

Midlothian Council

Annual Audit Report to Members and the Accounts
Commission for Scotland

2013-14

November 2014



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1. Executive Summary

Introduction

The Accounts Commission for Scotland appointed Grant Thornton UK LLP as auditors to Midlothian Council (the Council) under the Local Government (Scotland) Act 1973 for the period 2011-12 to 2015-16.

This report summarises the findings from our external audit work for the year ended 31 March 2014. Our work in 2013-14 incorporated a best value follow up against those areas where further scrutiny was identified in the Assurance and Improvement Plan, published in May 2014.

Overall conclusions

The Council has set out an ambitious strategy for growth

The Single Midlothian Plan sets out a clear and ambitious vision for the area, prioritising significant improvements in economic growth, positive destinations for young people and early interventions in Early Years including reducing child poverty. Three approaches have been set out as core to the council's way of working – preventive intervention, capacity building and co-production, and localising access to services. Our analysis of the key area statistics for the area confirm that the Council is correctly targeting investment in key policy areas which should be improved.

There is evidence that these changes are starting to have a positive impact on performance with improvements against key priorities, including educational attainment and economic growth. However, there are still a number of services that continue to perform below the national average including educational attainment and a number of cost benchmarks, such as leisure facilities.

The Council is also making progress in implementing key elements of its strategic plan. In particular, the Council completed a restructure of its senior team during the year to better align service leadership to corporate plan objectives and to drive performance and accountability against its strategic plan objectives, it has subsequently embarked on a middle management review

Significant steps have also been taken to improve the governance and rigour relating to business transformation savings, as part of the development of the Council's revised financial strategy.

The 2013-14 financial accounts

We have provided an unqualified opinion on the Council's 2013-14 financial accounts. The Council has reported a significant rise in General Fund reserve balances in 2013-14, partly as a result of an unexpected £5.3 million underspend against budget, where savings delivered through vacancy management were higher than predicted, but also included £0.8 million of income within Revenues that the Finance Team were not aware of. The Council has also used Capital Fund balances to support the General Fund, and ensure that unearmarked reserves exceed the target of 4% of net service expenditure.

A challenging outlook

Like all public bodies, the Council continues to face a number of significant challenges in continuing to improve performance. In particular, the Council has identified a budget gap of £16.8 million for the period to 2017-18. In previous years, we have raised concerns that the Business Transformation Programme was not delivering the required savings on a timely basis, increasing the risk that more significant and unplanned cuts in services would be required in later years to meet the budget challenge.

Significant progress has been made in 2013-14 to improve the robustness of financial planning, including the development of a Financial Strategy in February 2014 to identify the savings and actions needed to address the projected budget shortfall. However, recent financial projections indicate that a budget gap of £7 million remains to be addressed in achieving expected savings, and in response to a more pessimistic forecast of future government funding.

The Council is taking urgent action to address its financial position. Work led by the Strategic Leadership

Group is ongoing to identify options to address the remaining budget shortfall. It should also review and prioritise the savings within the transformation programme to ensure that they are sufficient to deliver a balanced and sustainable financial position over the medium term. Difficult decisions lie ahead, including potential retrenchment of services and the Council must therefore bring forward service delivery options to drive transformational change that enables outcomes for service users to be maintained in priority areas within reduced financial resources.

The Council has an ambitious housebuilding programme and has invested heavily in its housing estate over the last few years, and has so far provided 864 new houses. During the year it faced a significant crisis, relating to CO2 gas affecting houses in Newbyres Crescent. This was a new estate, built within the last 5 years, that is now likely to be demolished and replaced at a cost of over £10 million. The Council is currently reviewing what led to this situation, how effectively it responded to the crisis in managing and containing the situation and maintaining public health, in supporting council tenants find new homes, and in establishing the impact on the Council's financial position.

This event, has also required a significant investment of senior officer time to manage which has limited the Council's capacity in other areas of performance. This highlights the capacity challenge facing the Council as it faces a period of significant uncertainty and change with the resources it has available at a senior level. A key challenge for the Council will be to address its capacity to deliver the change necessary, potentially this will

require it to focus resources on a smaller number of key priorities.

More can be done to support effective scrutiny

As the Council begins to make decisions on service delivery, and reprioritisation, scrutiny becomes increasingly important. Through scrutiny, councillors have the opportunity to step back and consider the relationship between costs and performance, and ensure that resources are directed in the right way. This scrutiny role is underpinned by the information that members receive from officers.

We have noted a number of areas where reporting to Committee can be improved, including the focus and clarity of performance reporting, and financial reporting, both against budget and in delivering transformational savings. There continues to be the scope to improve the quality of financial reporting through the financial statements.

Looking forward

The Council is aware of the challenging outlook it faces and has already taken positive steps to implement change. It now needs to increase the pace of change and ensure these changes become embedded in how the Council works.

Our report includes an action plan covering our key recommendations to support the Council in meeting these challenges.

2. Introduction

Introduction

The Accounts Commission for Scotland appointed Grant Thornton UK LLP as auditors to Midlothian Council under the Local Government (Scotland) Act 1973 for the period 2011-12 to 2015-16.

This report has been prepared for the Controller of Audit, and Midlothian Council (the Council). The report summarises the findings from our 2013-14 audit of Midlothian Council. The scope of our work was set out in our Audit Plan and includes:

- the audit of the financial statements, including a review of the Annual Governance Statement and framework of internal control
- a review of corporate governance arrangements, internal financial controls and financial systems
- a review of arrangements for statutory performance indicators and public performance reporting; and
- a review of the Council's response to national reports published by Audit Scotland.

Our responsibilities

Under the terms of our appointment, we meet the requirements of the Code of Audit Practice, which is approved by the Accounts Commission and the Auditor General for Scotland. The most recent Code was published in May 2011 and applies to audits for financial years starting on or after 1 April 2011.

The Code of Audit Practice highlights the special accountabilities that are attached to the conduct of public business and the use of public money. This means that public sector audit must be planned and undertaken from a wider perspective than the private sector. We are therefore required to provide assurance, not only on the financial statements and annual governance statement, but also on the achievement of best value, the use of resources and performance.

Best Value Follow Up

The statutory duty of Best Value in local government was introduced in the Scotland Act 2003 and requires local authorities to demonstrate that they deliver best value across their activities. The Accounts Commission monitors Council's performance against this requirement by commissioning audits of Best Value in line with the Scottish Government's guidance.

The Local Area Network (LAN) monitors the Council's progress in responding to the report within the annual Assurance and Improvement Plan (AIP). The LAN's shared risk assessment for Midlothian Council was published in the AIP 2014-17, in May 2014.

In agreement with LAN partners, our work in 2013-14 was extended to review four key areas where scrutiny was required:

- Governance and accountability
- Financial management
- People management
- Efficiency, through the transformation programme.

The key issues arising from these outputs are summarised in this annual report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the kind assistance provided by elected members and officers of the Council during our audit.

