**Dundee** City Council Corporate Services

**CHANGING FOR THE FUTURE**

City Chambers
DUNDEE
DD1 3BY

16th April, 2024

**Membership**

Bailie Kevin Keenan
Bailie Helen Wright
Bailie Fraser Macpherson
Bailie Derek Scott
Depute Lord Provost Kevin Cordell
Bailie Christina Roberts
Councillor Nadia El-Nakla
Councillor Lynne Short

Dear Colleague

**SCRUTINY COMMITTEE**

You are requested to attend a MEETING of the **SCRUTINY COMMITTEE** to be held remotely on Wednesday, 24th April, 2024 at 2.00 pm. Substitute members are allowed.

Members of the Press or Public wishing to join the meeting should contact Committee Services on telephone (01382) 434228 or by email at committee.services@dundeecity.gov.uk by 5.00 pm on Monday, 22nd April, 2024.

Yours faithfully

GREGORY COLGAN

Chief Executive

**1 DECLARATION OF INTEREST**

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include <u>all</u> interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

**2 DESIGNATED POLICE COMMANDER**

The Police and Fire Reform (Scotland) Act 2012 requires that a designated Police Commander be appointed for each Local Authority area in Scotland.

Chief Superintendent Phil Davison will shortly be moving into a new role within Police Scotland and the post of Police Scotland Divisional Commander in Tayside Division will therefore become vacant.

The Chief Constable proposes to appoint Acting Chief Superintendent Nicola Russell as the Local Police Commander.

The Committee's approval is sought.

In view of the timescales involved this Agenda Note was approved by the Executive Director of Neighbourhood Services in consultation with the Convener of the Scrutiny Committee, Depute Convener of the Scrutiny Committee, Scottish National Party Group Spokesperson and Scottish Conservative and Unionist Party Member.

**3      CRAIGIE COTTAGE  -  Page 1**

(Report No 124-2024 by the Executive Director of Children and Families Service, copy attached).

**4      EDUCATION SCOTLAND (HMI) INSPECTION OF LOGHAUGH PRIMARY SCHOOL   -  Page 23**

(Report No 125-2024 by the Executive Director of Children and Families Service, copy attached).

**5      EDUCATION SCOTLAND (HMI) RETURN VISIT – BALDRAGON ACADEMY  -  Page 47**

(Report No 126-2024 by the Executive Director of Children and Families Service, copy attached).

**6      LOCAL GOVERNMENT IN SCOTLAND FINANCIAL BULLETIN 2022/2023  -  Page 57**

(Report No 68-2024 by the Executive Director of Corporate Services, copy attached).

**7      DUNDEE CITY COUNCIL - AUDIT SCOTLAND ANNUAL AUDIT PLAN 2023/2024  -  Page 99**

(Report No 111-2024 by the Executive Director of Corporate Services, copy attached).

**8      INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT  -  Page 123**

(Report No 109-2024 by the Chief Internal Auditor, copy attached).

**9      INTERNAL AUDIT PLAN PROGRESS REPORT  -  Page 133**

(Report No 107-2024 by the Chief Internal Auditor, copy attached).

**10     2024/2025 INTERNAL AUDIT PLAN  -  Page 159**

(Report No 108-2024 by the Chief Internal Auditor, copy attached).

**11     OTHER REPORTS RELEVANT TO THE REMIT OF THE SCRUTINY COMMITTEE  -  Page 171**

(Report No 110-2024 by the Chief Internal Auditor, copy attached).

**ITEM No …3………..**

REPORT TO:  **SCRUTINY COMMITTEE – 24 APRIL 2024**

REPORT ON:  **CRAIGIE COTTAGE**

REPORT BY:  **EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE**

REPORT NO:  **124 - 2024**

**1.0    PURPOSE OF REPORT**

The purpose of this report is to provide an update following the opening of Craigie Cottage on 31st August 2023 and subsequent inspection by the Care Inspectorate on 12th and 13th September 2023.

**2.0    RECOMMENDATION**

2.1    It is recommended that the Committee:

2.2    Notes the contents of this report and remits the Executive Director to continue to monitor progress with the 4 requirements and 3 areas for improvement.

2.3    Remits the Executive Director to provide a further report following the next inspection, which is anticipated to occur in May 2024.

**3.0    FINANCIAL IMPLICATIONS**

3.1    None

**4.0    BACKGROUND**

4.1    Craigie Cottage opened in August 2023 as a new build situated in the East End of the City to replace Fairbairn Street Children's house.  The house was originally to be approved by the Care Inspectorate to care for young people over the age of 12 years.

4.2    Following a review of the age profile and needs of children and young people at risk of or in external residential care, the house was repurposed to provide short to medium term residential care for 6 children aged between 6 and 12 years.

4.3    The leadership vision was to develop a local residential care option for children of this younger age group so they can remain in the city and/or return from external residential care settings, closer to their birth family, friends, schools and local community.

4.4    Prior to opening, there was a plan to build the capacity of the team to provide bespoke care relevant to the age and stage of development of younger children, alongside additional support from education, health and third sector services.

4.5    Very soon after being opened, Craigie Cottage was inspected by the Care Inspectorate. Whilst only 3 children had so far returned to live in the house, there were several staff absences carried over from the former Fairbairn Street team.

4.6    The inspector acknowledged that the house was a new provision and was very clear that there were strong signs of early progress just 2 weeks after opening, with some key strengths including:

- External managers had a strong vision for the service and developed a model of quality assurance to measure key areas of performance.
- Crucial insight into each child's experiences, strengths and stage of development had been shared prior to their arrival.
- Family views had been sought and this strengthened the children's sense of belonging to the house.
- Connections to family were recognised as important and were being safely supported by external Social Workers.
- Staff demonstrated a desire and commitment to provide safe care and children had access to familiar, consistent adults outside the service.
- The team understood the importance of children having fun and the house was well equipped with developmentally appropriate equipment to support this.
- The importance of children's physical and mental health was understood by the caring team.

4.7     However, the inspector issued an overall grade of Weak, with 4 requirements and 3 areas for improvement to be met by 28th February 2024. Appendix 1 contains the full report. An Improvement Plan was agreed with the inspector and all actions have been implemented by the manager and care team as follows:

4.8     **Requirement 1**

4.8.1   **By 28 February 2024, the provider must ensure that there is effective support available at all times to keep young people safe.  To do this the provider must, at a minimum:**

        **a.  Provide safe staffing levels at all times, clearly determined by individual needs of young people.**

4.8.2   As a result of the staff absences, the house was ensuring cover was sourced from sessional staff but numbers were still considered to be insufficient for the new age group. The house manager therefore now completes a weekly assessment of staffing levels with monthly predictors identified to ensure they are commensurate with levels of identified risk and individual needs of all children, including higher staffing levels during specific time periods.

