

# East Dunbartonshire Council

2019/20 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of East Dunbartonshire Council and the Controller of Audit  
19 November 2020

## 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 2019/20 annual accounts	9
Part 2 Financial management	15
Part 3 Financial sustainability	23
Part 4 Governance and transparency	30
Part 5 Best value	37
Appendix 1 Action plan 2019/20	46
Appendix 2 Significant audit risks identified during planning	50
Appendix 3 Summary of national performance reports 2019/20	53

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# Key messages

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## 2019/20 annual accounts

- 1** The annual accounts of East Dunbartonshire Council give a true and fair view of its financial position for the year ended 31 March 2020. Our audit opinions on the accounts of the council, its group and the three section 106 charities administered by the council are unmodified.
- 2** The global coronavirus pandemic, Covid-19, impacted on the final month of the 2019/20 financial year. Since March 2020, this has had significant implications for the council's services and on the costs of service provision.
- 3** Covid-19 led to delays in the auditing timetable for 2019/20 annual accounts. Submission of the audited annual accounts is in line with revised government timescales.

## Financial management

- 4** Financial management is effective with a budget setting process focussed on the council's priorities. The council has effective budgetary monitoring and control arrangements that support elected members and officers in scrutinising the council's finances.
- 5** The council has delivered services in line with the total budget. A shortfall in anticipated efficiency savings has been offset by underspends on services. The usable reserves increased from £35.4 million in 2018/19 to £36.7 million in 2019/20.
- 6** During the year the council completed a number of capital projects. Capital slippage in both the general services and HRA capital programmes has decreased from the previous year, although the general services capital programme was re-profiled during 2019/20 as a result of delays in some projects.
- 7** As a result of Covid-19 the council incurred additional revenue costs and lost income of £0.214 million in 2019/20.
- 8** Systems of internal control operated effectively in 2019/20 with scope for improvements in some areas.

## Financial sustainability

- 9** The medium-term financial plan sets out the budget to 2023/24. The impact of Covid-19 needs to be reflected in the council's medium and longer-term plans.
- 10** The council's financial position is sustainable in the foreseeable future but achievement of the 2020/21 budget is challenging. Prior to Covid-19 the budget showed that efficiencies and income proposals of £3.9 million needed to be achieved and £1.8 million of reserves would be used to balance the budget.
- 11** The council has now reported that it will not achieve anticipated savings in the council's 2020/21 transformation programme due to the impact of Covid-19.

- 12** Covid-19 has delayed planned updates to the 2018-21 Workforce Strategy.

## Governance and transparency

- 13** The council has effective leadership and a clear strategic direction. Officers and elected members work well together in the interests of the residents of East Dunbartonshire.
- 14** The council has effective governance arrangements in place that support good governance and accountability. Changes to the arrangements in response to the Covid-19 outbreak in March 2020 are set out in the Annual Governance Statement in the accounts.
- 15** The council has appropriate arrangements in place to prevent fraud and corruption.
- 16** The council is open and transparent in the way that it conducts its business, with the public able to attend meetings of the Council and its committees.

## Best value

- 17** 63% of the council's 2018/19 performance indicators are in the top two quartiles of Scottish councils. Performance has improved over time in 64% of indicators. Education services are performing particularly well even in the council's most deprived areas.
- 18** The council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas. The cost of waste management and some aspects of the housing service are areas highlighted for improvement.
- 19** How Good is Our Service performance reports are comprehensive and are added to the council's website timeously after they have been approved by the relevant service committee. However, Covid-19 has adversely impacted on public performance reporting for 2019/20.
- 20** The Covid-19 pandemic occurred at the end of 2019/20. The impact on service performance will be reported as part of the 2020/21 audit.

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# Introduction

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1. This report summarises the findings arising from the 2019/20 audit of East Dunbartonshire Council and its group (the council).

2. The scope of the audit was set out in our 2019/20 Annual Audit Plan issued in March 2020. However, due to the impact of the Covid-19 pandemic, we were unable to present our Annual Audit Plan to the Audit & Risk Management Committee as all meetings of this committee were suspended. This report comprises the findings from:

- an audit of the annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

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## Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

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3. The main elements of our audit work in 2019/20 have been:

- an audit of the council and its group 2019/20 annual accounts and the statement of accounts of the three section 106 charities administered by the council including issuing independent auditor's reports setting out our opinions
- a review of the council's key financial systems
- audit work covering the council's arrangements for securing best value through continuous improvement

- consideration of the four audit dimensions.

**4.** Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the council has had to respond to the global coronavirus pandemic. This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. This has had significant implications not least for the services it delivers, sickness absence levels, and the suspension of non-essential projects and activities, such as capital construction. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit.

## Added value through the audit

**5.** We aim to add value to East Dunbartonshire Council through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- taking this together, we aim to help the council promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

**6.** 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.

**7.** 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.

**8.** 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.

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

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

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

**11.** This report raises 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 our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

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

## **Ethical considerations**

**13.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and the 2019/20 audit fee of £256,630 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

## **Extension of audit appointment**

**14.** Auditors appointed under statute by the Accounts Commission are engaged for a five-year period. The current audit engagement was due to end after the conclusion of the 2020/21 audit. Normally at the end of each five-year period a new auditor is appointed, either Audit Scotland or a private sector accountancy firm. Covid-19 will have implications beyond the immediate challenge of this year's final accounts. As this year's audits will be reported later than normal, planning for and potentially reporting next year's annual audit work will also be affected. In October 2020 the Accounts Commission approved the extension of current audit appointments for a year to include the 2021/22 audit year. This decision reflects the need for stability and continuity given the longer-term impact of Covid-19 on audited bodies and the difficulty of running the necessary audit procurement exercise during the pandemic. Similar extensions are effective for the council's associated bodies, for example, Mugdock Country Park Joint Management Committee.

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



# Part 1

## Audit of 2019/20 annual accounts



### Main judgements

The annual accounts of East Dunbartonshire Council give a true and fair view of its financial position for the year ended 31 March 2020. Our audit opinions on the accounts of the council, its group and the three section 106 charities administered by the council are unmodified.

The global coronavirus pandemic, Covid-19, impacted on the final month of the 2019/20 financial year. Since March 2020, this has had significant implications for the council's services and on the costs of service provision.

Covid-19 led to delays in the auditing timetable for 2019/20 annual accounts. Submission of the audited annual accounts is in line with revised government timescales.

The annual accounts are the principal means of accounting for the stewardship of resources and performance.

### Our audit opinions on the annual accounts are unmodified

16. The annual accounts for the council and its group for the year ended 31 March 2020 were approved at a meeting of the Council on 19 November 2020. As reported in the independent auditor's report:

- 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 relevant regulations and guidance.

17. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. As a consequence of the Covid-19 pandemic and alternative working arrangements there were some delays in the provision of supporting documentation. However, this did not significantly impact on the ability to meet the revised audit timetable.

### The sign-off of the annual accounts was delayed but is in accordance with revised government timescales permitted as a result of the impact of Covid-19

18. The Scottish Government Local Government Finance Circular 10/2020 confirmed that the provisions made in Schedule 6 of the Coronavirus (Scotland) Act 2020 allow for the completion and audit of the 2019/20 Annual Accounts to be postponed to no later than 30 November 2020.

19. The council did not need to use the powers in the 2020 Act to postpone the publication of the unaudited accounts, which were submitted to us for audit on 30 June 2020 in line with the original timetable set out in our 2019/20 Annual Audit Plan. However, the impact of Covid-19 was a factor for the audit team which led to

some loss of audit staff productivity due to remote working in this period. Remote working meant that audit tasks took longer than usual as the audit team were unable to access staff, records and systems as readily as when physical access was available. Although later than first planned, the annual accounts were signed off in line with the Scottish Government's revised deadline permitted to reflect the impact of Covid-19.

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

**20.** 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.

**21.** The council has made good progress in reducing the number of charitable trusts where it is the sole trustee in recent years from seven in 2015/16 to two in 2020/21. There were three Section 106 charities in 2019/20.

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

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

**23.** Our audit opinions on the three Section 106 charities are unmodified.

## **Objections to the accounts**

**24.** 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.

## **Overall materiality is £4.2 million**

**25.** The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**26.** 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](#) overleaf. With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

**27.** On receipt of the unaudited annual accounts we reviewed our planned materiality and concluded that slight changes were required to our planned levels. However, these changes were not significantly different from our planned levels and did not impact on our audit approach.

## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality	£4.221 million
Performance materiality	£1.055 million
Reporting threshold	£42 thousand

Source: Audit Scotland

### Appendix 2 identifies the main risks of material misstatement and our audit work to address these

**28.** [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

**29.** We have no issues to report from our work on the risks of material misstatement highlighted in our 2019/20 Annual Audit Plan.

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

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

**31.** The significant findings 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.

## Exhibit 3

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

Issue	Resolution
<p><b>1. Pension liability</b></p> <p>The pension liability on the Balance Sheet of the unaudited annual accounts had to be recalculated to take account of additional information arising from legal developments after the year-end. We have summarised the issues in more detail at paragraphs 33 to 36 below.</p>	<p>In August 2020, Strathclyde Pension Fund actuaries provided an updated estimate of the council's pension liability. The council's net pension liability has moved from £137.885 million (unaudited annual accounts) to £134 million, a reduction of £3.885 million.</p>
<p><b>2. Prior Year Restatement</b></p> <p>Note 33 to the financial statements (Prior Period Adjustments) highlights that prior period adjustments were made to the 2018/19 financial statements to correct issues identified by officers in</p>	<p>For noting only. Management have made appropriate adjustments to the annual accounts.</p>

Issue	Resolution
<p>relation to the revaluation of assets. A total adjustment of £4.622 million was required as a result of the historic componentisation of a few of the council's buildings. As the new assets had no revaluation reserve balance associated with them, the revaluations were taken to the Comprehensive Income and Expenditure Statement instead of the Revaluation Reserve Account.</p> <p>That was corrected in the 2018/19 financial statements amounts and the adjustment affected all of the main financial statements but did not impact on the council's reported financial position for 2018/19.</p>	
<p><b>3. Clyde Valley Waste Centre</b></p> <p>In 2019/20 the council entered into an agreement with four other Scottish councils to lease a waste recycling plant for a minimum period of 25 years.</p> <p>From our review of this service concession arrangement we concluded that, under IFRS16, all five councils have the "right of use" to this asset and therefore should recognise their share of the asset within their respective annual accounts.</p> <p>The correct treatment for this transaction in East Dunbartonshire Council's annual accounts would have been to include its share of the asset (£2.8 million) as a finance lease within the Balance Sheet. However, this had been incorrectly classified as a tangible asset in the unaudited annual accounts, with related entries within the Capital Adjustment Account.</p> <p>As a result of this error, a £2.8 million adjustment was required within the Balance Sheet.</p>	<p>For noting only. Management have made appropriate adjustments to the annual accounts.</p>

Source: Audit Scotland

## Identified misstatements in the accounts were adjusted in the accounts, these were less than our performance materiality and did not affect our audit opinion

**32.** There were a number of adjustments to the unaudited financial statements arising from our audit which were above our reporting threshold. Adjusted errors mainly related to classification errors within the notes to the accounts and the impact of these adjustments was an increase in net income and increase in net assets of £0.774 million. We have concluded that the misstatements identified arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. There were no unadjusted errors in the annual accounts which exceeded our reporting threshold.

## Other matters arising from the audit of the Annual Accounts

### Pension liability

**33.** In June of 2019 the Supreme Court handed down a judgement on a key pension case, the McCloud case. Essentially, the transitional arrangements of the scheme involved were judged to be discriminatory. The effect of this judgement was to increase the liability of public sector defined benefit schemes. Following the

judgement, the Strathclyde Pension Fund actuary recalculated the council's share of the liability increasing it by £6.704 million in 2018/19.