3. Outcomes for Midlothian

During a time of significant financial constraint, the Single Midlothian Plan provides a streamlined and focused plan for improvement. The Council has worked with partners to prioritise key outcomes that will have a real impact for the area

The Council has set out an ambitious programme for growth, built on investment in housing, schools and in targeting historical inequalities. Further work is needed to continue to improve service performance, capitalise on opportunities for economic growth, and to ensure that partnership resources are aligned to deliver real change.

Context

Each year, as part of its strategic planning, the Midlothian Community Planning Partnership considers an up to date profile of the area, using key datasets on aspects of the local demography, economy and environment.

Midlothian's population is changing. The population grew by 2.8% between 2001 and 2011 to 83,187 people, and is projected to reach 91,000 by 2035. The Council's own estimates predict that the population will grow at a faster rate due to house building in the area.

Midlothian's households are larger and younger than the national average. The population aged 0-14 is very high compared to national standards, at 17.56%, compared to a Scottish average of 16.13%. In contrast, the population aged over 65 is 16.71%, against a Scottish average of 16.81%.

We also note that economic performance indicators are generally behind national averages, although there are signs of improvement. Between 2011 and 2012, the total number of employees in Midlothian changed by 1.18%. This reflects a relatively strong level of economic growth by national standards, placing Midlothian in the top 40% of districts nationally.

Midlothian's analysis highlights that unemployment is significantly higher than the Scottish average for 18-24 year olds, although there are signs of improvement. Midlothian had the highest unemployment rate in Scotland in this age group in 2010-11 but is now 11th in this list.

Average earnings for workers living and working in Midlothian also increased by 6.1% in 2013, but weekly earnings are significantly below the national average. This has an impact on the affordability of housing in Midlothian. Affordability (assessed on the basis of the ratio between average earnings and average house prices) in Midlothian is 82, against the Scottish comparator of 100.

As a result, the Council has a significant waiting list for social housing, estimated at 4,000 households. The Council has prioritised a council house building programme to respond to housing affordability and address its waiting list. Under Phase 1 of the programme, 864 new homes. Phase 2 has plans to deliver a total of 1,500 by 2017. The Council has also been successful in attracting private house building, including significant developments in the Bonnyrigg area, and along the agreed SESPLAN development corridors of the A701 and Borders rail line. Plans are also in place to develop a new town at the Shawfair development, and Midlothian will therefore see 12, 500 new houses being built over the next decade.

This house building programme is likely to attract more families to Midlothian, which will have an impact on services such as Children and Families, and Education. Historically, educational attainment in Midlothian has been poor, and the Council has had a higher rate of Looked After Children than other areas in Scotland.

The Council has prioritised its schools estate programme to address school conditions and to

accommodate changing demographics. The Council has built 15 new schools and refurbished two others since 2003. A further £40million has been committed to delivering new schools in Midlothian.

The Newbattle Centre is currently being developed to replace Newbattle Community High School at a cost of £30million, and funding has also been agreed for two further primary schools in Bilston and Gorebridge North.

Like all councils, Midlothian also faces a significant challenge to ensure that services continuously improve at a time of financial restraint. The ambitious capital investment programme must therefore be affordable and effective in delivering outcomes for Midlothian's communities.

Single Midlothian Plan

The Council has worked with its community planning partners to deliver a shared vision for the area. The Council and each of the public service partners, has adopted the Single Midlothian Plan as its strategic planning document. The Plan identifies how the community planning partnership (CPP) will deliver outcomes against national priorities. The Midlothian CPP continues to focus on three of these national priorities, giving the partnership a clear focus underpinned by a good understanding of the area:

- Economic Recovery and Growth
- Employment (especially youth employment), and
- Early Years (including reducing child poverty).

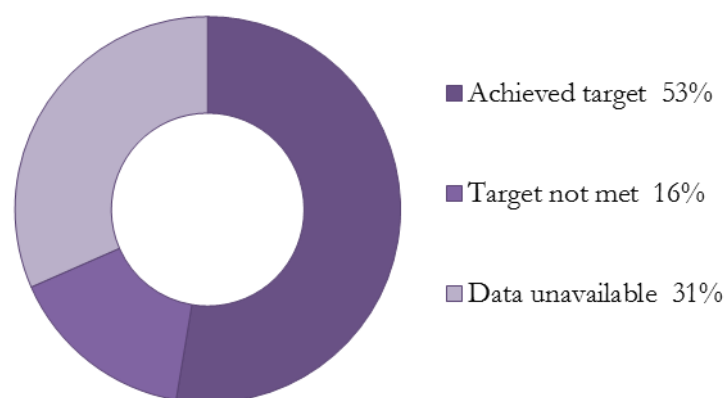
During 2014-15, the partnership has further focused the priorities to key areas within Midlothian that experience inequalities in outcomes.

Delivering outcomes

The Midlothian Community Planning Partnership reports on its performance against outcomes in an annual report. The Partnership has agreed medium term outcome indicators for each of the three priority areas. The 2013-14 Annual Progress report highlights that good progress has been made in delivering outcome

targets. As Figure 1 highlights, of 19 challenging priority indicators agreed, 10 were on target at the end of 2013-14.

Figure 1: Good progress has been made against outcome indicators for the three priority areas



Source: Annual SOA Progress Report, October 2014

The report highlights a number of key successes during 2013-14, including:

- the development of the 'Midlothian Family Resilience Project' to support positive family behaviours and improve long term outcomes.
- the Lasswade High School Centre opened in August 2013 as planned and was named the Best Community Partnership in the Scottish Property Awards
- Educational attainment indicators, although outcomes remain challenging against national averages.
- Young people achieving a positive destination (in further or higher education or work) improved by the highest margin in Scotland, although from a low base. In 2012-13, Midlothian had the lowest outcomes in Scotland, but now sits in a group of 5 councils whose level of performance is within the

same 1% band (Midlothian figure 89.6 %) and is continuing to improve its position relative to other community planning areas.

- 86.3% of children and families said that services have made a positive difference.

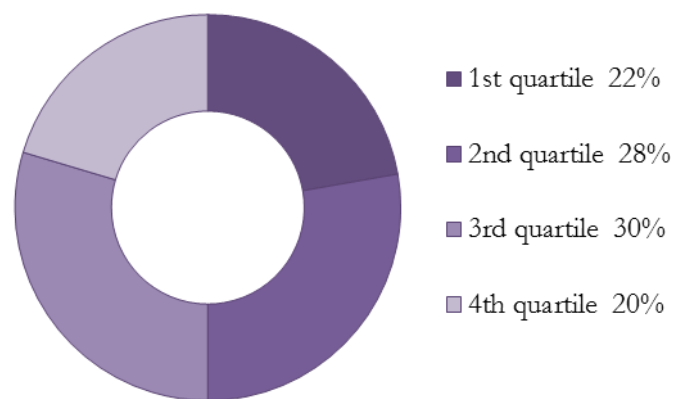
Statutory Performance Indicators

Within the 2012 Best Value 2 report, Audit Scotland noted that the Council faced a challenge in continuing to improve its services. The Accounts Commission has a statutory power to define the performance information that local authorities have to publish. During 2013-14, councils have reported performance in accordance with the requirements of the Society of Local Authority Chief Executives (SOLACE) benchmarking framework, the Local Government Benchmarking Framework (LGBF).