4.8.3   Between 9am-3pm there is a minimum of 2 staff in the house, after 3pm this increases to a minimum of 3 and there are always 2 waking night shift staff. Adjustments are made to meet individual needs, such as when any child may require more 1:1 support to provide additional comfort during any periods of anxiety or distress. Appropriate management support has led absence levels to reduce considerably.

        **b**. **Ensure risk assessments and care plans are up to date and accurately reflect the needs of each individual young person.**

4.8.4   Whilst appropriate matching had taken place, the risks/needs of children changed after arrival and assessments/plans needed to be adapted. As the staff group initially had little experience of assessment and care planning for younger children, further training/support was needed. The manager has therefore implemented bespoke risk assessment training, risk assessments immediately following admission and weekly meetings to ensure support always reflects needs/risks.

4.9     **Requirement 2**

4.9.1   **By 28 February 2024, the provider must ensure that the use of restraint follows best practice at all times to keep young people safe.**

        **a.  Ensure all staff are trained in a model of restraint that effectively considers children's age and stage of development.**

4.9.2   As all 3 children had only very recently been placed, 2 were demonstrating some distress at times. In response, the team had some anxiety over when and how to safely restrain them. They have all since undertaken mandatory training and have confidence in applying initial de-escalation followed by a level 2 intervention of turning, guiding and directing, through to level 3 of hands-on safe holding and level 4 of 2 members of staff carrying out safe holding.

   **b.   Ensure all incidents of restraint are clearly documented, reported to relevant others and a process of analysis is implemented to support safe reduction of restraint practice.**

4.9.3   The manager has routine oversight, carries out daily auditing of all Behaviour of Concern Reports (BOCs) and records exploration of potential triggers, de-brief, reflective account and the views of the child.  Our data shows a continued reduction since opening on 31 August 2023, with 4 applications of restraint in September 2023 and only 1 in January 2024.  All completed BOC reports are also audited monthly by an external manager and health and safety officer.

4.10   **Requirement 3**

4.10.1   **By  28 February 2024, the provider must ensure that children and young people receive support from staff that have the required skills and training.**

   **a.   Implement staff learning and development plans that reflect the known and anticipated needs of the children.**

4.10.2   As was planned, a training needs analysis of the team has been completed and a training plan has been established for each worker.  Supervision for all workers and sessional staff also takes place every 6 weeks and includes continued discussions on training needs. Mandatory training in Solihull, Nurture and Trauma Informed Practice is provided as a minimum and staff have received the following training since the inspection:

1.   **Trauma** – 11 staff trained up to level 2 as per national recommendations.

2.   **Nurture** – 6 staff trained to date.

3.   **Mind of My Own (MOMO**) – 4 staff trained in this communication tool.

4.   **Case recording** – 7 staff trained to date.

5.   **Risk assessment** – 11 members of staff awaiting to undertake part 2 of this training.

6.   **CAMHS** – neuro-development and neuro-sequential thinking for children with adverse childhood and trauma experiences, learning session with senior clinical consultant Dr Cossar delivered on 31st January, with all staff attending.

7.   **CALM** – 9 staff fully accredited in both theory and physical training, three staff waiting for another date to complete their physical training.

8.   **Play pedagogy** – currently being delivered by Educational Psychologist attached to our house and 9 staff currently involved in this.

9.   **Solihull therapeutic parenting model** – This was well attended by the care staff group, with all permanent workers now trained in this parenting/nurturing model.

10.   **Educational Psychology Service** – ongoing consultation and support to all staff, who attend regular learning sessions.

11.   **Play Therapy** - input from play therapist through observations and feedback sessions, they support DEPS as above. In addition to the play therapy, we plan to introduce Video

Enhanced Reflective Practice (VERP) this enables staff to review and reflect on their own therapeutic interventions with children to enhance their practice in this area.

**b. Ensure consistent quality assurance processes to monitor competency.**

4.10.3 An Assess Plan Do Review (APDR) audit and assessment of staff training needs has now been implemented in partnership with Educational Psychology. The Learning and Workforce Development team submit a monthly record of mandatory training completed for all staff. Quality assurance processes ensure robust auditing of training, supervision and learning needs.

4.11 **Requirement 4**

4.11.1 **By 28 February 2024 the provider must ensure that the staff can safely and effectively support newly admitted children.**

    **a. Ensure that the matching and admissions process clearly assesses, records and plans how they meet new and existing children's needs.**

4.11.2 Whilst the inspector saw 'crucial insight into each child's experience, age and stage of development', they found limited evidence of actual recording of the matching process. A document is now in place to guide meetings and ensure all relevant information is captured and transferred into care planning documents. A weekly review of external and proposed placements takes place to ensure this process is being implemented.

    **Areas for Improvement**

4.11.3 **To support children and young people's health and wellbeing, the provider should ensure they have effective links with professionals external to the service. This should include but is not exclusive to, developing professional links to proactively address barriers to healthcare, education and specialised supports, and to seek consultation from relevant trained professionals to promote positive outcomes and reduce likelihood of harm.**

4.11.4 An NHS Tayside Nurse is involved in matching and planning meetings and attends the house regularly. The nurse maintains oversight of all standard and individual health needs, including physical development, monitoring of developmental milestone's if appropriate, outline check-ups such as dental checks and eye tests if required. All children are registered with a GP and staff are competent with contacting out of hours doctors if necessary.

4.11.5 Police Scotland Community Officers attend the house weekly to build relationships and trust with the children. Advocacy services provided by Who Cares Scotland attend the house regularly and facilitate monthly house meetings for our young people. No significant issues have been identified by our young people. However, regular requests for extra pocket money and preferred snacks are regularly top of the agenda.

4.11.6 The Educational Psychology Service has a worker attached to the house to provide ongoing consultation, training, learning and coaching opportunities for staff. Includem are also commissioned to deliver the Solihull parenting programme which is mandatory for all staff. Ongoing risk assessment training is delivered in-house and all children have an up-to-date risk assessment that reflects their current needs in place.

4.11.7 **To support children and young people's development, the provider should ensure children have age-appropriate experiences. This includes but is not exclusive to ensuring the practice and rules of the house support children to make safe friendships.**

4.11.8 All young people are engaged with community-based activities that reflect their current interests and are in keeping with their age and stage of development. This is evidenced in their care planning documents. All children are attending regular education placements and have opportunities to develop peer friendships, which are supported by staff through tea visits and

play dates in the house and local community. All children also have full time education placements.

