on reserves.</p> <p>In addition, the Council has yet to publish a long term financial plan which would identify potential future risks and ensure spending decisions are affordable. There is a risk that the Council is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>Reviewed financial monitoring reports and the financial position.</p> <p>Reviewed spending outturns against budget.</p> <p>Reviewed planned use and reliance on unallocated reserves.</p> <p>Reviewed the Long Term Financial Risk Management Strategy.</p> <p>Reviewed delivery of the transformation programme.</p> <p>Reviewed the progress of the zero based budgeting project.</p>	<p>Reviewed budget monitoring reports during 2017/18 to ensure the financial position at the year end was consistent with the unaudited 2017/18 accounts, including use of reserves.</p> <p>An updated medium term financial plan is being presented to Council in September 2018.</p> <p>The Council has developed a long term financial risk management strategy.</p>
<p><b>7 Best Value</b></p> <p>The Controller of Audit will monitor progress against the</p>	<p>Followed up the Council's progress in relation to the Best Value findings and provide an</p>	<p>The Council's progress in relation to Best Value findings is reported at paragraph 154.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>findings and improvement areas identified in his November 2017 Best Value follow-up report through the annual audit process. These included actions on:</p> <ul style="list-style-type: none"> <li>• Delivery of the transformation plan and competent programme management.</li> <li>• Effectiveness of scrutiny by elected members.</li> <li>• Workforce planning.</li> <li>• Clarity of reporting to elected members.</li> </ul>	<p>update in our 2017/18 Annual Audit Report.</p> <p>Held discussions with strategic leads during the year.</p> <p>Attended and reviewed Council minutes.</p>	
<p><b>8 Laws and Regulations</b></p> <p>The Council is required to identify changes in laws and regulations to ensure compliance. There is a risk that changes in legislation are not identified and that the impact that these changes will have on the Council are not assessed.</p>	<p>Assessed arrangements in place to ensure that these are effective and monitored on a regular basis.</p>	<p>Strategic lead officers liaise, identify and react to changes in law relevant to their strategic areas. This work is supported through interactions with and membership of bodies such as COSLA, SOLAR, SOLACE, CIPFA Directors of Finance and the provisions of the Monitoring Officer role and coordination through internal legal teams.</p>
<p><b>9 Register of Interest</b></p> <p>There is no register of interest in place for Council officers. There is a risk that officers' interests and those of their close family are not adequately disclosed to enable potential conflicts to be identified and managed.</p>	<p>Assessed the adequacy of the process for identifying related parties for year end financial statements.</p> <p>Regularly reviewed Council and committee minutes for declarations of interest.</p>	<p>Paragraph 121 provides an update. A separate register of interests for officers is being prepared.</p>

# Appendix 3

## Summary of national performance reports 2017/18



		Apr		
		May		
Common Agricultural Policy Futures programme: further update		Jun		Scotland's colleges 2017
		Jul		NHS workforce planning
Self-directed support: 2017 progress report		Aug		
Equal pay in Scottish councils		Sept		
Transport Scotland's ferry services		Oct		NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		Nov		
		Dec		
		Jan		
Early learning and childcare		Feb		
Managing the implementation of the Scotland Acts		Mar		

### Local government relevant reports

[\*Principles for a digital future\*](#) – May 2017

[\*Self-directed support: 2017 progress report\*](#) – August 2017

[\*Equal pay in Scottish councils\*](#) – September 2017

[\*Local government in Scotland: Financial overview 2016/17\*](#) – November 2017

# East Dunbartonshire Council

## 2017/18 Annual Audit Report

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