The LGBF comprises of a suite of performance indicators, including a number that were previously collected as specified statutory performance indicators. In March 2014, the Council reported its analysis of the 55 benchmarking indicators. The analysis reports that with 24 (44%) of the measures improved between 2011-12 and 2012-13 and 20 (36%) declined. No trend information was available for a further 11 measures.

As Figure 2, below, highlights, service performance remains mixed, with 22% in the top quartile, but 20% remaining in the bottom quartile. The Council performs well in a number of areas, including the relative costs of a number of services such as home care for people aged over 65, refuse disposal, street cleaning and trading standards and environmental health. The Council also performs well against the Scottish Housing Quality Standards, and in providing service users aged over 65 with care at home.

Figure 2: Performance against LGBF indicators remains mixed, with half of the indicators in the top two (1st and 2nd) quartiles of Scottish Councils, but half in the bottom two.



Source: LGBF 2012-13 indicators

Performance in other areas was in the bottom quartile of Councils in Scotland. These areas include educational attainment indicators, the proportion of operational buildings in satisfactory condition and a number of cost benchmarks, including the cost of waste collection and the cost per attendance at sports facilities.

It is anticipated that the results of the 2013-14 benchmarking exercise will be available from the Improvement Service in November 2014.

4. Delivering Best Value

The Council agreed an improvement plan with Audit Scotland and has monitored its implementation on a regular basis. In January 2014, the Council received a final update on the improvement plan. The Council's approach is now formalised within a series of related strategic documents, including the Financial Strategy and the Transformation Strategy. The Council continues to update and develop the People Strategy, including a workforce development plan, but the budget shortfall projected remains a significant risk and priority.

Progress has been made to develop the Council's Asset Management and performance management arrangements but more needs to be done to ensure that the Council learns from others.

Background

The Accounts Commission published its audit of Midlothian Council's Best Value and Community Planning arrangements in June 2012.

The BV2 audit highlighted evidence of good progress through the People Strategy workstream, and an improved approach to how the Council managed its workforce. There was evidence of improved elected member leadership and improved scrutiny of decisions and performance. The report highlighted strong partnership working and the development of the prioritised Business Transformation Strategy to address key improvement areas.

The report also highlighted a number of areas for improvement including:

- some services performing at below average levels
- scrutiny of the education function, and an increase in the pace of improvement in areas including secondary education
- maintaining delivery of its Business Transformation Strategy and Future Model of Service Delivery (FMSD) review, to ensure the projects deliver the anticipated benefits and savings
- more systematic use of customer satisfaction information and comparisons with others to identify where the council could do better.

The Council's improvement plan, developed and agreed with Audit Scotland set out a number of actions intended to drive progress and increase the pace of change. The final report against the improvement plan was presented to the Council in January 2014. Outstanding actions, including key improvements to performance management arrangements and learning from others have been incorporated within the Council's revised corporate management arrangements; including the interlinked:

- Financial Strategy
- Transformation Strategy
- People Strategy; and
- Planning and Performance Management Framework

Business Transformation

In 2012-13, our Annual Report highlighted that in 2009-10, a Management Review to restructure the Councils' senior management had delivered recurring budget savings of £3.2 million. Since then, business transformation savings had not met their target. During 2013-14, the Council planned to deliver £0.76 million in procurement savings and a Business Services review, which were not delivered. This review now forms part of the Integrated Support Services workstream. The Council's internal auditors have recently reviewed the progress on the Business Transformation Programme. They found evidence of transformational improvements

in services within Housing, Children's Services and Adult Social Care. However, planned savings of £1.319 million had not been delivered as at 31 March 2014. Internal audit have made a series of recommendations aimed at improving the transparency and governance arrangements in place to deliver savings.

Financial Strategy

In February 2014, the Council approved a Financial Strategy, which sets out a medium term financial plan to meet the projected £16.8 million budget gap in the period to 2017-18. Current proposals bridge part of the gap, but the latest update at September 2014 continues to identify a gap of £7 million in the period to 2018. The Council therefore continues to face difficult decisions about the level and priority of services it can deliver.

The Financial Strategy recognises that the Council's Business Transformation programme is no longer enough to bridge the budget shortfall, as savings delivered have been lower than anticipated. The development of the Strategy presents a significant step forward in increasing the transparency and robustness of projected savings, and provides a strong basis for regular progress reports in the way recommended by the Council's internal auditors.

The Strategy includes a reprofiled Business Transformation Delivery Plan, with validated savings targets, and identified project sponsors. The transformation programme has been revised and now incorporates eight workstreams:

- Integrated Service Support
- Education Provision
- Income Maximisation
- Energy Reduction
- Customer Services
- Services to the Communities
- Externalisation/In-sourcing
- Children's Services

There are proposals and savings for two of these workstreams, Externalisation/In-sourcing and Income Maximisation which require to be validated.

We also note that while a number of the workstreams have the potential to be transformational, some, such as Income Maximisation and Energy Reduction are focused on efficiencies, which may be considered business as usual. During such a period of financial constraint we recognise that it is challenging to continue to improve services. Resources and capacity to support transformation projects should therefore be focused on the areas with most potential to improve services and/or deliver savings.

Refer to recommendations 1 and 2

Under the Financial Strategy, the Council has also set out plans to deliver 0.5% of efficiency savings through financial discipline in non-staff budgets, and service review savings of around £0.3 million.

People Management

The Council's biggest asset, and area of expenditure is its people. In November 2013, Midlothian Council approved a new Leadership Structure, which effectively reduced the number of Heads of Service from 10 Service Areas to 8, within 3 Directorates. Service portfolios were amended to ensure that they aligned with the Single Midlothian Plan and Transformation Strategy.

Joint Heads of Service have subsequently undertaken a management review to ensure that the internal structures are fit for purpose. This secured an estimated cost reduction of £0.274 million in 2014-15 rising to £1.229 million in later years.

During the year, the Council approved an enhanced Voluntary Severance and Early Retirement programme. In September 2014, the Council reported that 380 individuals had applied under the scheme. At that date, 181 applications had been approved, with another 86 on hold for additional service review work. This has achieved a significant reduction in the Council's labour costs. Current estimates suggest that the pay bill will be

reduced by over £2 million in 2015-16, with a one-off cost of £4.7 million to be met from General Fund reserves in 2014-15.

The Council has adopted a policy of no compulsory redundancies. Where the management review identified the potential to reduce further posts, the Council has therefore adopted a 'Switch' scheme to redeploy individuals who have been displaced.

Refer to recommendation 3

The evolving People Strategy is based on developing a trained, flexible and innovative workforce which supports delivery of both national and local outcomes for communities. A key challenge for the Council will continue to be developing the culture of the organisation from its historical silo-based approach to a constructive "One Council Culture".