4.11.9 **To ensure young people receive the best care possible, the provider should develop effective quality assurance and self-evaluation measures that promote safe and effective care. This should include but is not exclusive to managers having robust oversight of all incidents including restraint, ensuring risk assessments and care plans reflect children and young people's needs and have specific and developmentally appropriate strategies.**

4.11.10 A quality assurance calendar is in place in both Craigie Cottage and across the residential care houses using standard pro-forma to monitor the content and quality of key areas of practice, including risk assessments, care plans, incident reports, medication, accidents, restraints, the views of children, health and safety plans, missing persons, staff supervision, team meetings, absence management and the overall house improvement plan informed by the findings of the inspection.

4.12 As a result of the Improvement Plan, the inspector confirmed that it was not necessary to return prior to the commencement of the annual inspection timetable that runs from April to March. A further inspection is expected in May 2024.

4.13 Going forwards, the external manager carries out weekly on-site visits and at least 2 unannounced visits a year. Regular reporting to the Chief Social Work Officer and Head of Service ensures continuous monitoring of progress and improvement.

## 5.0    POLICY IMPLICATIONS

5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 6.0    CONSULTATIONS

6.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

## 7.0    BACKGROUND PAPERS

7.1 None.

Audrey May                                                                              Glyn Lloyd

Executive Director of Children and Families                          Head of Children Services
Dundee City Council                                                              Chief Social Work Officer
5 City Square
Dundee

April 2024

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**APPENDIX 1**

care inspectorate

## Craigie Cottage
## Care Home Service

Craigie Cottage
25 Southampton Road
Dundee
DD4 7PN

Telephone: 01382 436 563

**Type of inspection:**
Unannounced

**Completed on:**
5 October 2023

**Service provided by:**
Dundee City Council

**Service no:**
CS2003000483

**Service provider number:**
SP2003004034

HAPPY TO TRANSLATE

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## Inspection report

### About the service

Craigie Cottage is a residential care home for children and young people and has six registered places. The service's revised aims and objectives set out to provide a short to medium term residential placement for younger children. The house is a large, detached property, set out over one floor, with six en-suite bedrooms. There is a large living room, kitchen and dining room and there are additional social spaces that can be used flexibly for a range of activities. The house has a large, enclosed garden to the rear.

This new build property replaced the service previously known as Fairbairn Street Young People's Unit and is now located in a residential area close to the centre of Dundee. The service is close to local amenities and benefits from nearby transport links.

### About the inspection

This was an unannounced inspection which took place on 12 September 2023 between 10:30 and 19:00, 13 September between 07:00 and 15:00 and 14 September between 11:00 and 14:00. The inspection was carried out by two inspectors from the Care Inspectorate.

To prepare for the inspection we reviewed information about this service. This included previous inspection findings, registration information, information submitted by the service and intelligence gathered since the last inspection.

In making our evaluations of the service we:
- spoke with three people using the service and four of their representatives;
- spoke with seven staff and management and received feedback from nine others;
- observed practice and daily life;
- reviewed documents;
- spoke with visiting professionals.

## Key messages

- Children's need for safety was recognised but some staff did not always have the relevant skills and experience to respond effectively.
- Staff were committed to developing nurturing relationships with children.
- Use of restraint did not always follow best practice guidance.
- Care was, at times, unstable as children lacked routine and consistency and care plans and risk assessments did not reflect their needs.
- External managers had a clear vision for the service, however, the pace of admissions to the service did not take account of individuals needs.

## From this inspection we evaluated this service as:

In evaluating quality, we use a six point scale where 1 is unsatisfactory and 6 is excellent

| How well do we support children and young people's rights and wellbeing? | 2 – Weak |
|---|---|

Further details on the particular areas inspected are provided at the end of this report.

## Inspection report

<div style="background:orange">**How well do we support children and young people's rights and wellbeing?**</div>  <div style="background:lightblue">**2 – Weak**</div>

We made an evaluation of weak for this key question. Whilst some strengths were identified, these were compromised by significant weaknesses. As these weaknesses concerned the welfare and safety of children and young people, we made several requirements for improvement.

We had concerns about the safety of the children living in Craigie Cottage. Most of the children were new to the service, and their younger age was a new area of practice for many staff including managers. Despite a desire and commitment to provide safe care, we found the team to be ill-equipped to proactively recognise and respond to each child's individual need for safety and security. This put children at risk of harm. **(See requirement 1)**.

The children all had access to familiar, consistent adults outside the service who knew them well. However, whilst this offered some experience of continuity, their knowledge and understanding of the children was not yet informing day to day care. Crucial insight into each child's experiences, strengths and stage of development had been shared prior to their arrival, but the managers had yet to ensure this information was meaningfully informing care. Staff from Craigie Cottage were in the very early stages of developing relationships with the children living there, and this was being prioritised. However, we had concerns regarding the inconsistent response to children's expression of distress, and whilst some staff were effectively and proportionately intervening to keep young people safe, the use of restraint did not always follow best practice guidance. **(See requirement 2)**.

The caring team understood the importance of children having fun and the house was well equipped with developmentally appropriate equipment to support this. Whilst the team had an adequate understanding of the impact of trauma, not all staff had the skills and knowledge to therapeutically respond, or effectively use play to allow the children to safely communicate and explore their experiences. This limited the opportunities for the children to express themselves safely and meaningfully. **(See requirement 3)**.

The importance of children's physical and mental health was understood by the caring team; however, the service had not developed relevant partnerships with key agencies that effectively ensured children could thrive and have their health needs responsively met. Individual plans for children returning to education were in the early stages of development and delays in planning contributed to poor structure and routine that left children feeling apprehensive.
**(See area for improvement 1)**.

Connections to family were recognised as important and were being safely supported by external social workers. Families who continued to be involved in their child's care had visited the service and their views on the environment had been sought. This strengthened the children's sense of belonging, however, the team, at this early stage, had not yet arranged to support the children to safely develop friendships in their local community, but this was identified as an ongoing plan. Managers of the service should consider how the rules of the house promote each child's right to friendship. **(See area for improvement 2)**.

At the time of inspection, managers within the service were temporarily covering for leaders who were absent. Whilst this offered some stability for the caring team, some staff felt anxious and unsure as to how they would be supported to safely and effectively meet the needs of the children. External managers had a strong vision for the service, but we were concerned that this vision was not sufficiently informing the delivery of consistent, safe, therapeutic care. Pre-admission matching information described children's

**Inspection report**

needs well, however, we had concerns that this was not informing the pace of children moving into the service. Managers had not adequately considered if existing children were settled and safe before exposing them to further change. Proposed plans for admissions did not detail how managers would ensure that staff were adequately equipped to meet new children's needs. (**See requirement 4**).