**34.** Member bodies were advised by Strathclyde Pension Fund, on 14 August 2020, that following a government announcement on the McCloud remedy consultation, there was a potentially material impact on the calculated McCloud liability previously provided for in the 2019/20 financial statements.

**35.** The council therefore obtained a revised set of figures from the actuary. The actuary provided revised figures on 19 August 2020 and these were incorporated into the financial statements. The effect on the Balance Sheet was to reduce the defined pension liability from £137.885 million to £134 million.

**36.** The pension liability represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this cost. Historically there has been considerable volatility year on year of the valuation of liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of closing liabilities. The pension liability has moved from £130.5 million at 31 March 2018 to £134 million at 31 March 2020. Part of this movement relates to the issues reported in the paragraphs above but the majority relates to changes in the annual valuation.

### Goodwin employment tribunal ruling

**37.** A recent employment tribunal ruling regarding changes to the pension entitlement of male survivors of opposite sex marriages will have an impact on the pension liabilities of local government pension funds. The increase in the liabilities has not, as yet, been calculated. In accordance with CIPFA/LASAAC guidance, the council has included a contingent liability in the accounts.

### Financial and performance reporting in the Management Commentary was of a good standard

**38.** The Management Commentary that accompanies the financial statements should clearly explain how the council has performed against its budget and how this is reconciled to the financial statements. We have concluded that the Management Commentary that accompanies the council's 2019/20 financial statements explains the council's financial performance in year, and includes:

- the outturn against budget position for the year, although more detail could be provided on the reasons for significant variances
- the outturn reported has been reconciled to the movement in the General Fund contained in the financial statements
- the progress against agreed savings plans/efficiencies for the year.

**39.** In our 2018/19 Annual Audit Report, we recommended to the Chief Finance Officer that the management commentary could be improved further by the inclusion of actual performance against the outcomes in the East Dunbartonshire Local Outcomes Improvement Plan (LOIP) 2017-2027 and Business Improvement Plans (BIPs) performance indicators. However, the onset of the Covid-19 pandemic impacted upon the council's public performance reporting arrangements and has necessitated the delay in the publication of the Quarter 4 2019/20 How Good is Our Service (HGIOS) reports and the BIPs for 2019/20. More details on the council's public performance reporting arrangements and the impact of Covid-19 on these arrangements have been provided in the Annual Governance Statement in the council's 2019/20 annual accounts. We have therefore concluded that the Management Commentary in the 2019/20 annual accounts meets the minimum reporting requirements of Local Government Finance Circular 10/2020.

## Progress on prior year audit recommendations

**40.** The council has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

## Integration Joint Board

**41.** 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 IJB publishes its own set of audited accounts.

**42.** For the fifth 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.

# Part 2

## Financial management



### Main judgements

Financial management is effective with a budget process focussed on the council's priorities. The council has effective budgetary monitoring and control arrangements that support elected members and officers in scrutinising the council's finances.

The council has delivered services in line with the total budget. A shortfall in anticipated efficiency savings has been offset by underspends on services. The usable reserves increased from £35.4 million in 2018/19 to £36.7 million in 2019/20.

During the year the council completed a number of capital projects. Capital slippage in both the general services and HRA capital programmes has decreased from the previous year, although the general services capital programme was re-profiled during 2019/20 as a result of delays in some projects.

As a result of Covid-19 the council incurred additional revenue costs and lost income of £0.214 million in 2019/20.

Systems of internal control operated appropriately and effectively in 2019/20 with scope for improvements in some areas.

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

### The 2019/20 budget included planned savings and contributions from reserves to address the funding gap

**43.** In March 2019 the Council approved its 'Prioritising Our Services, Prioritising Our Resources: General Fund Revenue Budget 2019/20: Transformational Change and Budget Reduction' report. This provided details of the 2019/20 budget which was set at £261.064 million with a funding gap of £6.258 million. The budget was linked to the 2017-2027 LOIP and the three year rolling BIPs.

**44.** The council priorities for 2019/20 are set out in its Local Outcomes Improvement Plan (LOIP) 2017-2027. The 'Transformational Change & Budget Reduction Strategy 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.

**45.** As part of the 2019/20 revenue budget, £5.2 million of efficiency savings were agreed made up of 58 management efficiency actions totalling £4.8 million and 5 budget reduction and income generation proposals totalling £0.4 million. Members

were also provided with a supplementary briefing pack for some of the more significant budget reduction and income generation proposals all of which were risk assessed. The remaining funding gap of £1.1 million was planned to be met from general fund reserves.

## The council operated within budget in 2019/20

**46.** The council has delivered services in line with its total budget. A surplus of £1.359 million is reported against budgeted general fund services net expenditure of £260.909 million. The council had budgeted to use £1.1 million of its general fund reserves in 2019/20 but this was not needed due to the savings and efficiencies made across the council.

**47.** The Covid-19 pandemic had a significant impact on the services provided by the council from March 2020 onwards. On 23 March 2020 the council contacted all staff to provide an update on service provision and working arrangements going forward. The update highlighted that:

- the council would continue to deliver services where it is possible to do so through home working and online and telephone provision. Staff who were able to work from home should do so and should also ensure that households follow the advice issued on social distancing
- an alternative provision for children of key workers (who meet the Government's criteria and who have no other safe childcare) and for vulnerable children within East Dunbartonshire, was being put in place by Education Services, with support from the East Dunbartonshire Leisure & Culture Trust and Facilities Management
- East Dunbartonshire Health & Social Care Partnership would continue to provide essential care and protection services, and will deliver these in line with its Business Continuity Plans as well as the Caring for People Plan
- all other frontline council services would move to emergency service delivery only.

**48.** As a result of the above changes to service provision, councils in Scotland were required to submit returns to the Scottish Government setting out the financial pressures resulting from the impact of Covid-19. The council submitted its return in May 2020 and this highlighted that the estimated overall total cost and lost income as a result of Covid-19 during 2019/20 was £0.214 million.

**49.** While the council's spending has remained in line with its overall budget, some overspends and underspends in services are reported. The more significant under and overspends are summarised in [Exhibit 4](#).

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## Exhibit 4

### Summary of significant under / overspends against budget

Area	Under/over spend (£m)	Reason for variance
<b>Underspends</b>		
Debt Charges	£6.993m (42%)	This budget depends on the council's borrowing levels including terms, i.e. cost of borrowing - interest rates. The underspend mainly relates to the change to the council's loans fund policy in 2018/19 which extended the loans fund repayment periods. The impact of this policy change resulted in reduced annual repayments made by



Area	Under/over spend (£m)	Reason for variance
		services to the loans fund. In addition, the slippage on the capital programme which has reduced the need to borrow.
<b>Overspends</b>		
Miscellaneous Services	£2.154m (20%)	Savings in the 2019/20 budget relating to anticipated changes in employment terms and conditions are now not achievable. An alternative package of measures is now reflected in the 2020/21 budget.
Health & Social Care	£1.857m (3%)	The council's budgeted and actual contribution to the IJB was £55.760 million. However, the IJB overspent its budget for Adult Social Care, Children's Health, Children's Social Work and Criminal Justice activities. The overspend was financed from IJB reserves.

Source: East Dunbartonshire Council 2019/20 Annual Accounts and 2019/20 Financial Outturn Report (July 2020)

## Budget processes were effective

**50.** 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.

**51.** The 2020/21 budget has been refined to ensure it realistically reflects core council activities and the delivery of management efficiency actions totalling £3.9 million (see Part 3 – Financial Sustainability). The council's finance team is working to ensure budgets and financial reporting structures align to changes in how services will be delivered as a result of service reviews.

**52.** Within the council the detailed scrutiny of financial performance is delegated to the Policy & Resources Committee (P&R) which receives regular revenue and capital monitoring reports. From our review of these reports we concluded that they provided an overall picture of the budget position at service level. The reports forecast the out-turn position for the year and include good narrative explanations for significant variances against budget. They allow both members and officers to carry out scrutiny of the council's finances.

**53.** Revenue budget monitoring reports also include an appendix which shows progress in the achievement of efficiency savings programmes, some of which are included in the council's transformation programme. In previous years our Annual Audit Reports noted that revenue budget monitoring reports show the progress of efficiency savings proposals but it is not clear which of these relate to savings proposals included in the council's transformation programme. We recommended that the efficiency savings proposals in revenue budget monitoring reports that are included in the transformation programme are clearly highlighted to ensure there is a clear link. From our review of revenue budget monitoring reports presented to P&R during 2019/20 we identified that this recommendation has now been actioned and the savings appendix now includes a column noting where a saving is included in the transformation programme and also whether it has been achieved or expected to be achieved.

**54.** We reviewed the 2019/20 transformation programme update reports presented to members and attempted to agree the transformation programme savings to the efficiency savings appendix within the revenue budget monitoring reports. We noted a number of inconsistencies between those savings identified in the revenue

budget monitoring report appendix as being part of the 2019/20 transformation programme and the transformation update reports presented to members. We recommend that the process for ensuring consistency between savings reported in revenue budget monitoring reports and the savings reported in transformation programme update reports is reviewed by officers.

**55.** We concluded that the council has effective budgetary monitoring and control arrangements that support elected members and officers in scrutinising the council's finances.

### **Planned efficiency savings were not fully achieved but the shortfall was met by budget underspends**

**56.** The total efficiency savings included in the council's 2019/20 revenue budget were £5.206 million, actual savings achieved were £3.802 million (73% of the total planned savings). This is similar to 2018/19 when 75% of the total planned savings were achieved.

### **Housing revenue account (HRA) operated within budget**

**57.** The council is required by legislation to maintain a separate HRA and to ensure that rents are set to a level which will at least cover the costs of its social housing provision. The income requirement for the HRA in 2019/20 was set at £13.833 million and was to be funded from council house rents. This resulted in a rent increase of 3.5%, and increased the average weekly rent based on a 48 week period from £79.37 to £82.15.

**58.** In 2019/20, the council recorded a deficit on HRA services of £1.804 million. However, after applying statutory accounting adjustments there was an increase of £1.704 million on the HRA balance, resulting in a closing balance of £6.483 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.

**59.** The council's current tenant rent arrears in 2019/20 were £0.954 million. This is an increase of 7% from the level recorded in 2018/19 (£0.891 million). As a consequence, the HRA bad debt provision was increased to £1.304 million in 2019/20 from £1.165 million in 2018/19. This represents a deteriorating position.

**60.** Arrears are the main focus for the council's housing service and the impact of Universal Credit (UC) and welfare reform continues to affect the level of arrears. Approximately another 1,500 more tenants will migrate to UC between August 2019 and 2023. The service has added an additional two officers to focus on mitigating the impact of UC and to target a reduction in rent arrears through being proactive with specific tenants while also taking legal action when necessary for historic and non-responsive cases. Housing officers continue to work with the council's revenues section to ensure all Discretionary Housing Payment applications have been submitted.