One of the key factors, but biggest challenges, will be the success of the Integrated Service Support project in delivering integrated support service that supports and enables frontline services as effectively as possible.

Planning and Performance Management

The Council has worked hard during 2013-14 to ensure that the Single Midlothian Plan is underpinned by strong service planning and self-evaluation arrangements.

Each service has a Service Improvement Plan which provides a link to the local outcomes contained within the Single Midlothian Plan and the commitments in the Transformation Strategy. The Council has also recently redeployed the Midlothian Excellence Framework (MEF), which is a self-evaluation approach based on the Public Sector Improvement Framework. The Council does have a good level of self-awareness about the quality of services, but the outcomes from the MEF has not yet been reported to the Council or Performance Review and Scrutiny Committee.

The 2014-15 Service Plans also incorporate a Balanced Scorecard of outcomes against four categories:

- Customer/stakeholder

- Service improvement
- Financial Health
- Learning and Growth.

Performance reporting to Committees has not been changed to reflect the Balanced Scorecard, and there is significant scope to improve the impact of performance reporting by focusing on the Council's key priorities and outcomes. We also note that elected members do not currently have access to the Covalent performance management system. Information is currently provided in reports from covalent every quarter. We understand that direct access will be possible in the future when the council implements a browser version of covalent. This will allow Councillors to play a greater role in monitoring the effectiveness of services, and driving the pace of change.

We also noted that the Council's current performance management arrangements do not make systematic use of benchmarking or comparative information.

Refer to recommendations 4 and 5

Asset Management

The Transformation Programme includes saving targets in 2014-15 for further rationalisation of the office estate through the Effective Working in Midlothian (EWiM) programme. The Financial Strategy also includes plans to incorporate the effective utilisation of the remainder of the Council's buildings estate, vehicle fleet and ICT assets to deliver savings opportunities. The Asset Management Strategy is therefore being reviewed and options will be developed through the Business Transformation Board and Steering Group.

As part of this work, and in line with the Council's Future Models of Service Delivery principles, a community asset transfer policy has been developed and is being considered with the aim to transfer assets when appropriate to community ownership.

5. Governance and Scrutiny

The Council has reviewed its structures during 2013-14 to deliver efficiencies and ensure that the organisation is best placed to respond to continuing challenges. The Council has adopted an Annual Governance Statement, which is supported by a Code of Governance and Assurance Framework.

The Council's strategies are underpinned by principles of partnership and community working, but more needs to be done to provide elected members with the support to perform their scrutiny role effectively.

Annual Governance Statement

The Annual Governance Statement (AGS) is the key document that records the governance ethos of the Council, and assurances around the achievement of the vision and strategic objectives of the Council. The AGS summarises the local code of governance, including the internal control framework, arrangements for risk management, financial governance and accountability.

An Assurance Framework has been developed to support the Statement and monitor the level of compliance with the Code of Corporate Governance, which is based on the CIPFA/SOLACE framework. The Framework requires each Head of Service to complete an annual self-assessment. The Council's internal audit team sample check key Financial and Non-Financial elements of governance to test the robustness of the self-assessment and adequacy against the Code and the results are presented to the Council's Audit Committee in advance of our audit.

The Statement identifies a number of areas for improvement in 2014-15, including:

- achieving the three key priorities within the Single Midlothian Plan
- embedding the new management structure and ensuring that appropriate controls and segregations are maintained
- ensuring that financial savings are achieved and that more efficient processes are introduced.

Scrutiny arrangements

The Council's Financial Strategy signals that providing services in the same way as has been done historically is unsustainable in light of the financial challenge ahead. Audit Scotland highlighted in their 2014 Local Government Overview Report that as councils' begin to make decisions on service delivery, and possibly cuts, scrutiny becomes increasingly important.

There are two main scrutiny committees within the Council structure; the Audit Committee and the Performance Review and Scrutiny (PRS) Committee.

The Audit Committee is chaired by an independent member, and has a balanced number of Administration and Opposition Councillors. The PRS Committee is chaired by the Leader of the Opposition, in line with good practice.

Both of the Committees are well attended both by members and officers.

Audit Committee

During the year, the audit committee conducted a self-assessment against CIPFA's revised guidance for audit committees. Following the self-assessment, the Council amended the Standing Orders and terms of reference of the Committee to ensure that it continued to meet good practice standards. One of the key changes identified is to ensure that the Committee review the appropriateness of the accounting policies within the draft annual accounts.

In line with good practice, the Chair of the Audit Committee also prepared an annual report on the key activities and sources of assurance for the committee.

Performance Review and Scrutiny Committee

The PRS meets on a quarterly basis and receive performance reports from each Directorate. As we note in Section 4, there is significant scope to improve the approach to performance reporting, to ensure that scrutiny focuses on the key priorities of the Council.

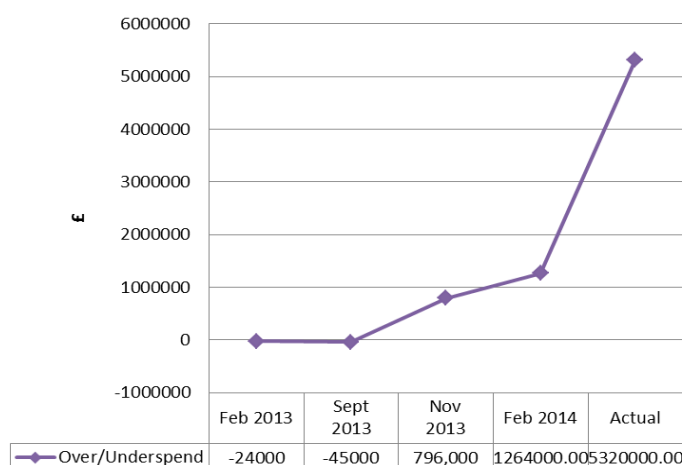
Financial Scrutiny

Financial scrutiny is ultimately about testing how councils make choices about resource allocation and how well resources are used to deliver policy objectives.

The rigours of the annual budgeting round can focus attention on dealing with reduced funding without fully appreciating the impact on delivery of service priorities and performance targets. Through scrutiny, councillors have the opportunity to step back and consider the relationship between costs and performance.

Within Midlothian Council, financial monitoring reports against budget are presented to full meetings of the Council. The reports provide forecasts of the General Fund outturn position, and descriptions of any significant variances. However, there is scope to review the structure and impact of the reports to enhance overall financial scrutiny, and support the strong financial focus and discipline emphasised by the Executive Team. The use of key financial indicators would allow elected members to review trends and would enhance the "One Council" approach. We also noted a significant variance between the outturn forecast during the year, and the final General Fund position. As Figure 3 highlights, the Council's predicted underspend changed from £1.2 million in February, to £5.3 million as at 31 March 2014.