Staff were committed to caring for the children, however, at times the number and experience of staff on shift was not enough to safely and effectively care for them. The lack of robust risk assessments and care plans meant rotas were not routinely informed by the children's needs. This was a notable barrier to ensuring the children had the right support to navigate the significant challenges they faced day to day. Supervision had been prioritised, but staff had not been sufficiently trained to meet the needs of the children living in the service.
(**See requirement 1**).

External managers had developed a model of quality assurance that intended to measure key areas of performance, essential to the safe and effective care of children. However, this was not yet embedded in the service. This left us concerned that managers had insufficient insight into the risks and experiences of children. (**See area for improvement 3**).

Some requirements set from an upheld complaint, had not been fully met within timescales, thus we have amalgamated these outstanding improvements into the improvement areas identified within this report.

### Requirements

1. By 28 February 2024 the provider must ensure that there is effective support available at all times to keep young people safe.

To do this, the provider must, at a minimum:
a) provide safe staffing levels at all times, clearly determined by individual needs of young people;
b) ensure risk assessments and care plans are up to date and accurately reflect the needs of the young people.

To be completed by: 28 February 2024.

This is in order to comply with: Regulation 3 of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)

This is to ensure care and support is consistent with Health and Social Care Standards (HSCS) which state that:
'I am protected from harm, neglect, abuse, bullying and exploitation by people who have a clear understanding of their responsibilities'. (HSCS 3.20).

2. By 28 February 2024 the provider must ensure that the use of restraint follows best practice at all times to keep young people safe.

To do this, the provider must, at a minimum:

## Inspection report

a) ensure all staff are trained in a model of restraint that effectively considers children's age and stage of development;
b) ensure all incidents of restraint are clearly documented, reported to relevant others and a process of analysis is implemented to support safe reduction of restraint practice.

To be completed by: 28 February 2024.

This is in order to comply with: Regulation 4 of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)

This is to ensure care and support is consistent with Health and Social Care Standards (HSCS) which state that:
'I have confidence in people because they are trained, competent and skilled, are able to reflect on their practice and follow their professional and organisational codes'. (HSCS 3.14).

3. By 28 February 2024 the provider must ensure that children and young people receive support from staff that have the required skills and training.

To do this, the provider must, at a minimum:
a) implement staff learning and development plans that reflect the known and anticipated needs of the children and young people;
b) ensure consistent quality assurance processes to monitor competency;

To be completed by: 28 February 2024

This is in order to comply with: Regulation 15(b)(i) of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)

This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:
'I have confidence in people because they are trained, competent and skilled, are able to reflect on their practice and follow their professional and organisational codes'. (HSCS 3.14).

4. By 28 February 2024 the provider must ensure that the staff can safely and effectively support newly admitted children

To do this, the provider must, at a minimum:
a) ensure that the matching and admissions process clearly assesses, records and plans how they will meet new and existing children's needs.

To be completed by: 28 February 2024.

This is in order to comply with: Regulation 4 of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)

This is to ensure care and support is consistent with Health and Social Care Standards (HSCS) which state that:

'I experience stability in my care and support from people who know my needs, choices and wishes, even if there are changes in the service or organisation'.
(HSCS 4.15).

### Areas for improvement

1. To support children and young people's health and wellbeing, the provider should ensure they have effective links with professionals external to the service.

This should include but is not exclusive to, developing professional links to proactively address barriers to healthcare, education and specialised support, and to seek consultation from relevant trained professionals to promote positive outcomes and reduce likelihood of harm.

This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:
'My care and support is consistent and stable because people work well together.'
(HSCS 3.19)

2. To support children and young people's development, the provider should ensure children have age appropriate experiences.

This should include but is not exclusive to ensuring the practice and rules of the house support children to make safe friendships

This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:
'I can be with my peers, including other people who use the service, unless this is unsafe and I have been involved in reaching the decision'.  (HSCS 1.11).
'As a child, I can direct my own play and activities in the way that I choose, and freely access a wide range of experiences and resources suitable for my age and stage, which stimulate my natural curiosity , learning and creativity' (HSCS 2.27).

3. To ensure young people receive the best care possible, the provider should develop effective quality assurance and self evaluation measures that promote safe and effective care.

This should include, but is not exclusive to managers having robust oversight of all incidents including restraint, ensuring risk assessments and care plans reflect children and young people's needs and have specific and developmentally appropriate strategies in place.

This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:
'I benefit from a culture of continuous improvement, with my organisation having robust and transparent quality assurance processes.' ( HSCS 4.19).

## Inspection report

## What the service has done to meet any requirements we made at or since the last inspection

### Requirements

#### Requirement 1

By 31 August 2023 the provider must ensure that there is effective support available at all times to keep young people safe.

To do this, the provider must, at a minimum:
a) provide safe staffing levels at all times, clearly determined by individual needs of young people;
b) ensure there is effective external management support and oversight at all times;
c) ensure risk assessments are up to date and accurately reflect the needs of the young people.

To be completed by: 31 August 2023.

This is in order to comply with: Regulation 3 of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)

This is to ensure care and support is consistent with Health and Social Care Standards (HSCS) which state that:
'I use a service and organisation that are well led and managed'. (HSCS 4.23).

This requirement was made on 16 May 2023.

#### Action taken on previous requirement
We saw completed staffing assessments and rotas that identified the number of staff required. We saw that additional staff had been made available at times where there were behaviours of concern and transitions for new young people coming to the service.

We saw that there was mostly a manager, deputy on shift during the day.

There were consistently two waking night shift workers.

There was insufficient information to determine the risks and needs of the young people in the home, therefore there was no evidence that the staffing numbers or skillset of the staff reflected the needs of the young people.

The aims and objectives of the home had changed to support for younger children. There was little evidence that staff on shift had sufficient experience in working with young people who had experienced trauma, therefore were not matched to the needs of the young people.

Staff told us they did not feel there were enough staff available and there were times when there were gaps in the rota, especially at weekends.

External managers were visiting every week, at times more than once a week. Senior practitioners had been linked to the service to support staff development. However, external managers were unaware of some of the staffing challenges outlined in this report.

We found some updated risk assessments with details of strategies and guidance for staff to respond appropriately to young people. However, risk assessments were not in place for all children and young people living in the service.

**We have extended the timescale for this requirement to 31 January 2024**

Not met

**Requirement 2**

By 31 August 2023 the provider must ensure that young people receive support from staff that have the required skills and training.