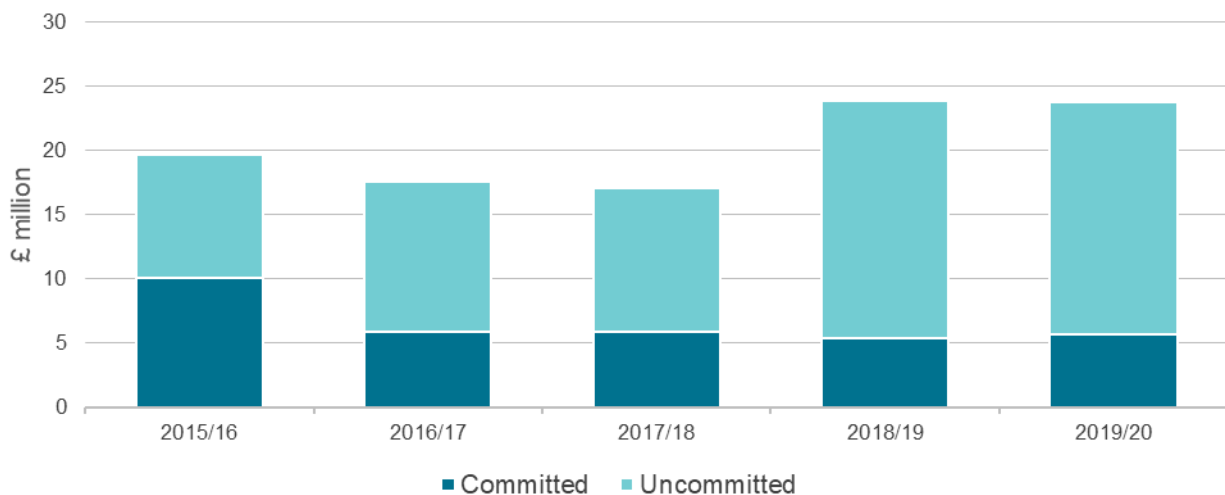
### **The level of General Fund reserves has remained constant**

**61.** 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 increased from £35.4 million in 2018/19 to £36.7 million in 2019/20. The general fund is the largest usable reserve and is used to fund the delivery of services. It provides a contingency fund to meet unexpected expenditure and a working balance to help cushion the impact of uneven cash flows. A proportion of the general fund balance is committed to fund specific projects in future years, with the remainder being uncommitted to ensure ongoing financial resilience and sustainability. The council's general fund balance at 31 March 2020 was £23.4 million, a decrease of £0.5 million from 2018/19.

62. [Exhibit 5](#) provides an analysis of the general fund over the last five years split between committed (earmarked) funds and uncommitted (non-earmarked) funds, as disclosed in Note 22 of the accounts. At 31 March 2020 the council has the following significant uncommitted general fund reserve balances:

- Contingency Reserve/Uncommitted General Fund (£5.130 million) – maintained to provide improved financial resilience in future years.
- Prudential Reserve (£8.077 million) – maintained to underpin operational and borrowing activity.
- Treasury Management Reserve (£3.234 million) – maintained to provide stability during the delivery of the capital programme
- Uninsured Losses Reserve (£1.350 million) – maintained to cover potential uninsured losses.

## Exhibit 5 Analysis of general fund over last five years



Source: East Dunbartonshire Council Annual Accounts 2015/16 to 2019/20

63. The council reviews how much of its general fund balance is uncommitted (non-earmarked) when setting the budget each year. The total uncommitted general fund reserves as at 31 March 2020 was £17.8 million which represents 7% of the 2019/20 net cost of services (£272.310 million). Planned commitments (earmarked) from the general fund balance amounted to £5.7 million and include service commitments to ongoing projects, costs of change and miscellaneous budget pressures for 2020/21. Committed (earmarked) balances represent 24% (2018/19: 23%) of the total general fund balance.

64. The council's reserves strategy is to maintain the uncommitted element of the general fund balance (i.e. contingency reserve) at a level approximating 2% of net service expenditure. The contingency reserve balance as at 31 March 2020 was £5.130 million.

65. The council's reserves strategy does not prescribe a minimum level of reserves that should be maintained in the uncommitted prudential reserve and treasury management reserve.

## The council delivered the majority of the capital programme in 2019/20

**66.** During the year the council has completed a number of projects within its capital programme including:

- Bearsden, Lairdsland and Oakburn Early Years Centres
- Campus Office Development
- Killermont Primary School Extension
- Roads and Footways

**67.** The total capital budget for 2019/20 was £44.543 million, £31.186 million for general services (approved in March 2019) and £13.357 million for the HRA (approved in February 2019). The general services capital budget included an element of contingency of £2.077 million for over-programming. Actual capital expenditure was £42.553 million, £25.068 million for general services and £17.485 million for the HRA. In 2019/20 the total underspend of £1.990 million represents 4% of the total capital budget for 2019/20 (35% in 2018/19) and highlights a significant reduction in capital slippage compared to 2018/19.

**68.** Delays in the general services capital programme were identified during the year and the budget was revised down to £29.053 million (and reported to each meeting of the Policy & Resources Committee (P&R)). This was to reflect re-profiling of expenditure on a number of projects into 2019/20 including:

- Vehicle Procurement
- Milngavie Hub
- Kirkintilloch Community Sports Complex
- Mavis Valley Recycling Centre.

**69.** The HRA capital programme overspend of £4.128 million represents 31% of the HRA budget and was mainly due to open market purchases being higher than the original budget of £2.240 million and an overspend on electrical, roofing and structural projects of £1.083 million.

**70.** The council's capital programme is a core part of its overarching 'Prioritising our Services, Prioritising our Resources' approach and further work is ongoing to embed these principles within an overarching Capital Strategy.

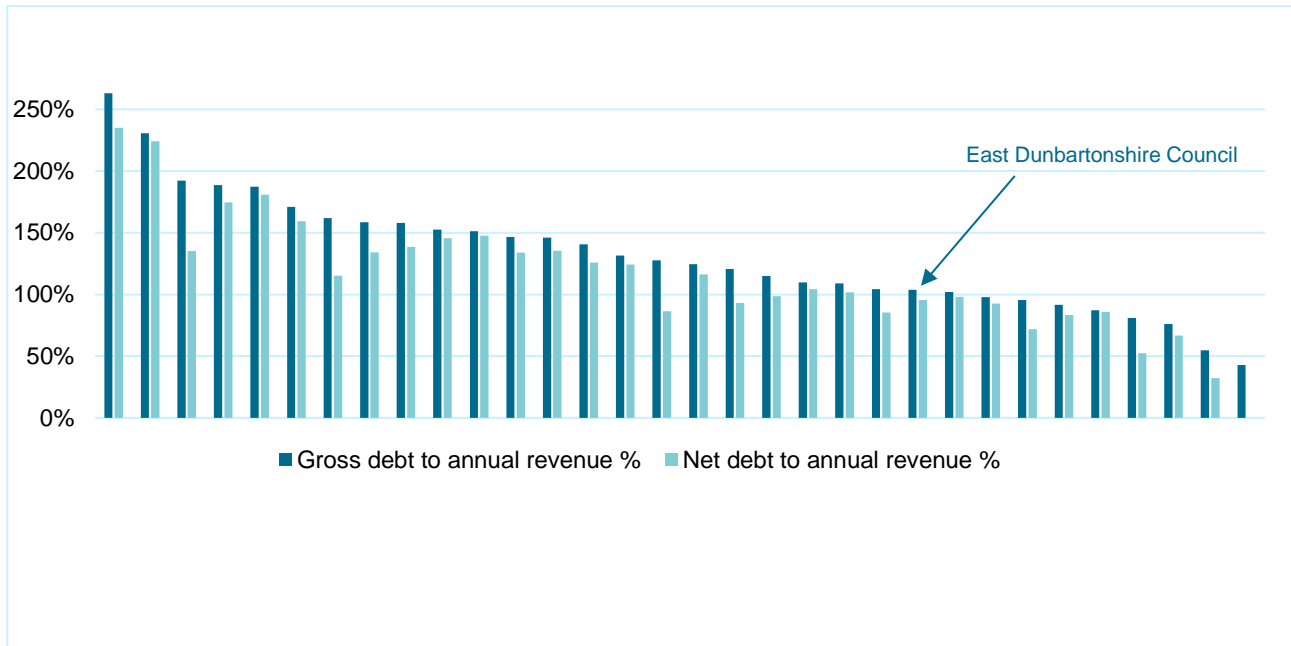
## Borrowing levels increased slightly

**71.** The council's outstanding loans at 31 March 2020 were £198.2 million, an increase of £10 million on the previous year. The council's total external debt (which includes long term liabilities) in 2019/20 was £280.554 million and was within the authorised limit and operational boundary set by the treasury management strategy of £300 million.

**72.** Analysing both gross and net external debt as a proportion of annual revenue gives an indication of the relative indebtedness of the council. [Exhibit 6](#) overleaf shows both gross and net external debt as at 31 March 2020 as a percentage of annual revenue (including HRA dwelling rents) for all Scottish councils (Orkney Islands Council has been excluded from net debt as it has net investments). East Dunbartonshire Council is highlighted in [Exhibit 6](#) as being in the lower third of the range of debt levels, with gross external debt of £280.554 million and net external debt of £258.459 million at 31 March 2020 (with net external debt being total external debt less short-term investments).

## Exhibit 6

### Gross and net external debt as a percentage of annual revenue



Source: Scottish councils' unaudited 2019/20 accounts (Orkney Islands Council has been excluded from net debt as it has net investments)

### The 2019/20 transformation programme

**73.** The transformation programme is part of the Strategic Planning and Performance Framework for meeting future funding gaps. In March 2019 the Council approved the 2019/20 transformation programme. In September 2019 an update on the transformation programme was presented to P&R which highlights the projects delivered between April 2018 and March 2019 and summarises the main projects being taken forward in 2019/20.

**74.** Our review of council and committee reports on the 2019/20 transformation programme noted the following:

- March 2019 - 21 projects included in the programme, with projected savings of £2.299 million.
- October 2019 – 25 projects in the programme, with expected savings of £2.515 million, this includes 9 IJB projects with expected savings of £1.807 million.
- February 2020 – 23 projects included in the updated transformation programme with savings of £2.236 million. This includes 6 IJB projects with savings of £1.427 million.

**75.** Savings from transformation projects in 2019/20 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 2019/20, not yet estimated, or will lead to service improvement with no financial benefits. Due to the impact of Covid-19, the 2019/20 transformation programme year-end report was not produced.

## Systems of internal control

**76.** 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.

**77.** Our findings were included in our 2019/20 management report that was issued in June 2020 and was presented to the meeting of the Council in August 2020. Our report identified several control weaknesses, which we do not consider to be significant in terms of their impact on the council's ability to report financial and other relevant data in the financial statements. We did however identify some areas where additional audit testing was required to gain the necessary assurance for the financial statements audit. Our testing focussed on changes to payroll standing data, the validity of Council Tax and Non-Domestic Rates reliefs & discounts and payments to suppliers. No issues were identified from this additional testing.

**78.** The annual governance statement in the council's 2019/20 annual accounts refers to the fact that, on the basis of work completed by Internal Audit in 2019/20, the council's internal control procedures were generally found to operate as intended with reasonable assurance being provided on the integrity of these controls.

## Financial capacity

**79.** The Chief Finance Officer (CFO), who is the Section 95 Officer responsible for the proper administration of the council's financial affairs, is a member of the Corporate Management Team (CMT) reporting directly to the Chief Executive. During the Covid-19 pandemic the reporting arrangements were amended with the CFO reporting directly to the Depute Director of Education, Place & Business. This was to accommodate the command and control arrangements the council put in place in order to deal with the implications of the pandemic. In our view, this temporary change in reporting arrangements does not affect the Section 95 Officer's ability to operate effectively.

**80.** The council continues to recruit 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 medium-term financial plan sets out the budget to 2023/24. The impact of Covid-19 needs to be reflected in the council's medium and longer-term plans.

The council's financial position is sustainable in the foreseeable future but achievement of the 2020/21 budget is challenging. Prior to Covid-19 the budget showed that efficiencies and income proposals of £3.9 million needed to be achieved and £1.8 million of reserves would be used to balance the budget.

The council has now reported that it will not achieve anticipated savings in the council's 2020/21 transformation programme due to the impact of Covid-19.

Covid-19 has delayed planned updates to the 2018-21 Workforce Strategy.