Figure 3: The final outturn General Fund balance was significantly different to predictions in financial monitoring reports during the year



Source: Midlothian Council GF Monitoring Reports

This reflected a prudent approach to predicting savings delivered through vacancy management, but also included £0.8 million in income within Revenues that the Finance Team were not aware of. Our Audit Findings Report therefore includes a recommendation to ensure that all Revenue systems are fully reconciled to the ledger.

During our review of financial reports, we also noted that there is scope to improve the transparency of reporting against the General Fund capital programme. The capital programme has a significant impact on the Council's financial sustainability and on delivering its ambitions. Progress against the plans should therefore be reported as clearly and consistently as possible.

Refer to recommendation 6

Internal Audit

Since April 2013 the work of Internal Audit has been governed by a common set of Public Sector Internal Audit Standards (PSIAS). These standards require that when planning the audits the audit team should establish risk based plans to determine priorities which are consistent with the Council's goals.

During the year, Internal Audit self-assessed their compliance against the PSIAS. The self-assessment confirmed that key elements of the Standards were complied with, but highlighted a number of new requirements such as an external assessment of quality.

As a result of the self-assessment exercise, a number of amendments were made, including structural reporting arrangements. Internal Audit now report directly to the Chief Executive, rather than the Head of Finance and Integrated Service Support. In October, the Audit Committee also approved a revised Audit Charter.

In 2013-14, the Internal Audit Strategy focused resources on:

- the Council's main IT and financial systems
- risk management processes
- the Business Transformation programme
- consultancy exercises requested by management; investigations, where required.

The Internal Audit Manager concluded within her annual report that adequate internal controls have been implemented and are monitored by management.

We are also able to take comfort from internal audit's work on following up audit recommendations relating to Frameworki, Housing Allocations and Schools ICT Assets.

Risk management

During the year, Internal Audit reviewed the evolving Risk Management processes at the Council, and fed in recommendations to ensure that the revised arrangements are as effective as possible.

The Council's Strategic Leadership Group reviews and updates the corporate risk register on a quarterly basis. The Audit Committee has responsibility for monitoring the Council's risk management arrangements and receives quarterly updates on the corporate risk register and mitigating actions. The key risks identified relate to:

- corporate change and transition

- balancing budgets in future year / impact of budget cuts / financial strength of the Council
- legal and regulatory compliance
- Welfare Reform.

Internal control

As part of our financial statements audit work, we took assurance from our internal control work on the Council's key financial systems. We assessed the following systems as part of our work throughout the year:

- Budgetary control
- Employee remuneration
- Capital accounting
- Accounts receivable
- Operating expenses
- Housing rents
- Housing Benefits.

We reported on our findings and agreed action plans within our ISA 260 Report on the Annual Accounts.

This work highlighted specific internal control findings relating to the management of property, plant and equipment and employee contracts. We also identified a high number of errors in the management of housing benefit claims. We will follow up progress on actions agreed during our work in 2014-15.

Like management, we place significant reliance on the Council's IT systems. Each year we therefore ask our Technology Risk Services team to review key IT controls to ensure that effective arrangements are in place. During 2013-14, we identified 5 low risk recommendations relating to:

- Segregation of duties
- Disaster recovery
- Proactive reviews of IT security
- Payment Card Industry: Data Security Standards
- Regular review of access rights.

The Council's Digital Services Manager agreed an improvement action plan, and progress will be monitored by our IT auditors in 2014-15.

Prevention and Detection of Fraud and Irregularity

The integrity of public funds is a key concern for the organisation and for auditors. As external auditors, we are required to consider the arrangements made by management for the prevention and detection of fraud and irregularities.

The Council has a Counter Fraud and Corruption Policy that is designed to: promote an anti-fraud and anti-corruption culture to deter and prevent these actions. If it does occur, the policy aims to robustly detect and investigate fraud and corruption and if necessary install recovery and criminal proceedings.

Employees and members of the public are able to contact the Internal Audit Manager through a number of ways: a report via the Council's website under 'Report It, Fraud, Corruption and Whistle Blowing', email, telephone or confidential letter.

Any investigation, undertaken by Internal Audit, will: identify any control weaknesses and recommend improvements, as well as providing management with a factual report with recorded statistics. These recorded suspicious will be presented to the Audit Committee and External Audit on an annual basis.

We have concluded that the Council's internal controls and financial procedures are adequate to prevent and detect material fraud, irregularity and corruption.

There were no issues highlighted to us relating to internal fraud. We conducted testing on journal entries and related party transactions to highlight any unusual transactions. There were no issues arising from this testing.

Maintaining Standards of Conduct and Prevention and Detection of Corruption

The Council is responsible for ensuring its affairs are managed in accordance with proper standards of conduct. We have reviewed the governance framework in place at the Council and confirmed there is appropriate guidance in place including a code of conduct, management statement and financial memorandum.

Looking Forward

Health and Social Care Integration

The Public Bodies (Joint Working) (Scotland) Bill received Royal Assent in April 2014. This Bill puts in place the framework for integrating health and social care and allows this to be achieved in two ways:

- the health board and local authority delegate responsibility to an Integration Joint Board
- the health board or the local authority takes lead responsibility to deliver integrated health and social care services.

The integrated framework for delivering Health and Social Care Adult services is required to be in place by April 2015.

In Midlothian, good progress has been made with partners to respond to the proposals, and develop an Integrated Joint Board. Midlothian Health and Social Care Partnership, including a Shadow Board was in place from 1 April 2013. The Council appointed a Joint Director of Health and Social Care with NHS Lothian on 1 August 2013.

Shawfair development

In May 2014, the development of a new town at Shawfair was officially launched. The Shawfair LLP contractors have plans to develop 4,000 new homes, two primary schools, a secondary school and leisure facilities at the site. The development will also be served by a station as part of the Borders railway project.

6. Financial Position

The Council has a Financial Strategy to provide a framework to close a budget shortfall estimated at £16.8 million by 2017-18. The Council delivered a significant underspend against the 2013-14 budget. This has allowed the Council to contribute £5.6 million to unearmarked reserves during the year, exceeding the revised target of 4% of net service expenditure. The Council has again used £2m from the Capital Fund to pay principal loan payments.

During the year, the Council identified public health concerns relating to a council house development at Newbyres Crescent. The full financial impact is not yet known.

The Council's responsibilities

It is the statutory responsibility of the Council and the Head of Finance and Integrated Service Support to prepare the financial statements in accordance with the Code of Practice on Local Authority Accounts in the United Kingdom 2013-14 (the Code).

This means that the Council must:

- prepare financial statements which give a true and fair view of the financial position of the Council and its income and expenditure for the year to 31 March 2014
- prepare group financial statements where there are material interests in subsidiaries, associates or joint ventures
- maintain proper accounting records which are up to date
- take steps to prevent and detect fraud and other irregularities.

Under the Local Government in Scotland Act 2003, the Council also has a duty to make arrangements which secure best value. Best value is defined as continuous improvement in the performance of the authority's functions.