To do this, the provider must, at a minimum:
a) implement staff learning and development plans that reflect the needs of the young people;
b) ensure consistent quality assurance processes to monitor competency;
c) provide regular and consistent supervision to staff and managers.

**To be completed by: 31 August 2023**

**This is in order to comply with: Regulation 15(b)(i) of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)**

**This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:**
**'I have confidence in people because they are trained, competent and skilled, are able to reflect on their practice and follow their professional and organisational codes'. (HSCS 3.14).**

**This requirement was made on 16 May 2023.**

Action taken on previous requirement
There had been one staff development day where staff had the opportunity to discuss and reflect on their skills, strengths and gaps in knowledge.

Staff had been asked to complete online modules and reading about the 'Solihull parenting approach' and relevant modules for working with younger children.

There was evidence that staff had not had sufficient time and resources to embed any knowledge or training required to work with younger children. We did not see that any individual or team learning plans had been implemented with the staff team at this time.

## Inspection report

The matching information highlighted specific young people's needs but we could not see that all staff had the relevant experience or training to meet these needs and manage associated risks.

Senior staff had begun to collate information on training completed and a plan was in place for managers to regularly report on key performance indicators, however, during the inspection there was no clear overview and understanding of staff skills, strengths or needs relevant to supporting younger children.

Supervision was being prioritised in the service.

**We have extended the timescale for this requirement to 31 January 2024**

**Not met**

### Requirement 3

By 31st August 2023, the provider must safely and effectively support those with specific health needs including epilepsy .

To do this, the provider must, at a minimum ensure that :
a) any young person living with epilepsy has a specific care plan.  This must be agreed with their healthcare professionals and the young person and parent if appropriate, and include:

1. brief description of their seizure type (s) and any signs that a seizure might be about to occur;
2. any known seizure triggers relevant to the young person;
3. basic management of seizures/seizure first aid including any follow-up care needed;
4. current medication, including dosage;
5. emergency protocol;
6. impact on learning , behaviour physical and emotional health.

b) Staff have training that facilitates them demonstrating competence and confidence in delivering care and support in accordance with the plan.
c) Records evidence delivery of the support plan including any seizures that occur and reviews of the care plan at regular pre-agreed intervals, no less than annually, and in response to any change in seizure pattern.

**To be completed by: 31 August 2023.**

**This is in order to comply with: Regulation 4(1)(a) of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/210)**

**This is to ensure care and support is consistent with the Health and Social Care Standards (HSCS) which state that:**
'I experience high quality care and support because people have the necessary information and resources. (HSCS 4.27).

**This requirement was made on 16 May 2023.**

**Action taken on previous requirement**
There were specific care plans with details of the support and health needs relating to  epilepsy.

We saw that seizures were recorded on the online recording system and communicated with the epilepsy nursing team.

We spoke with the specialist epilepsy nurse, who had noted positive improvements with regards to staff continuity, staff communicating about seizures and staff attending training.

The medication files had information about how to respond to seizures. There was a detailed risk assessment that included information about possible triggers and how to respond to seizures.

**Met – within timescales**

## Complaints

Please see Care Inspectorate website (www.careinspectorate.com) for details of complaints about the service which have been upheld.

## Detailed evaluations

| How well do we support children and young people's rights and wellbeing? | 2 - Weak |
|---|---|
| 7.1 Children and young people are safe, feel loved and get the most out of life | 2 - Weak |
| 7.2 Leaders and staff have the capacity and resources to meet and champion children and young people's needs and rights | 2 - Weak |

## Inspection report

### To find out more

This inspection report is published by the Care Inspectorate. You can download this report and others from our website.

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Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànain eile ma nithear iarrtas.

অনুরোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

یہ اشاعت درخواست کرنے پر دیگر شکلوں اور دیگر زبانوں میں فراہم کی جاسکتی ہے۔

ਬੇਨਤੀ 'ਤੇ ਇਹ ਪ੍ਰਕਾਸ਼ਨ ਹੋਰ ਰੂਪਾਂ ਅਤੇ ਹੋਰਨਾਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਉਪਲਬਧ ਹੈ।

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

Na życzenie niniejsza publikacja dostępna jest także w innych formatach oraz językach.

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**APPENDIX 2**

| Young Person's House Inspection Findings 2021-23 | | | |
|---|---|---|---|
| **Young Person's House** | **2021** | **2022** | **2023** |
| Gillburn Cottage | | Good | |
| The Junction | | Good and Very Good | Very Good |
| Drummond & Foresters House | | Adequate and Good | Good |
| Millview Cottage | | Good | |
| Fairbairn/Craigie Cottage | Good | | Weak |

**NB**

The Care Inspectorate annual inspection programme was disrupted by the Covid-19 pandemic and did not re-commence in full until 2022.

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ITEM No …4………..

**REPORT TO:** **SCRUTINY COMMITTEE – 24 APRIL 2024**

**REPORT ON:** **EDUCATION SCOTLAND (HMI) INSPECTION OF LONGHAUGH PRIMARY SCHOOL**

**REPORT BY:** **EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE**

**REPORT NO:** **125-2024**

## 1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to report on the findings of the Education Scotland (HMI) inspection of Longhaugh Primary School in December 2023.

## 2.0 RECOMMENDATIONS

2.1 It is recommended that the Scrutiny Committee:

i) notes the contents of this report; and
ii) instructs the Chief Education Officer to monitor progress towards meeting the areas for improvement outlined in the report.

## 3.0 FINANCIAL IMPLICATIONS

3.1 None.

## 4.0 MAIN TEXT

4.1 Longhaugh Primary School was inspected by His Majesty's Inspectors (HMI) from Education Scotland in December 2023. This was a short model inspection, focused on two quality indicators as well as a focus on safeguarding. Education Scotland published a report of the findings from 13 February 2024.

4.2 Longhaugh is situated in the North East ward of Dundee. The school is part of the North East Campus which also accommodates Quarry View Nursery and St Francis RC Primary School. This building opened in 2018. At the time of Inspection, Longhaugh Primary School had a roll of 262 children, across 11 classes. Longhaugh Support Group (LSG) is a Local Authority non-denominational specialist provision, located within Longhaugh Primary School.

4.3 The Head Teacher has been permanently in post since 2018 and she is supported by a Depute Head Teacher. LSG also has a Depute Head Teacher and a Principal Teacher.

4.4 86% of the children who attend the school live in Scottish Index of Multiple Deprivation Deciles (SIMD) 1, 2 and 3. About 53% of children in P6 and P7 are registered for free school meals. This is above the local and national averages.