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

### The financial impact of the Covid-19 pandemic in the medium-term has yet to be evaluated

**81.** In February 2020 the Council approved its 'Prioritising Our Services, Prioritising Our Resources: General Fund Revenue Budget 2020/21' report. This provides details of the 2020/21 budget which was set at £252.464 million with a funding gap of £5.729 million. The budget is linked to the 2017-2027 LOIP and the three year rolling BIPs.

**82.** As part of the 2020/21 revenue budget, £3.9 million of efficiency savings were agreed, made up of management efficiency actions, budget reduction and income generation proposals. Members were also provided with a supplementary briefing pack for some of the more significant budget reduction and income generation proposals all of which were risk assessed. The remaining funding gap of £1.831 million is planned to be met from general fund reserves. The budget included options to close the residual financial gap and the Council also agreed to set the council tax levels for 2020/21 as part of this process. The decision to set the council tax alongside approving the final budget, provides clarity and transparency between the political and budget decisions.

**83.** Covid-19 has increased the risk that the council will not achieve all of the planned efficiency savings in 2020/21.

**84.** Councils in Scotland were required to submit returns to the Scottish Government setting out the financial pressures resulting from the impact of Covid-19. The council submitted its return in May 2020, and this highlighted that the estimated overall total cost and lost income as a result of Covid-19 from April to June 2020 was £6.4 million, with reduced costs of £1.1 million in the same period. A financial update and planning report presented to the Council meeting in August 2020 highlighted that additional funding of £4.707 million was made available to the council by the Scottish and UK governments in response to Covid-19.

**85.** The General Fund Revenue Monitoring Report to Period 3 of 2020/21 was presented to the Council meeting in October 2020. The report highlighted the following:

- A potential consolidated overspend (including the IJB) in 2020/21 of £14.273 million. Excluding the IJB overspend, this reduces the projected overspend to £8.977 million
- Total gross Covid-19 related costs are estimated at £14.617 million with reduced expenditure of £1.275 million resulting in a net cost of £13.342 million
- Additional non-ringfenced income of £4.969 million from the Scottish Government has been received and reduces net Covid-19 related costs to £8.373 million with further expectations of funding to follow
- The results of East Dunbartonshire Leisure & Culture Trust (EDLCT) are consolidated as a subsidiary into the council's group accounts. Monitoring reports show that the trust is estimating lost income of £2.233 million in 2019/20 due to Covid-19. Officers have advised that the council has provided two letters of comfort to EDLCT (March 2020 and October 2020) to provide additional assurance especially in relation to going concern. In the period between these two letters, the Scottish Government announced funding (of £45 million and £90 million) for a national loss of income scheme. Both the council and EDLCT have incurred losses resulting from income reductions and this funding will be used to offset part of this. Whilst not agreed by council as yet, it is anticipated that a proportion of this funding will be routed to EDLCT to support immediate cash flow and longer term financial sustainability.



### Recommendation 1

**The council should review all savings proposals for 2020/21 in light of the Covid-19 pandemic to assess the potential impact on the council's ability to achieve its efficiency savings target in 2020/21.**

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**86.** The Scottish Government Cabinet Secretary for Finance recently wrote to COSLA indicating that the Chief Secretary to the Treasury had agreed some "flexibilities" to mitigate the immediate financial impact on Scottish councils. Further details are to be brought forward in the form of statutory guidance and a change to statutory regulations, but councils can now plan on the basis that the following flexibilities will be available:

- Capital receipts may be used to finance Covid-19 revenue expenditure.
- Councils will have the flexibility to amend the accounting treatment of debt included in service concession contracts (for example, public private partnership) contracts, thereby reducing charges to services.
- A Loans Fund repayment holiday will permit councils to defer loans fund repayments due to repaid in either 2020-21 or 2021-22.

**87.** The Cabinet Secretary also emphasised that the flexibilities should not be seen as an opportunity to maintain or grow reserves. Councils are expected to consider using reserves to meet Covid-19 funding pressures. It is also expected that councils will first consider the additional resources available from capital receipts and the change in accounting arrangements for service concession contracts before taking advantage of a loans fund repayment holiday.



## The 2020/21 transformation programme

**88.** The transformation programme is part of the Strategic Planning and Performance Framework for meeting future funding gaps. The anticipated transformation programme savings for 2020/21 have been included in the council's Covid-19 cost tracker and reported to the Scottish Government as being unachievable due to the impact of the pandemic. A similar position has been reflected in the IJB's cost collection exercise with no transformation taking place during 2020/21. The council intends to review its organisational transformation programme at the earliest, reasonable, opportunity. At this point in time a number of inherent uncertainties remain regarding the immediate course of events with Covid-19. Therefore, officers consider it would not be reasonable to make future plans under such changing circumstances.

## A medium-term financial plan is in place but needs to be updated

**89.** Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for some social security benefits. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater uncertainty and complexity

**90.** A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

**91.** The council's medium-term financial model covers the period up to 2023/24 and is supported by a long-term financial risk management strategy. This is reviewed on an annual basis and includes an assessment of the risk cause, impact, planned control measures, likelihood, impact and strategy. The implications of EU withdrawal are considered within the council's medium-term financial model and long-term financial risk management strategy.

**92.** The council's medium-term financial model was included in summary form within the 'Prioritising Our Services, Prioritising Our Resources: General Fund Revenue Budget 2020/21' report presented to and approved by Council in February 2020. The medium-term financial model will need to be revised once the impact of the council's response to Covid-19 is better known.



### Recommendation 2

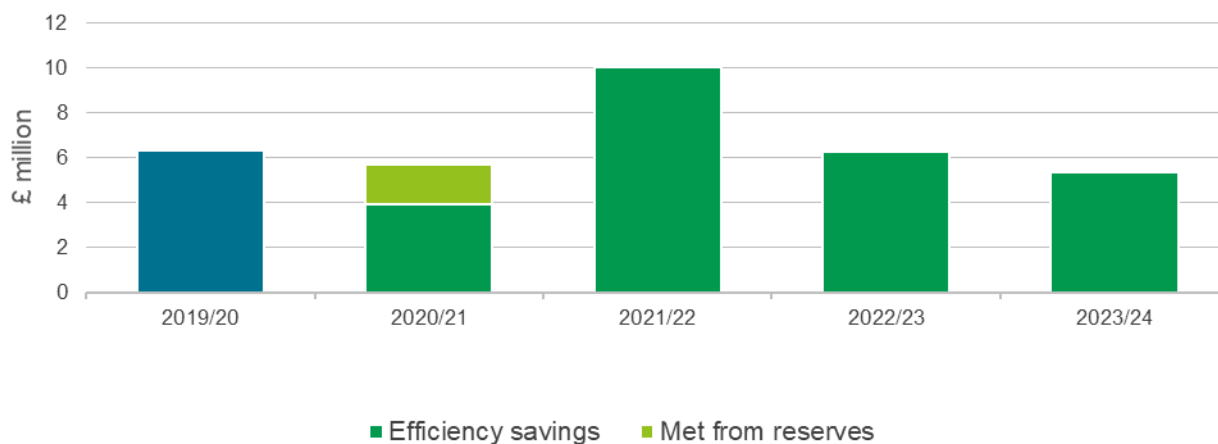
**The council should review its medium term financial plan following the Covid-19 pandemic to reflect its impact on the council's finances going forward, including scenario planning of key financial assumptions.**

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**93.** [Exhibit 7](#) overleaf shows the council's current financial projections for 2021/22 to 2023/24 forecast funding gaps of approximately £10.1 million in 2021/22, £6.3 million in 2022/23 and £5.3 million in 2023/24. The council has no detailed plans for how these gaps will be met and 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 7

### Identified funding gaps 2020/21 – 2023/24



Source: East Dunbartonshire Council

## Workforce planning and skill profiling

**94.** Audit Scotland's *Local government in Scotland – challenges and performance 2019 (April 2019)* 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.

**95.** Workforce planning continues to represent a key element of the council's long-term strategy. In the period leading up to the Covid-19 pandemic there was a concerted effort to further develop workforce planning.

**96.** The Workforce Strategy Action Plan is contained within the updated Workforce Strategy for 2018-2021 approved by Council in June 2018. Quarterly Workforce Strategy 2018-2021 update reports are presented to Council with the most recent being in June 2019 and highlight progress in the achievement of the action plan. The June 2019 update report also provides details of the work undertaken by officers in relation to the potential impact of EU withdrawal on the council's workforce. The council's updated Workforce Strategy demonstrates the council is applying a good practice approach to workforce planning.

**97.** The strategy includes a 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).

**98.** The June 2019 report to Council provides an update on the four phased approach and highlights that planning is underway to review phases 1 to 4 of the model with strategic areas (i.e. council services) taking into account the outcomes of service reviews, succession planning, talent management and skills development.

**99.** The report also comments on the ongoing service reviews which seek to achieve the commitments made through the council's collective agreement reached with trade unions as an alternative to the proposed changes to employee terms and conditions. The service reviews have combined detailed workforce profiling in parallel with service delivery options to identify current skills needs, review of workforce action plan and projected future requirements being outlined at a local level with strategies being identified.

**100.** Individual service workforce plans have been developed as part of the strategy, which outline demographic profiles and contain an action plan. These service workforce plans 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 forecast need and for each of these the potential impact on the workforce, a risk assessment and the actions being taken by the council. The plans are live documents and are subject to review on an ongoing basis.

**101.** The June 2019 update report highlights key issues identified from a review of service specific workforce action plans and the action being taken by the council to address these issues, which are presented in the form of case studies. All individual service workforce plans have been reviewed and updated in light of progress based on the council's workforce position from April 2018 – March 2019. We feel that the development and review of these service specific workforce plans is a positive move.

**102.** The council has no plans for any reductions in staff numbers in the near future. Instead savings are being pursued through service transformation and improvement, and maximising employment as far as possible, by adopting the following principles within the aforementioned strategic service delivery reviews currently taking place:

- 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).

**103.** Alongside the developments in workforce planning were a number of management development events which were attended by all of the council's management team and team leaders. These events were specified to set out the required skills for future leaders aligning these to the development of systems and increasing customer expectations. These events were well attended with all services being represented. They were led by the council's Senior Management Team (SMT) with regular contributions from the Digital Office and sector specialists (IBM).

**104.** It was anticipated that the revised iteration of the Workforce Strategy would have, in the absence of Covid-19, been presented to Council in June 2020 as part of the regular cycle of updates to the 2018-21 Workforce Strategy. It was also envisaged that this would have included information relating to the employee survey and an action plan around any resulting recommendations. Covid-19 has impacted upon these timelines and an update will be provided to elected members when services transition to 'normal' working arrangements and there is capacity to take this forward. Recognising the importance of the council's workforce during the pandemic there has been regular communication with staff to assist home working, health and safety in the home working environment.

## Consultation with employees

**105.** 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.

**106.** The council last carried out an employee survey in 2011. 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. In our 2017/18 Annual Audit Report we recommended that 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. An employee survey was conducted during Autumn 2019 and covered a number of areas including, leadership, communication & engagement, management, teamwork and wellbeing. The employee survey exercise is in the process of being completed and the results were due to be discussed with Executive Officers at the point at which Covid-19 impacted upon the council's planned work. Since March 2020, regular employee news emails have been sent to staff providing Covid-19 updates and for staff with no access to a council email address, the council created an employee zone on the council website which provides Covid-19 updates.

## EU Withdrawal

**107.** There remains significant uncertainty regarding the impact of EU withdrawal on public sector bodies.

**108.** A report was presented to the Council in September 2019 which provided an update on the council's EU withdrawal arrangements. The report highlights that the Depute Chief Executive – Place, Neighbourhood & Corporate Assets is the strategic and tactical level lead officer, leading the council's preparedness for EU withdrawal. Corporate oversight is provided by the SMT and EU withdrawal has been acknowledged as a corporate risk.