Financial Statements

The Council's annual financial statements are a key document in reporting to elected members and the public on the quality of financial management, the stewardship of its resources and its performance in the use of those resources.

Local authorities are large and complex organisations, and the nature of the regulatory framework means that large accounting adjustments are made to accounts that can be difficult to explain or understand. The quality of the Explanatory Foreword and disclosures within the accounts is therefore critical to the transparency and understanding of financial performance.

Our Audit Findings Report, issued in September 2014, highlighted areas where disclosures within the Financial Statements do not comply in full with the Code. We also believe that there is scope to improve the layout of the accounts, and the quality of the Explanatory Foreword provided by the Head of Finance and Integrated Service Support.

Key information about the financial performance during the year is reported within papers for Council meetings, and summarised in the Explanatory Foreword. There is scope to improve the level of commentary on the financial position, particularly as the Council tries to balance significant developments in schools and housing with pressures on the revenue budget. For example, the Foreword explains that £8.55 million of the General Fund has been earmarked for specific purposes, but no explanation is provided of what the reserves have been earmarked for.

Refer to recommendation 7

Reserves Position

In 2013-14, the Council recorded an £5.3 million underspend against the cost of services budget (2012-13: £1.25m overspend).

As in 2012-13, the Council used the Capital Fund to make principal loans payments totalling £2.5 million. The payments were included within the 2013-14 revenue budget, and this transfer therefore has the effect of maintaining the General Fund balance. The reduction to the Capital Fund was offset by capital receipts during the year of £5.4 million.

As a result, as Figure 4 highlights, the Council's General Fund balance increased during the year to £20.51 million. Around £8.5 million of the General Fund is earmarked for specific purposes in 2014-15 and future years, including:

- £4.7 million of one off costs associated with the Voluntary Early Release and Severance scheme
- £3.8 million related to the Council's transformation programme, of which £1.1 million was committed at the year end
- borrowing and other costs carried forward from 2013-14 as a result of delays to the capital programme.

Figure 4: Uncommitted reserves have increased from £6.4m in 2012-13 to £11.96m in 2013-14



Source: Midlothian Council Statement of Accounts

In February, the Council agreed that a prudent level of uncommitted reserves should be revised to 4% of the net cost of services, (explain why – see FS report) which equates to around £8 million in Midlothian. The current level of uncommitted reserves therefore exceeds this target.

It should, however, be noted that over the same period, the uncommitted Capital Fund has reduced from £7.5 million in 2011-12 to £4.6 million in 2013-14. The Council has earmarked £6 million of the Capital Fund to meet part of its contribution to the Newbattle School development. Use of the Capital Fund to meet loans fund principal repayments in 2012-13 and 2013-14 has effectively reduced the Council's ability to fund future capital projects.

Capital Expenditure

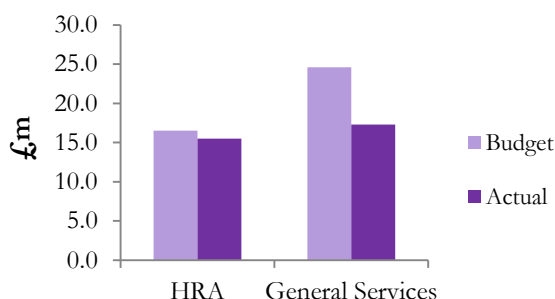
In 2013-14, the Council incurred General Services capital expenditure amounting to £17.342 million, representing 70.4% of the approved capital budget of £24.618 million. Significant slippages in the programme meant that £7.4 million of planned expenditure will be carried forward to 2014-15. A minor overspend was incurred against works carried out during the year.

In February 2014, the Council approved a revised Capital Strategy. The Strategy effectively restricts the level of borrowing, and therefore the scale of General Services capital expenditure in the period to 2017-18. The level of external borrowing will be capped at the level of General Fund borrowing estimated at £114 million as at 31 March 2014. Due to the slippage, the actual level of external borrowing on the General Fund was £107 million.

The cap of £114 million will be maintained until 2016-17, when the Council estimates that the contribution for Newbattle High School will be made. The capital contribution of £15.322 million will be met by:

- £6 million from the Capital Fund
- £2.046 million of funding from developer contributions; and
- £7.276 million from borrowing.

Figure 5: Slippage in capital programmes meant that spend was lower than the approved budget for 2013-14



Source: Midlothian Council Capital Monitoring Reports

Housing Revenue Account

The Council has a significant council housing programme in place to address the shortage of affordable homes in the area. Phase 1 of the programme started in 2006, and resulted in a total of 864 new homes in developments in 8 towns across Midlothian, at a cost of £108 million.

Phase 2 of the programme is now underway and is intended to provide a total of 1,500 homes by 2017, with planned council funding of around £68 million.

In 2013-14, the approved budget for housing capital expenditure was £16.466 million. The budget was revised during the year to £15.514 million, following slippage against:

- Phase 2 of the New Social Housing Programme
- Environmental Works at McNeill Terrace
- Upgrade of Central Heating systems
- Kitchen Replacement Programme
- Scottish Housing Quality Standard (SHQS) Repairs.

Key areas of capital expenditure include £5.6 million on new council houses, and £8.4 million on continuing improvements to council housing to deliver the Scottish Housing Quality Standards. There was an overspend of £0.59 million against the revised budget, partly as a result of increased demand for aids and adaptations.

In April 2014, the Council's Cabinet received a report outlining significant concerns relating to one of the Phase 1 new build council housing developments in

Newbyres Crescent, Gorebridge. In September 2013, tenants and their families informed the Council that they had received health checks at the Royal Infirmary of Edinburgh, and that they may have been affected by high levels of carbon dioxide inside their properties in Newbyres Crescent.

The homes were built from 2007 – 2009 without protective barriers, known as gas membranes.

The Coal Authority, and Council-appointed independent engineering consultants have carried out reassurance monitoring tests to assess the extent of possible CO₂ exposure at the site. A 12 week continual review was undertaken on each property on the new build estate. This detected a further build up of CO₂ in five properties.

Following a Special Council meeting on 20 May 2014, an Incident Management Team (IMT) was established by NHS Lothian under the Public Health (Scotland) Act 2008 to ensure the protection of public health for both the short and longer term.

On 17 June 2014, a Special Council Meeting was held to consider options for the development. Officers outlined five options:

1. Retrofit a gas membrane solution in all 64 houses, along with annual maintenance costs for pump equipment that would be necessary to install. The estimated cost over a 60 year lifespan is £3.7m.
2. Demolish and rebuild the houses incorporating gas membranes in all 64 houses, with an estimated cost of £12.1m.
3. Demolish only the 5 decanted houses and rebuild, plus retrofit gas membrane to the remaining houses, at a cost of £4.4m.
4. Leave the existing 5 decanted properties unoccupied, resulting in lost revenue and other costs of £2.3m.
5. Demolish all 64 properties and market the site as a potential development site.