4.5    The inspection team found the following strengths in the school's work:

- Senior leaders and staff demonstrate positive relationships across the school community. The staff team works very well together in improving experiences and outcomes for children.
- Children learn in a nurturing, safe and supportive environment. School values are well understood and evident in all aspects of school life. All staff have high expectations and aspirations for all children.
- Senior leaders and staff use effective approaches to plan children's learning and support. This ensures that children learn and achieve across the school and make good progress in literacy and numeracy.

4.6    The following areas for improvement were identified and discussed with the Head Teacher and a representative from Dundee City Council:

- Staff should continue to ensure learning activities across the curriculum provide the right level of challenge and meet the needs of individual learners.
- Staff should continue to improve children's progress across all curricular areas.
- The local authority should work with senior leaders to ensure all children attending the Longhaugh Support Group receive their full entitlement to full-time education.

4.7    Education Scotland (HMI) uses a six-point scale for grading the quality indicators:

| excellent | outstanding, sector leading |
|---|---|
| very good | major strengths |
| good | important strengths with some areas for improvement |
| satisfactory | strengths just outweigh weaknesses |
| weak | important weaknesses |
| unsatisfactory | major weaknesses |

4.8    Here are Education Scotland's (HMI) evaluations for Longhaugh Primary School and Longhaugh Support Group for this inspection:

| Quality indicators | Evaluation |
|---|---|
| Learning, teaching and assessment | good |
| Raising attainment and achievement | good |

4.9    Appendix 1 provides a synopsis of the Summary of Inspection Findings, and Appendix 2 includes the report issued to Parents/ Carers.

4.10   As a result of the inspection findings, Education Scotland is confident that the school has the capacity to continue to improve and so will make no more visits in connection with this inspection. Dundee City Council will inform parents/carers about the school's progress as part of its arrangements for reporting on the quality of its schools.

4.11   The Education Manager and the school's link Education Officer, reporting to the Chief Education Officer, will continue to monitor the school's progress and improvement in relation to the identified areas for improvement.

4.12   Prior to the HMI visit, Longhaugh Primary School had written their improvement plan which reflects their findings and recommendations from the Summarised Inspection Findings (see Appendix 3). This will be regularly reviewed, monitored, and evaluated in line with both the school and the local authority's quality improvement procedures.

4.13    Planned school improvement activity building on the school's identified strengths and addressing the areas for development include:

- Engagement in additional support needs review to ensure children access full-time education
- Continued provision of appropriate pace and challenge in learning
- Staff should continue to improve children's progress across all curricular areas

4.14    As part of the Children and Families Service School Improvement Framework, visits are made to the school by the link Education Officer to monitor progress towards the action points raised by the inspection. The school's reviewed School Improvement Plan clearly articulates the areas for development highlighted by HM Inspectors, as well as other areas identified through the school's own self-evaluation.

## 5.0    POLICY IMPLICATIONS

5.1    This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## 6.0    CONSULTATION

6.1    The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

## 7.0    BACKGROUND PAPERS

7.1    None.

Audrey May                                                    Paul Fleming
Executive Director of Children and Families    Head of Service – Education, Learning & Inclusion
Dundee City Council
5 City Square
Dundee

April 2024

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**Dundee City Council**

**APPENDIX 1**

**Children and Families Service**

**Scrutiny Committee Report Summary Notes**

**Inspection and Reporting**

| Inspection Agency | HMI |
|---|---|
| Report Publication Date | February 2024 |
| Name of Establishment | Longhaugh Primary School and Longhaugh Support Group |
| Sector | Primary |
| Name of Head Teacher | Mrs Nicola Jenkins |
| Roll | 262 Primary |

**Inspection Outcomes 2024**

Longhaugh Primary School and Longhaugh Support Group:

| Quality indicators | Evaluation |
|---|---|
| Learning, teaching and assessment | good |
| Raising attainment and achievement | good |

The report uses the following word scale:

| excellent | outstanding, sector leading |
|---|---|
| very good | major strengths |
| good | important strengths with some areas for improvement |
| satisfactory | strengths just outweigh weaknesses |
| weak | important weaknesses |
| unsatisfactory | major weaknesses |

**Key Strengths**

Senior leaders and staff demonstrate positive relationships across the school community. The staff team works very well together in improving experiences and outcomes for children.

Children learn in a nurturing, safe and supportive environment. School values are well understood and evident in all aspects of school life. All staff have high expectations and aspirations for all children.

Senior leaders and staff use effective approaches to plan children's learning and support. This ensures that children learn and achieve across the school and make good progress in literacy and numeracy.

**Areas for Improvement**

Staff should continue to ensure learning activities across the curriculum provide the right level of challenge and meet the needs of individual learners.

Staff should continue to improve children's progress across all curricular areas.

The local authority should work with senior leaders to ensure all children attending the Longhaugh Support Group receive their full entitlement to full-time education.

Following publication of the inspection report and Summarised Inspection Findings, the School's Improvement Plan 2023-24 was amended to reflect the areas for improvement identified by HMI and provide a clear strategic focus for related school improvement.

The Summarised Inspection Findings highlighted the following strengths and areas for improvement within each of the quality indicators.

**2.3 Learning, teaching and assessment**

**Strengths – Longhaugh Primary**

- Senior leaders and staff model positive relationships and provide a warm, calm and highly nurturing ethos across Longhaugh Primary school.
- Senior leaders, staff and children created the school's vision and values, which underpin all decisions and behaviours in the school.
- The values of learning, everyone, achieving, relationships and nurtured (LEARN) are meaningful and relevant to the children.
- Almost all children can talk about the school values and use this language across the school.
- Staff use an agreed, shared language which promotes an extremely positive learning environment.
- Most children are motivated and engaged in their learning and work well independently.
- Children listen attentively to instructions and are confident to share their learning.
- Displays of children's work within the classrooms are of a high quality. Children use these effectively to support them and celebrate success in their learning.
- Children are very proud of their school. They contribute effectively to the life of the school through a range of leadership roles.
- All teachers share the purpose of learning with children and link tasks and activities to skills for learning, life and work.
- Teachers have high expectations, an example of which is written work within jotters.
- Children have regular opportunities to review their learning and set targets with their teacher.
- Most children are confident in discussing how these skills are linked to their learning about daily life in and beyond school.
- Teachers are at the early stages of developing play across P1 and P2. In the best examples, the activities enhance children's development of early literacy skills.
- Teachers make effective use of digital technology, in doing so, they engage and motivate children in their learning.
- The headteacher has implemented a useful assessment calendar which supports teachers to implement a consistent approach to assessment across all stages, resultantly staff use summative and formative assessment very effectively.
- The senior leadership team has established very clear processes for planning to ensure a consistent approach across the school.
- Teachers make effective use of the local authority progression pathways across most curricular areas and work collaboratively to plan for progression for children's learning through and across the Curriculum for Excellence (CfE) levels.
- Teachers work very well together to engage in helpful moderation activities across the school and they have made effective links with other staff on the campus to moderate regularly beyond their own school with a strong focus on the skills children are developing in literacy and numeracy.
- Senior leaders meet with teachers regularly throughout the year to discuss progress in literacy, numeracy and health and wellbeing to identify and record children on track, off track, or exceeding expectations in their learning.
- Staff have clear individual raising attainment plans in place for children who are not on track and require additional support.