**109.** An operational group comprising representation from a number of council services has been established and meets on a weekly basis. This group is chaired by the Depute Chief Executive – Place, Neighbourhood & Corporate Assets and supported by civil contingencies officers within Legal & Democratic Services. The group has co-ordinated a detailed EU withdrawal specific risk register, considered potential impacts and likelihoods of risks materialising and is regularly assessing and updating these risks against the backdrop of a changing but still uncertain context. The group has also considered the content of Audit Scotland guidance in relation to EU withdrawal.

**110.** The council's preparatory work in terms of risk assessment and management has focussed across four main themes:

- Workforce – Human Resources (HR) staff have and continue to monitor the potential impact of EU withdrawal on the council's workforce. EU nationals have been identified and information has been issued to all staff based on the up to date position in terms of right to remain and citizenship issues.
- Funding - The council's medium-term financial planning factors in the identified implications of EU withdrawal.
- Goods, Services and Supply Chain - EU rules and regulations affect all public bodies, with the most significant being trade and custom rules, which influence the cost and availability of supplies from EU countries. The operational group referred to in paragraph 109 will meet regularly to the end of the year and the standard agenda includes local, regional and national updates, and considers the key themes and wider risk assessments around workforce (including key suppliers/contractors), finance, place, and goods, services & supply chain. In addition to this, the team responsible for civil contingencies continues to attend and participate in various multi-agency meetings looking at EU withdrawal as a standalone issue and also in relation to how it might be exacerbated by concurrent risks including Covid-19, winter/inclement weather, increasing concerns around Blackstart and significant infrastructure, and the recently increased threat level in the UK.
- Place - council officers are engaging with voluntary and business communities to encourage them to prepare for the potential impact of EU withdrawal. Signposting information is on the council's website and officers

from Place and Community Planning are liaising with various organisations to increase awareness.

**111.** The council is taking appropriate action to plan and prepare for EU withdrawal. As stated above, EU withdrawal has been acknowledged as a risk in the council's corporate risk register and a detailed risk register has been prepared in line with the four themes set out above. The risk register covers immediate and emerging risks and continues to be under constant review so as to reflect the changing environment. Elected members are also updated regularly on the preparation work being undertaken by officers.

# Part 4

## Governance and transparency



### Main Judgements

**The council has effective leadership and a clear strategic direction. Officers and elected members work well together in the interests of the residents of East Dunbartonshire.**

**The council has effective governance arrangements in place that support good governance and accountability. Changes to the arrangements in response to the Covid-19 outbreak in March 2020 are set out in the Annual Governance Statement in the accounts.**

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

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

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

### Overall governance and accountability arrangements were effective

**112.** As part of our 2019/20 Best Value (BV) audit work, we considered the council's governance and accountability arrangements and found that:

- the governance framework and governance arrangements, including decision-making and scrutiny, are regularly reviewed and updated to ensure they remain effective
- decision-making is effective and it is balanced by effective scrutiny and challenge by those independent of the body
- there is effective scrutiny and challenge in place over policy decisions, service performance, and programme management
- decision makers have the information they need to scrutinise, challenge and make transparent decisions
- it is clear what decisions have been made, who made them and the rationale supporting those decisions
- effective reporting and monitoring arrangements are in place for the council funding provided to the East Dunbartonshire Leisure and Culture Trust, which meet the principles of 'Following the Public Pound.'

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

## The governance arrangements were changed in March 2020, to respond to the challenges from the Covid-19 pandemic

**114.** The impact of Covid-19 from March 2020 has been set out in the Annual Governance Statement in the council's annual accounts. Changes were made to the governance arrangements to allow the council to respond to the unprecedented nature and scale of the threat to its communities and staff.

**115.** The following actions were approved by the Council in response to the outbreak:

- Suspended all Council meetings with effect from 18 March 2020 in response to the developing public health crisis and the need to protect the health and wellbeing of elected members and officers
- Delegated powers to the Chief Executive (and Depute Chief Executives in his absence) during the ongoing pandemic from 18 March 2020
- Agreed that there will be no traditional Council recess in light of the council's ongoing response to the pandemic and recovery planning
- Instructed the Chief Solicitor & Monitoring Officer to make arrangements for meetings of the Council to take place on 20 August and 1 October 2020 by videoconferencing
- Delegated authority to the Chief Executive, in consultation with the Joint Leaders of the Council, to call a Special Meeting of the Council where, in his opinion as Head of Paid Service there is a matter of such importance or significance that it requires consideration and/or determination by Council and is so urgent that it cannot wait until the meetings scheduled for 20 August and 1 October 2020
- Instructed the Chief Executive to update elected members by way of weekly briefings for Group Leaders, the issue of subject specific Technical Notes as appropriate, and detailed fortnightly service updates via Technical Note, and the provision of a further all Members Briefing/Q&A Session in advance of 20 August 2020
- Instructed the Chief Solicitor & Monitoring Officer to review the Administrative Scheme and to submit a report detailing any necessary amendments to the meeting of the Council proposed for 20 August 2020
- Agreed to suspend a number of Standing Orders, as a consequence of the above changes to governance current arrangements including the use of videoconferencing for Council meetings, for a period up to and including the Council meeting on 20 August 2020, pending the review of the Administrative Scheme to be undertaken by the Chief Solicitor & Monitoring Officer.

**116.** At the Council meeting on 1 October 2020 a report was presented providing members with an update on the impact of ongoing Covid-19 measures on the council's governance arrangements and to seek approval for the cycle of meetings (using videoconferencing) to December 2020. The report highlights that due to the ongoing restrictions as a result of Covid-19, the cycle is not as comprehensive as normal and meetings of certain other sub-committees and quasi-judicial bodies etc have not been scheduled as a matter of course, e.g. HR Appeals Board. Given the nature of these bodies and the business considered, the report proposed that meetings of these committees and bodies only be arranged where necessary. The report also notes that a report will be submitted to the next ordinary meeting of the Council detailing a schedule of meetings for the period from January to June 2021.

**117.** We concluded that the council's arrangements, both before and after the impact of Covid-19, are appropriate and they support good governance and accountability.

### **Officers and elected members demonstrate effective leadership, challenge and scrutiny of the council's activity and performance**

**118.** 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 wellbeing with access to a quality built and natural environment in which to lead healthier and more active lifestyles
- 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.

**119.** As part of the development of the LOIP, stakeholders had the opportunity to provide feedback on the draft LOIP during September and October 2017 in a number of ways. Feedback could be provided through the council's website or in person at a number of locations throughout East Dunbartonshire where council officers were available to answer questions and provide paper copies of the survey.

**120.** The annual Transformational Change and Budget Reduction Strategy is the key driver for preparing the council for its future challenges. The Transformational Change & Budget Reduction Strategy 2019/20 and the Business and Improvement Plan (BIPs) for the council's 12 strategic service groups (including the IJB) are linked to the LOIP.

**121.** BIPs are three year rolling strategic plans which are updated annually and presented to the Council as part of the annual budget setting process. This provides a link between the objectives of each strategic service group and the allocation of financial resources. BIPs include an overview of each strategic service group's main areas of proposed activity, summarise service achievements in the previous year and set out plans for maintaining and improving services in the year ahead. Each BIP also provides details of how the strategic service will contribute towards achieving the council's local outcomes, 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.

**122.** Officer leadership of the Transformational Change and Budget Reduction Strategy is provided by the Transformation Programme Board, chaired by the Chief Executive, and attended by the Strategic Management Team (SMT). The Organisational Transformation strategic service group manages all transformation projects. We have concluded that this leadership structure continues to demonstrate improved performance in delivery of the council's improvement plans.



**123.** Officer leadership is stable. The Chief Executive has been in post since 2009 and there have been no other new appointments to the CMT in recent years. The CMT structure has been in place for a number of years. In September 2018 the Council approved a revised strategic delivery model in which the Chief Finance Officer became a member of the CMT reporting directly to the Chief Executive. This structure has been temporarily amended during the Covid-19 pandemic period with the Chief Finance Officer reporting directly to the Depute Chief Executive of Education, People & Business.

**124.** The council has an executive officer for each strategic service group who is the equivalent of a head of service. These officers report directly to the council's two Depute Chief Executives and this reporting line mirrors the financial reporting format across the council. Executive officers are members of the SMT, along with members of the CMT.

**125.** We are satisfied that the CMT demonstrates the skills and expertise to deliver the council's strategic objectives and is supported by effective executive officers who have a good understanding of how their service contributes to the strategic objectives.

**126.** The administration is committed to the council's priorities set out in the LOIP. From attendance at Council and various other committee meetings, with the exception of political differences, we noted that there is a good degree of cooperation and consensus between members on the vision and objectives of the council and how to apply resources to achieve these objectives. A LOIP update report was presented to the Council in September 2019 outlining some of the key areas of progress made since the publication of the LOIP in late 2017. The LOIP update report was published on the council's website following the meeting of the Community Planning Partnership Board in October 2019.

**127.** 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 was appointed. In accordance with the Accounts Commission's recommended good practice, the Convenor of this committee is a member of an opposition party. In our 2018/19 Annual Audit Report we recommended that the Audit & Risk Management Committee Convenor should build a self-assessment of the committee's effectiveness into its agenda cycle, using for example, Chartered Institute of Public and Accountancy (CIPFA) guidance. Officers have confirmed that this work is complete and an action plan for improvement was to be agreed at the meeting of the Audit & Risk Management Committee on the 2 April 2020. However, this meeting was cancelled as a result of the lockdown arrangements for Covid-19. Officers have informed us that there were no material departures or issues noted as part of the self-assessment exercise. The results of the self-assessment and the action plan are to be discussed at the next Audit & Risk Management Committee meeting on 10 December 2020.

**128.** 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.

**129.** The scrutiny panels receive action logs to supplement their meeting agendas. This ensures that members are advised of the progress of required actions with the aim to close actions in one committee cycle. The Convenor and Vice-Convenor of the Audit & Risk Management Committee meet with scrutiny panels' chairs on a cyclical basis to discuss potential scrutiny topics and ensure the reasons for selecting topics are clear and relevant. During 2019/20 the topics selected for discussion by scrutiny panels included waste to landfill targets, universal credits, review of third sector grants, parking and traffic management around schools, homelessness and payroll control systems.

**130.** To support them in their roles, during 2019/20 elected members received training or attended seminars in respect of a number of topics including, placing

request appeals, code of conduct/register of interests, taxi and private hire car conditions, Police Scotland - contact assessment model, planning/pre-determination hearing procedure and civil contingencies (in anticipation of the impact and response required to Covid-19).

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

**131.** Councils need to be open and transparent to citizens on how public money is used and to encourage their participation in local service design and delivery.

**132.** A transparent organisation shows the basis for its decisions and shares information about performance and outcomes, including when targets have and have not been achieved as well as how it is using its resources such as money, people and assets.

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

- Public could attend meetings of the full Council and other committees prior to Covid-19. Since March 2020, virtual meetings of the full Council have been streamed live online using YouTube.
- 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 an overview of performance across all council services. This is available on the council's website.

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

**134.** 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.

**135.** The internal audit function has sound documentation standards and reporting procedures in place and complies with the Public Sector Internal Audit Standards (PSIAS). We also reviewed the council's internal audit arrangements in accordance with International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could rely on specific areas of work of internal audit to reduce our audit work on key financial systems. As a result, we were able to place reliance on the work done by internal audit in relation to the debtors system and housing rent arrears.