The Council accepted officers' recommendations to demolish the site. At a subsequent meeting in November 2014, the Council agreed to rebuild social housing, with the required gas membranes, on the site, at an estimated cost of £12 million,

An update report on the implications of the potential demolition on the remainder of the Phase 2 social house building programme suggests that as a result of cautious assumptions and estimates, such as interest rate expectations, the cost of the demolition and rebuild will be absorbed within the approved Phase 2 capital programme.

Comprehensive Income and Expenditure Statement

There were some significant movements in the Comprehensive Income and Expenditure Statement during the year, principally as a result of accounting adjustments made during the audit to update the carrying value of assets.

Table 1: Financial Results for 2013 and 2014

	2012-13	2013-14
	£'000	£'000
Net Cost of Services	191,944	258,945
Other operating (income)/ expenditure	(216)	3,670
Financing and investment income	14,812	15,906
Taxation & non-specific grant income	(190,772)	(183,154)
(Surplus)/ Deficit on the provision of services	15,768	95,367
(Surplus)/ Deficit on revaluation of non current assets	(2,454)	(21,633)
Remeasurement of the net defined benefit liability	9,361	10,441
Other (Gains)/ Losses	(850)	(3,701)
Total comprehensive expenditure	21,825	80,473

Source: Midlothian Council Statement of Accounts

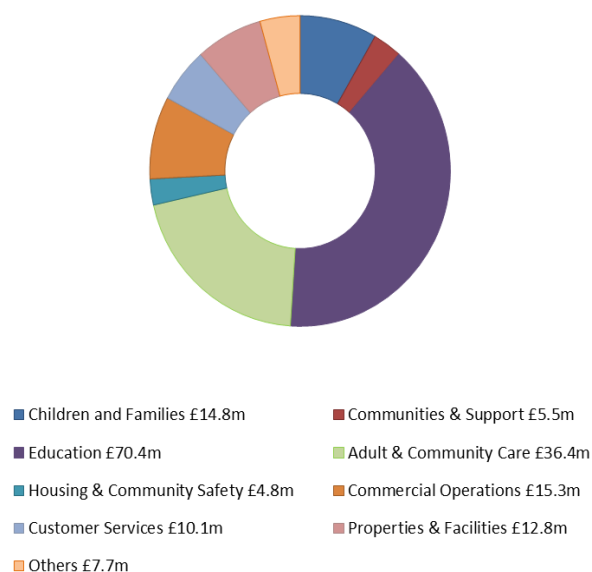
As Table 1 highlights, the Council's net cost of services increased by £79.6 million, from £15.8 million in 2012-13 to £95.3 million in 2013-14. This reflects a number of audit adjustments reporting in our Audit Findings Report, which had the effect of:

- increasing expenditure on HRA by £74.45 million to ensure that the carrying value of housing assets is not materially different to the fair value
- increasing expenditure on Education, to reflect errors in the valuation of Newbattle High School, and the double-counting of PPP land.

The Council spent £177.9 million delivering service directly to the public in 2013-14, against a budget of £182.5 million. As Figure 6 highlights, the majority of the Council's expenditure relates to Education, Commercial Operations and Adult and Community Care.

We noted that since 2012-13, despite the continuing challenging financial environment, the Council has reduced the level of expenditure on key services such as Children & Families and Adult & Community Care by £3.5 million and £1.1 million respectively. Each of these areas have been subject to business transformation system reviews.

Figure 6: The majority of Council expenditure is directed towards Education and Adult & Community Care



Welfare Reform

Our Annual Audit Plan identified a continuing risk in relation to the implementation of Welfare Reform at Midlothian Council. At 31 March 2014, the Council's net rent arrears had increased to £2.04 million, representing an increase of £244k during the financial year. Non-payment of rent increases the financial burden for all council tenants.

Managing Debt

During 2013-14, the internal auditors conducted a review of the Council's procedures to collect and manage council tax liabilities.

Internal audit identified a number of concerns regarding the Council's performance in the collection of debts. Midlothian is in the bottom quartile of Scottish councils for the collection of council tax debt in the year it is due. Improving position on In-Year collection.

A separate exercise is also underway to improve income maximisation as part of the transformation programme. We will continue to review the Council's performance in collecting debt in 2014-15.

Equal Pay

The Council has continued to recognise a provision for the payment of equal pay compensation claims, based on the number of claims and the likely outcome. The Council's estimate of the full impact of equal pay has fallen based on legal advice, from £12.4 million to £12 million. To date, the Council has settled a total of £9.92 million of claims, and has provided for a further £2.08 million for future claims.

The Council has also disclosed a contingent liability relating to future claims because, until claims are resolved, there remains an element of unquantifiable liability.

Looking Ahead

The Local Authority Accounts (Scotland) Regulations 2014.

The Local Authority Accounts (Scotland) Regulations 2014 were laid before Scottish Parliament on 7 July 2014 and are due to come in to force for the statutory Annual Accounts for 2014-15. These replace the Local Authority Accounts (Scotland) Regulations 1985.

There are a number of implications arising from the new regulations, the most significant of which are:

- There is a requirement for the Council's accounting records to disclose with reasonable accuracy, at any time, a summary of the financial position of the Council. The Council should be able to disclose summary information on their treasury position and actual expenditures and incomes and a

projected year end position for capital and revenue budgets

- The regulations require the Council to assess the efficiency and effectiveness of the internal auditing activity from time to time in accordance with recognised standards and practices
- The regulations require the Annual Accounts of the Council to include a Management Commentary in line with the Central Government Financial Reporting Manual (the FReM)
- The regulations now set out the latest dates for the period of public advertisement of the Annual Accounts as follows:
 - Public notices must be advertised not later than 17 June (or next working day); on the Council's website and in accordance with section 195 of the Local Government (Scotland) Act 1973. Notices are to remain in place until the end of the inspection period. There is now no requirement to seek prior consent of Audit Scotland to advertise
 - Unaudited Annual Accounts produced and submitted to the appointed auditor by 30 June; copy of unaudited accounts published on Council's website at same time
 - Public inspection period will vary based on date the inspection period commences, but the latest period possible will be 1 July to 21 July (adjusted for non-working days)
 - Last date for objections is 21 days after the date the documents are first available for inspection. The latest date will be 22 July (or next working day), by which any objections are to be sent to the auditor.

Infrastructure Assets

It is expected that the 2016-17 accounting Code will adopt the measurement requirements of the Code of practice on transport infrastructure assets (the transport code) for transport infrastructure assets, i.e. measurement on a depreciated replacement cost basis. This will have a significant impact on the value of local authority balance sheets.

This will represent a change in accounting policy from 1 April 2016 and will require full retrospective restatement

including a restated balance sheet at 1 April 2015. It is essential that finance staff, asset management practitioners and engineering professionals work together to develop and action a project plan as soon as possible in order to achieve successful implementation. A robust project plan should be built on authority-specific information provided through an impact assessment which is designed to identify gaps in current data, systems and processes. Failure by the Council to begin preparations in 2014-15 increases the risk that the necessary information may not be available in the required timescale.