**Strengths – Longhaugh Support Group**

- All staff work well to ensure that all children attending LSG experience a highly nurturing, caring and supportive school experience.
- Staff prioritise establishing positive relationships with all children to help them build trusting and secure relationships with them. As a result, children engage well with activities that are designed around their interests.
- Staff are effective in embedding LSG values in children's learning activities.
- Staff utilise a range of environments within LSG, and in the community, to support children to reduce their anxieties and increase potential to learn.
- Staff use digital technology effectively, predominantly tablets and interactive screens, to increase children's interests in activities.
- Staff use feedback and questions very well when supporting children to consider their wellbeing
- Teachers utilise a range of appropriate formative and summative assessment approaches to check the progress children make with literacy, numeracy and their wellbeing.
- Teachers have an accurate understanding of the progress children make within these areas.
- Across LSG, staff are highly effective in sharing children's progress with their parents to build awareness of their child's successes. Parents value this as they cannot always visit the school in person.
- Teachers plan for children's learning effectively using individual education programmes (IEPs). They use IEPs to focus on literacy, numeracy and health and wellbeing outcomes.

**Areas for Improvement – Longhaugh Primary**

- Senior leaders should support teachers across all stages to plan learning activities that are well matched to the needs of all learners.
- Teachers should continue to develop and share their understanding and approaches to play, taking account of the national guidance and focus on how effectively they use their learning spaces.
- As planned, teachers should continue to develop moderation activities across all curricular areas.
- As planned, staff should continue to develop their approaches to monitoring and tracking the progress of learners across all areas of the curriculum.

**Areas for Improvement- Longhaugh Support Group**

- Staff should continue to build upon the establishment of positive relationships and support children to develop important skills to work with other peers.
- Staff should build upon ensuring that explanations and questions are clear across all activities.
- Teachers should consider how to increase opportunities for children to build more independence in learning.
- Senior leaders should support teachers to have opportunities to moderate learning, teaching and assessment across Curriculum for Excellence (CfE) levels with others outwith LSG.
- Teachers do not currently plan using experiences and outcomes or refer to national benchmarks to help them assess children's progress across all curriculum areas. They should develop their approaches to planning and assessment for all curricular areas.

**2.1 Safeguarding**

- The school submitted self-evaluation information related to child protection and safeguarding. Inspectors discussed this information with relevant staff and, where appropriate, children. In addition, inspectors examined a sample of safeguarding documentation. Areas for development have been agreed with the school and the education authority

**3.2 Raising attainment and achievement**

**Strengths – Longhaugh Primary**

- Children at Longhaugh Primary School are making good progress in literacy and numeracy. Most children who face barriers in their learning are making good progress.
- Across the school, most children are making good progress in reading and writing. The majority of children are making good progress in listening and talking.
- At early level, almost all children enjoy listening to stories and talk about their favourite books. They follow instructions well and most respond to questions with confidence.
- Most children working towards first level are developing skills in taking turns during discussions.
- The majority of children working towards second level contribute well to group and class discussions.
- Most children at early level hear and say different sounds and letters with confidence.
- Most children working towards first level read aloud well from their core reading texts.
- Most children working towards second level apply a range of reading skills and strategies to read and understand texts.
- At early level, most children form letters legibly and make attempts to spell familiar words correctly.
- Most children working towards first level plan and organise their ideas and use appropriate starts for sentences to tell the story.
- At all stages, most children are making good progress in numeracy and mathematics, building on prior levels of attainment.
- Across the school, a few children make very good progress and are expected to exceed expected levels of attainment.
- At early level, most children order numbers forwards and backwards to 20 and can identify a missing number in a sequence.
- At first level, most children demonstrate an understanding of place value and round numbers to the nearest 10 and 100.
- Most children working at second level have a good understanding of number and number processes.
- Most children working towards early level recognise and describe common two-dimensional shapes.
- At first level, most children identify and classify a range of simple two-dimensional shapes and three-dimensional objects according to various criteria.
- Most children working at second level understand the relationship between three-dimensional objects and their nets.
- Most children working towards first and second levels extract key information and answer questions correctly from a range of graphs, charts and tables.
- All staff have worked very well together to raise attainment in literacy and numeracy for all learners.
- School leaders have developed robust approaches to track children's progress in literacy and numeracy.
- Staff make effective use of a range of assessments to support their professional judgement about children's progress.
- Staff use the data very well to plan interventions to improve the progress of individuals and groups who need help with their learning.
- Children participate in a wide range of leadership roles which supports the development of life skills for learning, life and work.
- Staff work closely with partners to ensure that children who are at risk of missing out are supported and encouraged to participate.
- Almost all children are now participating in opportunities for wider achievement.
- Staff celebrate what children achieve within and out with school.
- Children's achievements are shared on recognition boards, certificates, wristbands, and social media.
- Children achieve accreditation awards for their work in children's rights and sport.
- Across the school children are proud of their achievements and are developing their confidence and sense of responsibility.
- All staff work together well to improve experiences and outcomes for children. They have high aspirations for all children.
- Pupil Equity Funding (PEF) is used effectively to support improved outcomes for children across the school.
- Senior leaders and staff have implemented whole school approaches to improving learning and teaching in numeracy, which have reduced children's anxiety around numeracy and mathematics.
- Senior leaders use PEF to acquire digital applications that motivate reluctant children in their writing and enhance opportunities for success.

- Staff also use PEF to promote and support physical activity.
- Senior leaders also utilise funds to support all children in P7 to participate in an annual residential trip.
- Senior leaders and staff monitor attendance carefully. Improving attendance is a priority on the school improvement plan.
- The school and family development worker plays a key role in supporting children to attend school.
- A range of partners support families to promote effective sleep, lifestyles and nutrition.
- School leaders continue to monitor the effectiveness of these interventions and address any emerging barriers to school attendance. As a result, children's attendance is improving.