**136.** The 2019/20 Internal Audit Annual Report was presented to the Council meeting held in June 2020. The report highlights that as at the end of March 2020 a total of 31 (91%) of 34 planned outputs were completed. In addition, the report notes that Internal Audit presented a half-yearly follow up report to the Audit & Risk Management Committee in February 2020. Although Internal Audit were satisfied to report progress in overall outstanding risk figures, which had decreased from 37 risks to 23 risks, management have been requested to focus on closing the remaining 7 high risk issues. One such area identified for improvement is that of the process for purchasing commissioned care, particularly in emergency or short notice circumstances. This process requires strengthening. In support of these improvements, an internal audit review of two specific arrangements is being

undertaken in 2020/21 and identified improvements will be taken forward through the IJB's Senior Management Team, and in collaboration with partner colleagues. The Internal Audit team continue to follow up all outstanding actions with Executive Officers and senior management to ensure that residual issues are addressed.

## Internal investigation

**137.** An investigation is being undertaken relating to allegations within social work services at the council. We intend to review the findings when reported.

## State aid regulations

**138.** The council does not have formal arrangements in place to ensure compliance with European Commission State Aid Regulations. However, the council's Chief Solicitor and Monitoring Officer and Chief Finance Officer review all committee and Council reports to ensure that there are no state aid implications. In advance of this review, reports are checked by officers in Legal Services and if there is a state aid issue then this is addressed within the report, along with any mitigating factors.

## The council has appropriate arrangements in place for prevention and detection of fraud and error

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

**140.** Since 2017/18 senior officers have been required to complete an annual form providing any relevant details for inclusion in a separate register of interests. The council's Chief Solicitor and Monitoring Officer is responsible for preparing and maintaining this register of interests.

**141.** Instances of fraud and corruption can be particularly prevalent in the procurement function. We carried out an assessment of the arrangements in place at East Dunbartonshire Council to prevent fraud and corruption in the procurement function.

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

**143.** The risk of fraud, bribery and corruption within its procurement function does not feature in the council's corporate risk register. There is however a risk relating to the non-completion of the council's asset management strategy which relates more to the project management of capital projects and not specific to procurement fraud. In light of the number of increasing number of procurement fraud cases identified in both the private and public sectors in recent years, we would encourage the council to update the corporate risk register to include a specific risk in relation to fraud, bribery and corruption in its procurement function.

**144.** The council was planning to use the "Red Flags - Procurement" publication for auditors to produce a procurement improvement action plan. However, this has been delayed as a result of Covid-19. The Procurement Team has had a range of urgent tasks working with providers of transport, care homes, home care, children's residential care, food vouchers for children and establishing governance processes around each of these areas. The action plan is a work in progress.

**145.** During 2019/20 there were two instances where the council breached national procurement regulations in relation to the awarding of social care contracts. However, the awarding of these contracts did not breach the council's standing

orders and detailed reports were presented to Council setting out the reasons for breaching national procurement regulations. The Council approved the awarding of these contracts and an adequate disclosure has been made in the Annual Governance Statement in the accounts. The council will also make reference to these breaches in its Annual Procurement Report for 2019/20 which is due to be finalised by the end of 2020.

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

### **Cyber security has been strengthened**

**147.** 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.

**148.** The council is currently working on the Cyber Essentials pre-assessment questionnaire with a view to acquiring the Cyber Essentials certification in the near future.

### **The council is proactive in investigating matches and reporting the outcomes of National Fraud Initiative activity**

**149.** 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.

**150.** We confirmed that as of the end of February 2020 the Council had investigated all high risk matches. 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. Sample testing will also be undertaken to follow-up on high volume areas such as creditors. We consider this approach to be reasonable.

**151.** NFI progress and outcomes are reported regularly to the Audit & Risk Management Committee and senior management by Internal Audit. The Corporate Fraud Officer oversees NFI work, including 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. The Interim Corporate Fraud Performance Outcomes Report for 2019/20 (to September 2019) was presented to the meeting of the Audit & Risk Management Committee in February 2020 and highlights that over £0.2 million of business rates bonus, Council Tax discounts, evasion, exemptions and reductions were identified by the Corporate Fraud Team as being obtained by fraud or error.

**152.** We concluded that the council is proactive in investigating matches and reporting the outcomes of NFI activity.

# Part 5

## Best value



### Main judgements

63% of the council's 2018/19 performance indicators are in the top two quartiles of Scottish councils. Performance has improved over time in 64% of indicators.

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 and some aspects of the housing service are areas highlighted for improvement.

How Good is Our Service performance reports are comprehensive and are added to the council's website timeously after they have been approved by the relevant service committee. However, Covid-19 has adversely impacted on public performance reporting.

The Covid-19 pandemic occurred at the end of 2019/20. The impact on service performance will be reported as part of the 2020/21 audit.

Best Value is concerned with using resources effectively and continually improving services.

**153.** 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 2.

### Progress in securing Best Value

**154.** Best value is assessed over the five-year audit appointment as part of the annual audit work. A Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five-year period. The BVAR for East Dunbartonshire Council is planned for year five of our appointment in 2021.

**155.** This year's best value audit work focussed on:

- governance and accountability (paragraphs 112-117) – Part 4: Governance and Transparency
- fairness and equality (paragraphs 156-160).

### Fairness and equality

**156.** As part of our BV audit work we carried out a focussed review of the council's approach to fairness and equality.

**157.** Under the Equalities Act 2010, all public bodies must demonstrate that they are complying with the general duty to have due regard for equalities. From April 2011, the Public Sector Equality Duty (PSED) came into force in order to integrate consideration of equality and good relations in the day-to-day business of public bodies. The PSED brings a number of specific duties, one of which is to publish an equality outcomes report in April 2013, and every four years after, as well as a progress report in April 2015, then every two years after. The council's most recent equality outcomes report was published in April 2017.

**158.** The 2017 equality outcomes report highlights that feedback about the needs and experiences of communities contributes significantly to improving the quality and delivery of services from the council. But further action is required to ensure that "harder to reach" communities are consulted, for example older people who may not have access to more widely used platforms such as social media. This is particularly prevalent given the demographic of East Dunbartonshire.

**159.** The timetable for discussion of the next progress report was April 2019. However, no report has been considered by the council or published, which is in large part due to lack of staff resources. Work should be undertaken to approve and publish the progress report to ensure the council continues to meet its duties under the Act.

**160.** Whilst the council has made good progress in terms of integrating equality considerations in policies and practices published through comprehensive equality impact assessments, there are a number of other specific duties such as publishing pay gap information and equal pay statements which are not readily available on the council's website. In addition, the council should take further steps to ensure that equality outcomes are promoted within the community. The council's approach to fairness and equality will be subject of further scrutiny as part of BVAR audit work which will be undertaken in 2021.



### Recommendation 3

**The council should review its equality outcomes reporting timescales to comply with the Public Sector Equality Duty to ensure the council continues to meet its duties under the Equalities Act 2010.**

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### **Performance management arrangements provide a sound base for improvement, but Covid-19 has adversely impacted on public performance reporting**

**161.** 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 service performance is undertaken by the relevant strategic service committee. The performance targets within BIPs are reviewed on an annual basis and subject to ongoing challenge and scrutiny throughout the year.

**162.** HGIOS evaluation reviews are presented to the relevant strategic service committees. They provide a comprehensive review of each strategic service 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 (reported in year-end HGIOS reports only)
- 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.

**163.** HGIOS quarterly performance reports are comprehensive and are added to the council's website timeously after they have been approved by the relevant service committee. In previous years the annual HGIOS reports for each strategic service group covering the period April to March were added to the council's website as one document three months after the year end. However, as officers have been focussed on delivery of services in the Covid-19 environment and recovery planning, they were unable to finalise year end (i.e. Quarter 4) HGIOS performance reporting for 2019/20. Quarter 4/year-end HGIOS performance reporting for 2019/20 will fall within the recovery planning arrangements. This is due to be reported in the Autumn of 2020 following Council recess and once the committee cycle for 2020/21 is established.

**164.** As a result, and with the Covid-19 response ongoing, the Quarter 3 HGIOS performance statistics (which were reported to the relevant service committees in line with established timescales) have been disclosed in [Exhibit 8](#) overleaf. This shows a breakdown of performance reported by traffic light status for the indicators for all strategic service groups, as reported in the HGIOS evaluation reviews to Quarter 3 of 2019/20.

**165.** 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 107 prioritised PIs (shown in [Exhibit 8](#) overleaf) are reported together with a number of improvement indicators (improvement indicators are reported in year-end HGIOS reports only). The council continues to review its performance targets to ensure they are challenging and drive continuous improvement in service delivery.

## Exhibit 8

Performance information for 2019/20 (to Quarter 3 – 31 December 2019)

Strategic Service Groups	On target	2-5% off target	Off target
Place, Neighbourhood and Corporate Assets			
Comprises the following strategic service groups:			
• Assets and Facilities	5	2	1
• Housing	1	1	4
• Land Planning and Development	3	1	1
• Neighbourhood Services	6		
• Place and Community Planning	9		3
• Roads and Transportation	5		1
• East Dunbartonshire Leisure & Culture Trust	4		2
Education, People and Business			
Comprises the following strategic service groups:			
• Education	4	3	2
• Finance, Audit and Performance	6	1	
• Legal and Democratic Services	8		2
• Organisational Transformation	7		2
• Customer and Digital Services	9		1
• Integrated Health and Social Care	10	3	
<b>Total</b>	<b>77</b>	<b>11</b>	<b>19</b>

Source: How Good Is Our Service Reports 2019/20 (Quarter 3)

**166.** In the Quarter 3 HGIOS reports areas of good or improving performance include:

- The average number of days taken to fully process new Housing Benefit claims was 14 days against a target of 25 days
- 6.93 days were lost to sickness absence per FTE employee for all employees (teaching and non-teaching staff) against a target of 7.75 days
- The percentage of fraud investigations commenced within 10 days of assessment was 100% against a target of 95%
- The percentage of responsive road repairs completed within timescales was 86.9% against a target of 85%
- The number of visits to libraries was 188,641 at 31 December 2019 against a target of 115,000.



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

- Reducing exclusion rate of Looked After Children (LAC) attending all schools which was 90.9 exclusions per 1,000 pupils against a target rate of 55 exclusions per 1,000 pupils
- The average length of time taken to re-let properties was 51 days against a target of 50 days
- Reducing current tenant arrears which were £1.131 million at 31 December 2019 against a target of £1 million. Current tenant arrears had reduced to £0.954 million at 31 March 2020
- Reducing the average time (working days) taken to respond to building warrant applications which was 34.28 days against a target of 20 days
- Public Liability Claims Handling – the average number of days to settle claims was 292 days against a target of 215 days.

**168.** Overall, based on the figures shown in [Exhibit 8](#), the council has achieved 72% of its prioritised PI performance targets, with a further 10% being within 5% of the target. This is similar to the 2018/19 results.

### **Service performance levels are generally in line with agreed targets**

**169.** The council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework aims to bring 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 most recent [National Benchmarking Overview Report 2018/19](#) by the Improvement Service was published in January 2020 and covered the 2018/19 reporting period. We noted that no verification of the 2018/19 LGBF data was completed internally by council officers.

**170.** Officers provided an initial analysis report on the Improvement Service report to the Council meeting in February 2020. The Improvement Service report was separately provided to all elected members. The overall conclusion from the council's initial analysis of the Improvement Service report was that the council's overall performance has remained stable from 2017/18, with 43% of the council's performance indicators showing improved performance from the previous year.

**171.** However, in line with national trends, a greater proportion of indicators (50%) showed a decline in overall performance. Despite this, the council has maintained or improved rank in 70% of performance indicators against other Scottish councils in 2018/19. This highlights that, while performance overall is declining, the rate of decline for East Dunbartonshire Council is, on average, slower than that of other Scottish councils. When benchmarked against other Scottish councils, the majority of the council's performance indicators are in the top two quartiles.