Asset decommissioning

In September 2014 LASAAC released final guidance on asset decommissioning obligations. The guidance is framed with reference to landfill sites, but is equally applicable to other related obligations, such as quarries and waste treatment facilities. Local authorities that operate such sites have an obligation for restoration and aftercare costs.

During the year, we reviewed a potential liability relating to an opencast mine at the Newbigging/Shewington site in Midlothian. At the time Scottish Coal went into liquidation around 85% of restoration work had been completed, with an estimated £0.9 million of works remaining to complete the restoration. These works can be partly financed by bonds totalling £0.150 million.

We understand from the Council that another contractor has taken over the site and to date have

carried out further restoration works estimated at around £100k. Net outstanding works are therefore now estimated at £650k, and there are no current indications that this liability will fall to the Council.

A Scottish Government fund available to councils to assist in restoring former opencast sites as a result of Scottish Coal liquidation. We therefore agreed with management's assessment in 2013-14 that no provision was necessary in the financial statements. The finance team should, however, continue to monitor similar obligations and provide if necessary.

Holiday Pay

A recent landmark Judgment from the Court of Justice of the European Union (ECJ) upholding workers' rights in relation to holiday pay means that overtime, standby/emergency callout, commission, as well as a requirement to factor in other variable payments and allowances should be included in the calculation of holiday pay.

The Council's Finance Team estimates that the judgement will result in additional pay costs of £30k per month. However, uncertainty remains about any requirement for retrospective payments. COSLA are holding discussions at a national level to resolve issues arising from the ruling, and a subsequent UK Employment Appeal Tribunal, relating to historic back pay.

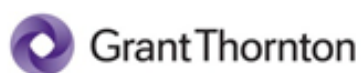
Appendix A: Action Plan

	Issue and risk	Recommendation	Management response
1	<p>There is an outstanding requirement to validate savings within two of the transformational workstreams.</p> <p>In addition, the latest Financial Strategy update highlights that a budget gap of £7 million remains for the period to 2017-18. It is therefore imperative that the Council agrees plans to bridge this gap as quickly as possible.</p>	<p>The savings identified within the current transformation programme will not be sufficient to bridge the projected budget gap.</p> <p>Plans to deliver further savings must be agreed as quickly as possible.</p>	<p>Agreed. This remains a significant ongoing challenge to the Council.</p> <p>The Financial Report to Council on 16 December 2014 provides an update which sets out the latest position and progress in addressing this.</p>
2	<p>As one of the smaller councils in Scotland, Midlothian has limited capacity to support significant transformation programmes. There are currently 8 workstreams supported by the Council's transformation team and reported to the Business Transformation Steering Group, but not all of the workstreams would be considered transformational.</p>	<p>We recommend that the transformation programme is streamlined to focus support and resources on the areas that will have the biggest impact on the Council's priorities and savings.</p>	<p>Agreed.</p> <p>The Strategic Leadership Group is taking cognisance of this in developing a Service Review programme to help bridge the residual projected budget gap.</p>
3	<p>The Council has taken significant steps during 2013-14 to ensure that the workforce is sustainable and fit for purpose. Where management reviews allow services to release individuals, they are placed in the Council's "Switch" redeployment programme.</p>	<p>The Council should review the reporting arrangements to ensure that elected members know how many individuals have been placed in switch, and the costs and outcomes of the programme.</p>	<p>Agreed.</p> <p>Statistics on Mi Future will be included in quarterly reporting reports.</p>

	Issue and risk	Recommendation	Management response
4	<p>There is scope to improve the quality of performance reporting to Committee by:</p> <ul style="list-style-type: none"> ■ making performance reports shorter, sharper and more clearly focused on the priorities within the Single Midlothian Plan ■ developing a basket of key performance and financial indicators, in line with the balanced scorecard outcomes ■ focusing on improvement actions 	<p>The Council's 'golden thread' review of the planning and performance management framework should ensure that performance reporting is as effective as possible. Consideration should be given to giving elected members training and access to the Covalent performance management system.</p>	<p>Agreed.</p> <p>The ongoing review of the Planning and Performance Management framework incorporates the introduction of a Balanced Scorecard approach to ensure a focus on key priorities and outcomes and significant work undertaken has already identified a basket of key performance indicators.</p> <p>Elected member training and access for Covalent will be included in the planned development work being undertaken in preparation of switching over to the browser version during 2015.</p>

	Issue and risk	Recommendation	Management response
5	<p>We understand that the Council is reviewing its approach to benchmarking in light of the Improvement Service's Local Government Benchmarking Framework. However, we found limited evidence that systematic use is made of comparators and learning from others.</p>	<p>The Council should ensure that services routinely use benchmarking and comparators to challenge their performance, drive improvement and explain their relative position to elected members.</p>	<p>Agreed.</p> <p>Benchmarking carried out nationally in Housing Services through SHBVN (Scottish Housing Best Value Network), Revenues Services through IRRV (Institute of Revenues & Ratings Valuers and in Library Service through CILIP (Chartered Institute of Library & Information Professionals)</p> <p>The SOLACE Benchmarking indicators have been incorporated within specific Service areas in terms of planning and performance monitoring and management.</p> <p>Midlothian is currently participating in several LGBF peer groups as part of the revised national approach to identifying and sharing best practice with a view to driving improvements using benchmarking.</p> <p>Nevertheless it is recognised that further work needs to be done to ensure benchmark information is used to drive improved service performance.</p>
6	<p>During our review of scrutiny arrangements we noted that there is scope to improve the transparency of financial reporting to Council.</p> <p>Significant, and unexpected fluctuations in financial performance mean that it can be difficult for elected members to fulfil their financial scrutiny role.</p>	<p>The Finance Team should review the current format of financial monitoring reports to ensure that they are clear, understandable and reflect key risks.</p>	<p>The quarterly finance reports clearly set out known variance and actions to address these. This is continually evaluated and will be reviewed in line with the external auditors comments.</p>

	Issue and risk	Recommendation	Management response
7	<p>There is scope to improve the quality and readability of the Financial Statements. Our Audit Findings Report highlighted areas where disclosures within the Financial Statements do not comply in full with the Code.</p> <p>We also believe that there is scope to improve the layout of the accounts, and the quality of the Explanatory Foreword provided by the Head of Finance and ISS. For example, the Foreword explains that £8.55 million of the General Fund has been earmarked for specific purposes, but no explanation is provided of what the reserves have been earmarked for.</p>	<p>The Finance Team should review the content and format of the Financial Statements to ensure that they are clear, understandable and comply with the Code.</p>	<p>Agreed.</p> <p>CIPFA/LASAAC is developing proposals for the simplification of the financial statements and Council. Once the review is complete Officers will consider the proposals and amend the accounts to reflect recommended practice.</p> <p>Meantime the financial team will continue to work with Grant Thornton to improve documentation in terms of quality and readability, though the technical nature of the documents means that opportunities for material changes are limited.</p>



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