**172.** A more detailed analysis report on the Improvement Service report has been produced by officers which will be presented to a meeting of the Council later in 2020. This 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.

**173.** We concluded that the council makes good use of local government benchmarking data to evaluate its performance and identify improvement areas.

### **Relative performance against the Scottish average**

**174.** National indicators show the council's performance in many services has improved in the last eight years compared to other councils. The detailed analysis

report on the Improvement Service report (see paragraph 168 above) contains an analysis of the movement in the LGBF indicators from the baseline year (2010/11 for the majority of indicators). This shows that 64% of the indicators have improved. When the council's ranking is benchmarked against other councils, performance has improved in 45% of indicators, been sustained in 13% of indicators and declined in 42% of indicators from the baseline year.

**175.** The report also contains an analysis of all national indicators over a shorter time period which shows that 37% of the council's indicators were in the top quartile (42% in 2017/18), 26% in the second quartile, 21% in the third quartile and 16% (17% in 2017/18) 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.

**176.** The council's review of LGBF data includes a comparison of its performance with the Scottish average but not a comparison of performance against its LGBF family groups. These are groups of councils facing similar challenges based on population density and deprivation.

**177.** 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.



#### Recommendation 4

**The council should compare its performance against its LGBF family groups in order to help drive continuous improvement within the council.**

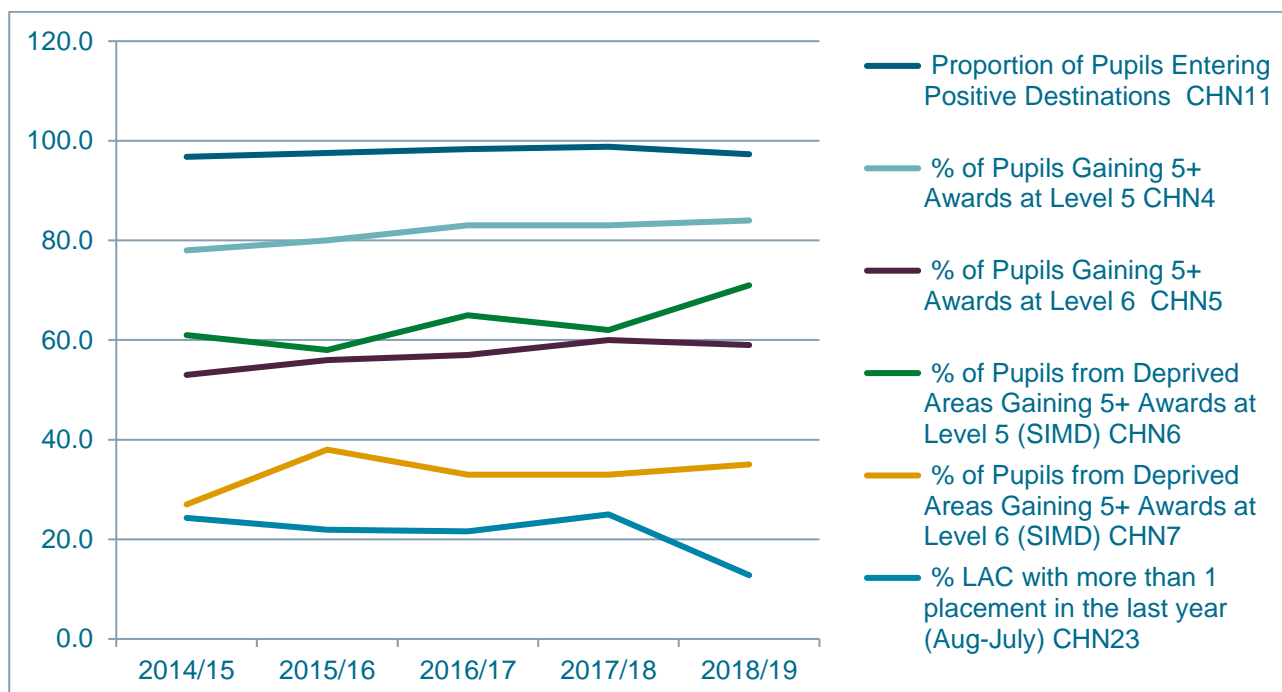
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#### Areas of good or improving performance

**178. 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 services indicators monitored through the council's education services are all in the top two quartiles of performance. The academic attainment of pupils at all levels is the second highest in Scotland and the percentage of pupils living in the 20% most deprived areas gaining 5+ awards at level 5 is the highest in Scotland. [Exhibit 9](#) overleaf indicates a positive trend of year-on-year improvements in performance against a number of key education indicators since 2014/15. Additional analysis of Scottish Government teacher and pupil census data for 2019 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 fourth highest ratio (13.5) on this measure within its family group of 8 councils and is line with the Scottish ratio of 13.6.

## Exhibit 9

### Selected LGBF education indicators, 2014/15 to 2018/19



Source: Local Government Benchmarking Framework, Improvement Service 2020

### Areas of poorer performance

**179. Waste management:** 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 five years. The council is ranked twenty-seventh (bottom quartile) and twenty-sixth (bottom quartile) out of the 32 Scottish local authorities for these indicators respectively.

**180.** The cost of waste collection and disposal performance is as a result of council decisions in relation service delivery including frequency. Whilst the result of this decision has been to provide a service at a higher overall cost, this reflects community demands. The report to Council highlights 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 has reviewed collection operations and renewed a number of fleet assets to improve efficiency within the service and the report highlights that this has led to improvements in 2018/19, with increased recycling rates and reduced operational costs in recent years.

**181. Housing:** The report to Council also highlights that the council is in the bottom quartile for three LGBF indicators in relation to the housing service. The council is ranked twenty-fourth for the average time taken to complete non-emergency housing repairs, twenty-fourth for the percentage of council houses that are energy efficient and twenty-fourth for the gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year. In relation to energy efficiency, the report highlights that during 2018/19 the housing service focussed on installing central heating systems and new windows which has increased performance to almost 91% (from 75% in 2017/18).

## Service satisfaction

**182.** 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 (2016 to 2019). 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.

The detailed analysis report by officers highlights that service satisfaction has gone down across Scotland and that almost 90% of the council's satisfaction measures are showing decline from 2017/18, in line with national trends. However, the report notes that of the indicators measured, a majority have shown an increase in satisfaction from the baseline year, against national trends of decline. The LGBF service satisfaction indicators for 2018/19 show that East Dunbartonshire Council is in the top two quartiles for 5 of the 8 indicators (see [Exhibit 10](#)), and above the Scottish average in 6 of the 8 indicators.

### Exhibit 10

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

Indicator	Satisfaction level (%)	Scottish average (%)	Ranking out of 32 Scottish local authorities	Quartile
Adults satisfied with local schools	76.3	71.8	12 <sup>th</sup>	2 <sup>nd</sup>
Adults satisfied with social care or social work services ***	41.3 - 86	36.6 - 81.1	1 <sup>st</sup> - 6 <sup>th</sup>	1 <sup>st</sup>
Adults satisfied libraries	74	72.4	15 <sup>th</sup>	2 <sup>nd</sup>
Adults satisfied with parks and open spaces	83.2	84.8	20 <sup>th</sup>	3 <sup>rd</sup>
Adults satisfied with museums and galleries	51.5	69.3	28 <sup>th</sup>	4 <sup>th</sup>
Adults satisfied with leisure facilities	72.9	71.4	14 <sup>th</sup>	2 <sup>nd</sup>
Adults satisfied with refuse collection	84.4	76.3	7 <sup>th</sup>	1 <sup>st</sup>
Adults satisfied with street cleansing	66.9	66.3	18 <sup>th</sup>	3 <sup>rd</sup>

\*\*\* - Satisfaction with Social Care or Social Work Services is now measured across 4 separate performance indicators hence the reason that performance ranges are provided.

Note: Satisfaction levels based on average of responses to Scottish household surveys for 2016 to 2019 with the exception of adults satisfied with social care or social work services which is based on the results of the 2017/18 survey.

Source: Local Government Benchmarking Framework, Improvement Service 2019

**183.** The council also makes use of satisfaction indicators outwith the LGBF. It routinely undertakes customer satisfaction surveys at a local level as part of its

performance management framework. The Quarter 3 HGIOS report for Customer and Digital Services highlights that a total of 21 customer surveys were conducted across Customer Services in Quarter 3 and 100% of customers were satisfied or very satisfied with the service they received (against a target of 95%). 77% of customers indicated the service was excellent and 23% indicated that the service was good. The summary customer satisfaction survey results are reported in the quarterly HGIOS reports which are presented to members at Council and committee meetings and are also published on the council's website. Officers have informed us that a service-wide review of all customer service performance measures is due following the implementation of the council's new customer service structure. However, this has not been progressed as officers prioritise Covid-19 related actions and requirements at the current time. We have not reviewed the results of any council customer satisfaction surveys as part of our audit.

## Statutory performance indicators (SPIs) are being met

**184.** 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.

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

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

**186.** Overall, we concluded that the council's arrangements for publication of performance information are satisfactory. The council publishes an annual public performance report which meets the requirements listed in the paragraph above and includes assurance on the council's arrangements for delivering Best Value. The council's 2018/19 public performance report is available on the council's website. The 2019/20 report will be published early in 2021.

## National performance audit reports

**187.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20, Audit Scotland published a number of reports were issued which are of direct interest to the council. These are outlined in [Appendix 3](#).

**188.** 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.

**189.** The Local Government Overview Report on the 2019/20 audits will include a review of the response to the Covid-19 pandemic by councils in Scotland along with a report on financial and operational performance. This is due to be published in 2021.

**190.** Audit Scotland is at the early stages of reviewing its future work programme in light of the Covid-19 pandemic but key topics under consideration include the economic and fiscal consequences of Covid-19 and public service adaptation in response to Covid-19.

# Appendix 1

## Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Efficiency savings</b></p> <p>The council's efficiency savings proposals for 2020/21 were identified before the Covid-19 pandemic occurred in March 2020.</p> <p><b>Risk</b></p> <p>The assumptions made by the council don't take into account the financial impact of Covid-19.</p>	<p>The council should review all savings proposals for 2020/21 in light of the Covid-19 pandemic to assess the potential impact on the council's ability to achieve its efficiency savings target in 2020/21.</p> <p><a href="#">Paragraph 85</a></p>	<p>The council continues to report on the achievement of planned savings as part of ongoing revenue budget monitoring reports to Council and now the Policy and Resources Committee. Plans are in place to review the reasonableness of the council's existing transformation programme as part of overall recovery arrangements. This review will take place at a point in time where it is reasonable to do so and the future landscape becomes more certain. In the intervening period current plans are paused subject to this review as the Covid-19 pandemic continues requires an immediate response from those council officers who would otherwise be engaged as part of this work.</p> <p>Executive Officer - Organisational Transformation</p> <p>February 2021 albeit subject to ongoing Covid-19 response</p>
2	<p><b>Medium term financial plan</b></p> <p>The council's medium term financial plan was developed before the Covid-19 pandemic occurred in March 2020.</p> <p><b>Risk</b></p> <p>The assumptions made in the board's financial plan are out of date and don't</p>	<p>The council should review its medium term financial plan following the Covid-19 pandemic to reflect its impact on the council's finances going forward, including scenario planning of key financial assumptions.</p> <p><a href="#">Paragraph 92</a></p>	<p>The council has undertaken significant benchmarking with other councils as well as taking external economic advice through the Directors of Finance as to the likely course of events and trajectory of key indicators such as inflation, pay costs and future pensions liabilities. This work is intended to be reported to Council in the next cycle</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	take into account the financial impact of Covid-19.		and will form the basis for the revised medium term financial plan and the 2021/22 budget. Given ongoing events there remains significant variability within medium to long term plans and which are, until the future landscape settles, used as indications only and updated regularly.  Chief Finance Officer  December 2020
3	<p><b>Fairness and equality</b></p> <p>The council's most recent equality outcomes report was published in April 2017. However, no subsequent progress report has been considered by the council or published and the deadline for this was April 2019.</p> <p><b>Risk</b></p> <p>The council cannot demonstrate that it is meeting its duties under the Equalities Act 2010.</p>	<p>The council should review its equality outcomes reporting timescales to comply with the Public Sector Equality Duty to ensure the council continues to meet its duties under the Equalities Act 2010.</p> <p><a href="#">Paragraph 160</a></p>	<p>Due to current circumstances there has not been an opportunity to formally discharge the Equalities Outcomes Report however this will be taken to a future Council. We recognise the delay prior to the Covid-19 pandemic and the issues relating to resourcing have now been addressed.</p> <p>Executive Officer - Place and Community Planning</p> <p>March 2021 and subject to the ongoing Covid-19 response</p>
4	<p><b>Use of LGBF data</b></p> <p>Although the council's review of LGBF data includes a comparison of its performance with the Scottish average, it does not include a comparison of performance against its LGBF family groups.</p> <p><b>Risk</b></p> <p>The council cannot demonstrate continuous improvement in relation to its LGBF family groups.</p>	<p>The council should compare its performance against its LGBF family groups in order to help drive continuous improvement within the council.</p> <p><a href="#">Paragraph 177</a></p>	<p>The council is active in using family groups as part of benchmarking analysis however the key focus of member scrutiny has been performance relative to all councils. The council will continue to use family groups to inform underlying trends but given our unique demographic, population density and deprivation elected members have signalled their preference for analysis against all Scottish councils. We will continue to discuss the need for family groups to be included in the future LGBF report due in January 2021.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
			Executive Officer - Customer and Business Support Services  January 2021
<b>Follow up of prior year recommendations</b>			
5	<p><b>Capital slippage</b></p> <p>Both the general services and HRA capital programmes were underspent in 2018/19.</p> <p><b>Risk</b></p> <p>There is a risk that slippage could impact on the council's ability to deliver services in line with its strategic priorities.</p>	<p>The council should use the Accounts Commission good practice guide as the basis of a self-assessment to identify areas where its capital management could be improved.</p>	<p><b>Complete</b></p> <p>The council continues to use the Accounts Commission good practice guide to inform ongoing improvements in capital expenditure and the link to capital financing. In 2019/20 the total underspend on the capital programmes was £1.990 million which represents 4% of the total capital budget for 2019/20 (35% in 2018/19) and highlights a reduction capital slippage compared to previous years.</p> <p>Paragraphs 67 to 70</p>
6	<p><b>Transformation programme</b></p> <p>Although the update reports presented to members during the year on the 2018/19 transformation programme included details of financial efficiency savings, the year-end report on the 2018/19 transformation programme did not.</p> <p><b>Risk</b></p> <p>Members are not provided with assurance on the financial efficiency savings achieved from the transformation programme.</p>	<p>The council should include details of efficiency savings where relevant in all transformation update reports presented to members.</p>	<p><b>Complete</b></p> <p>The 2019/20 transformation programme update reports presented to members included details of financial efficiency savings. However, due to the impact of Covid-19, the 2019/20 transformation programme year-end report was not produced.</p> <p>Paragraphs 73 to 75</p>
7	<p><b>Efficiency savings</b></p> <p>Although 92% of the council's 2018/19 efficiency savings target was achieved, the council's 2019/20 efficiency savings target may also not be fully achieved.</p>	<p>The council should ensure that each savings proposal for 2019/20 is risk assessed and plans made to fill any budget gaps.</p>	<p><b>Complete</b></p> <p>The council delivered its services within the 2019/20 budget overall.</p> <p>Challenges in achieving the 2020/21 efficiency savings included in the council's revenue budget are</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
	<p><b>Risk</b></p> <p>The council does not achieve its efficiency savings target leading to the increased use of contingency reserves and increases the level of efficiency savings required in future years.</p>		<p>reported in action plan point 1 above.</p> <p>Paragraph 56</p>
8	<p><b>Audit &amp; Risk Management Committee</b></p> <p>The Audit &amp; Risk Management Committee does not carry out a regular self-assessment of its effectiveness.</p> <p><b>Risk</b></p> <p>Members of the Audit &amp; Risk Management Committee are not discharging their duties effectively.</p>	<p>The Audit &amp; Risk Management Committee Convenor should build a self-assessment of the committee's effectiveness into its agenda cycle, using for example, Chartered Institute of Public and Accountancy (CIPFA) guidance.</p>	<p><b>Complete</b></p> <p>A self-assessment has been carried out and an action plan for improvement was ready to be agreed at the meeting of the Audit &amp; Risk Management Committee on the 2 April 2020. However, this meeting was cancelled due to Covid-19. Officers have informed us that there were no material departures or issues noted as part of the self-assessment exercise. The results of the self-assessment and the action plan are to be discussed at the next Audit &amp; Risk Management Committee meeting on 10 December 2020.</p> <p>Paragraph 127</p>
9	<p><b>Locality plans</b></p> <p>The Community Empowerment (Scotland) Act 2015 required CPPs to publish locality plans by October 2017. However, the council and its partners are yet to finalise all of their locality plans.</p> <p><b>Risk</b></p> <p>The council and its partners are not complying with the requirements of the Community Empowerment (Scotland) Act 2015.</p>	<p>The council with its partners should ensure that their locality plans are finalised in order to comply with the requirements of the Community Empowerment (Scotland) Act 2015.</p>	<p><b>Complete</b></p> <p>The remaining place plans for Twechar and Auchinairn were approved at a meeting of the Council in September 2019 and also at the Community Planning Partnership Board. In Auchinairn council officers worked with the community around the newly built of Auchinairn Community and Early Years Centre in the creation of the place plan.</p> <p>All place plans will evolve and will be reviewed regularly overtime, including learning of the impact on the council's place communities from the Covid-19 pandemic.</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>		
<p><b>1 Risk of material misstatement caused by management override of controls</b></p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates.</p> <p>Focussed testing of accruals and prepayments.</p> <p>Identified and evaluated significant transactions that were outside the normal course of business.</p>	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>We did not identify any incidents of management override of controls.</p>
<p><b>2 Risk of material misstatement caused by fraud in income recognition.</b></p> <p>As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. East Dunbartonshire Council receives a significant amount of income from several sources including fees and charges. The extent and complexity of income means that there is an inherent risk of fraud.</p>	<p>Reviewed controls within income systems.</p> <p>Performed analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions which focussed on the areas of greatest risk.</p>	<p>We undertook detailed testing of income streams.</p> <p>No frauds were identified.</p>
<p><b>3 Risk of material misstatement caused by fraud in expenditure</b></p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. East Dunbartonshire Council incurs significant costs such as welfare costs, social care payments and grants where there is an inherent risk of fraud.</p>	<p>Reviewed work on the follow up of National Fraud Initiative (NFI) matches.</p> <p>Detailed testing of expenditure including housing benefit transactions.</p> <p>Detailed work on procurement arrangements including declaration of gifts and hospitality.</p>	<p>We concluded that the council is proactive in following up NFI matches.</p> <p>No significant issues were identified from our testing of expenditure and housing benefit transactions disclosed in the 2019/20 financial statements.</p> <p>No significant issues were identified from our work on procurement arrangements.</p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>4 Risk of error in areas of Estimation and Judgements</b></p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas, including:</p> <ul style="list-style-type: none"> <li>• Non-current asset values which rely on expert valuations and management assumptions.</li> <li>• The value of the council's pension liability which is an estimate based on information provided by management and actuarial assumptions.</li> <li>• The council's provisions for doubtful debts which are based on management's assessment of the recoverability of debts.</li> <li>• The value of other provisions which are based on management's assessment of the value and probability of potential future outflows.</li> </ul> <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>Reviewed of the work of the valuer, including focused substantive testing of the classification and valuation of assets.</p> <p>Confirmed asset values in valuation certificates were correctly reflected within the 2019/20 accounts.</p> <p>Reviewed the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used.</p> <p>Reviewed the council's procedures for ensuring actuarial valuations provided are appropriate and include assumptions relating to relevant legal rulings.</p> <p>Confirmed pension valuations in actuarial report were correctly reflected within the 2019/20 accounts.</p> <p>Reviewed the provision for doubtful debts calculations to assess whether they were reasonable and complete based on the risk that the debt will not be recovered.</p> <p>Reviewed the basis for other provisions recognised, including detailed testing to source documentation where required.</p>	<p>No valuation exercise was completed in year for non-current assets. However, we reviewed evidence of management considerations on the economic impact of Covid-19 on property valuations as well as the nature of the assets and any active markets. We have requested additional management assurances as part of our letter of representation.</p> <p>We reviewed the work of the actuary and assessed the appropriateness of the actuarial assumptions.</p> <p>We confirmed that revised pension valuations provided by the actuary are correctly reflected in the 2019/20 financial statements. See <a href="#">Exhibit 3</a> for details of changes made to the unaudited figures as a result of the council receiving an updated IAS19 valuation report from the actuary.</p> <p>No material misstatements were identified.</p> <p>No significant issues were identified from our work on the provision for doubtful debts or other provisions.</p>

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








<p><b>5 2020/21 Budget Setting Process</b></p> <p>The timing of budget setting for the UK and Scottish public sector has led to increased uncertainty for councils in setting their 2020/21 budgets and council tax.</p> <p>There is a risk that the council's budget does not reflect the final settlement, and further in-year savings need to be made.</p>	<p>Reviewed the council's 2020/21 budget setting arrangements.</p>	<p>The council's 2020/21 revenue budget was approved in February 2020 in line with the settlement from the Scottish Government.</p> <p>No issues identified.</p>
<p><b>6 Risk to financial sustainability</b></p> <p>The council has strong financial management but the medium</p>	<p>Reviewed the development of a three- year budget process and the reserves strategy.</p>	<p>We concluded that the council has effective budget setting and budgetary monitoring and control arrangements that support</p>

Audit risk	Assurance procedure	Results and conclusions
<p>term financial plan shows significant savings are needed to address future funding gaps. This is a particular challenge for services commissioned by the East Dunbartonshire Health &amp; Social Care Partnership, with an overspend of £3.5 million currently projected.</p> <p>There is a risk to long term financial sustainability and the delivery of the Local Outcome Improvement Plan for East Dunbartonshire if transformation and the delivery of efficiencies is not realised.</p>	<p>Considered the 2020/21 revenue budget and required savings target.</p> <p>Reviewed the financial monitoring during the year, including the use of reserves and delivery of planning savings.</p>	<p>elected members and officers in scrutinising the council's finances.</p> <p>East Dunbartonshire Health &amp; Social Care Partnership reported a deficit of £1.090 million at 31 March 2020 in its annual accounts for 2019/20.</p> <p>No significant issues were identified from our review of the council's financial monitoring arrangements.</p> <p>The medium term financial plan needs to be revised to reflect the impact of Covid-19 on the councils transformation and efficiency plans.</p>

# Appendix 3

## Summary of national performance reports 2019/20



		Apr	
Social security: Implementing the devolved powers		<b>May</b>	
Scotland's colleges 2019		<b>Jun</b>	 Enabling digital government
		Jul	
NHS workforce planning - part 2		<b>Aug</b>	
Finances of Scottish universities		<b>Sept</b>	
NHS in Scotland 2019		<b>Oct</b>	
		Nov	
Local government in Scotland: Financial overview 2018/19		<b>Dec</b>	
Scotland's City Region and Growth Deals		<b>Jan</b>	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		<b>Mar</b>	 Early learning and childcare: follow-up

# East Dunbartonshire Council

## 2019/20 Annual Audit Report

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