**Strengths – Longhaugh Support Group**

- Overall, children make good progress in achieving their individual numeracy targets.
- A minority of children make good progress in achieving their individual literacy targets.
- Overall, children are developing key listening and talking skills well.
- A few children show a high level of motivation in reading genres that they find interesting.
- A few children develop short texts and consider how to make their work interesting.
- In numeracy, children write and recognise numbers up to 100 and use concrete materials to help them solve addition and subtraction problems.
- A few children carry out calculations accurately and are confident in using money.
- In LSG, all children engage in valuable activities that promote personal achievements. Children's participation in these physical activities and leadership opportunities is developing well their understanding that they can succeed and contribute to the work of LSG.
- All children have their achievements recognised and celebrated.
- All children work towards a range of accreditation through youth achievement awards. Children are proud of their work and the certification they receive from their participation in these award schemes.
- Since beginning their LSG placement, all children have increased their attendance at school. Staff at LSG understand the strengths and challenges faced by children attending LSG. Children experience sensitive support that reduces barriers to learning.
- All children increase participation in engagement with learning, predominantly literacy, numeracy and wellbeing-based activities

**Areas for improvement – Longhaugh Primary**

- At all stages, a few children need support to participate further in talking and listening activities.
- Across the school, staff should promote more opportunities for children to read for enjoyment in school and at home.
- Staff should continue to ensure children across the school have regular opportunities to apply their writing skills across the curriculum.
- Children require further practice of using equivalent fractions and expressing fractions in their simplest form.

**Areas for improvement – Longhaugh Support Group**

- Achievement in literacy is not consistent, more children need to make sufficient progress in achieving their individual literacy targets.
- Children across LSG need more opportunities to develop these skills with small groups of peers and with less familiar adults.
- Children would benefit from increased opportunities to engage with high-interest texts to promote a culture of reading for pleasure that improves outcomes in reading.
- Staff have rightly identified literacy as an area for improvement.
- Children would benefit from more practice in using multiplication and division facts to solve problems.
- Senior leaders should now work to ensure all children make progress from prior levels of attainment across the curriculum.
- The local authority should work with senior leaders to ensure all children accessing education between LSG and their mainstream school receive their full educational entitlements. Children's overall educational experiences should be reviewed to ensure that all children have a full-time educational programme.

**Other relevant evidence:**

- The school submitted information relating to compliance with the revised Nutritional Regulations 2020 and key duties as required by The Schools (Health Promotion and Nutrition) (Scotland) Act 2007. The Health and Nutrition Inspector (HNI) discussed this information with relevant staff and children. In addition, the HNI examined documentation relating to the effectiveness of whole-school approaches to improving the health and wellbeing of children through food in school. A few areas for improvement have been agreed with the school and the school meals provider.

- The headteacher shares plans for the use of PEF with staff and parents. She seeks their views to determine spending priorities using a variety of methods. These include a survey to the parent body and discussion at parent council meetings.

**Key activity to date has included the following:**

Following the publication of the report in February 2024, the school has:

- Updated its school improvement plan for this session, to reflect the actions required by the report.
- Staff training provided on using The Literacy Difficulties Pathway by Department of Educational Psychology during inset.
- The school has made individual learning targets in literacy smarter and will monitor the impact of this.
- The school has identified children with limited exposure to group time.
- Group times are being planned for on individual timetables e.g. Lego group, loose parts play, Relax Kids, Kitbag, Soccer World sessions.
- The school has engaged in world book day activities/ learning.
- Children are being registered at the local library.
- Th school has established a Book Club on a Tuesday afternoons to promote reading for enjoyment.
- The school has Update iPads to access audio reading material.
- Support staff have audited class library linked to age/ stage. – using assessment information. we have obtained through our Catch-Up Literacy assessment.
- There has been a focus on using Moving Image Education in a small group session.
- Where the gap in conceptual understanding of multiplication and/ or division facts has been identified individual smart learning, targets have been set in the child's IEP.
- Liaising with Rockwell to share practice on Leaning Partner Agreements with Home Schools.
- Home schools are being supported to improve planning for inclusion. Entitlement being raised and planned for through TATC process.
- The school has identified children with limited exposure to group time.
- Group times are being planned for on individual timetables e.g. Lego group, loose parts play, Relax Kids, Kitbag, Soccer World sessions.
- Staff continue to cross reference assessments in terms of expressive and receptive language to ensure language used for explanations and instructions are developmentally appropriate.
- Staff continue to focus on checking for understanding using a range of approaches, for example, modelling and guided practice.

**Full details of the Summary of Inspection Findings are available at:**
https://education.gov.scot/inspection-and-review/find-an-inspection-report/find-an-inspection-report/details?id=3537

**APPENDIX 2**


Education Scotland
Foghlam Alba

13 February 2024

Dear Parent/Carer

In December 2023, a team of inspectors from Education Scotland visited Longhaugh Primary School. During our visit, we talked to parents/carers and children and worked closely with the headteacher and staff.

The inspection team found the following strengths in the school's work.

- Senior leaders and staff demonstrate positive relationships across the school community. The staff team works very well together in improving experiences and outcomes for children.

- Children learn in a nurturing, safe and supportive environment. The school values are well understood and evident in all aspects of school life. All staff have high expectations and aspirations for all children.

- Senior leaders and staff use effective approaches to plan children's learning and support. This ensures that children learn and achieve across the school and make good progress in literacy and numeracy.

The following areas for improvement were identified and discussed with the headteacher and representatives from Dundee City Council.

- Staff should continue to ensure learning activities across the curriculum provide the right level of challenge and meet the needs of individual learners.

- Staff should continue to improve children's progress across all curricular areas.

- The local authority should work with senior leaders to ensure all children attending the Longhaugh Support Group receive their full entitlement to full time education.

**Education Scotland**
**Foghlam Alba**

We gathered evidence to enable us to evaluate the school's work using quality indicators from How good is our school? (4th edition). Quality indicators help schools, local authorities and inspectors to judge what is working well and what needs to be improved. Following the inspection of each school, the Scottish Government gathers details of our evaluations to keep track of how well Scottish schools are doing.

## Here are Education Scotland's evaluations for Longhaugh Primary School

| Quality indicators | Evaluation |
|---|---|
| **Learning, teaching and assessment** | **good** |
| **Raising attainment and achievement** | **good** |
| Descriptions of the evaluations are available from: How good is our school? (4th edition), Appendix 3: The six-point scale | |

A more detailed document called Summarised Inspection Findings (SIF) will be available on the Education Scotland website at: Reports page | Inspection reports | Education Scotland.

### What happens next?

We are confident that the school has the capacity to continue to improve and so we will make no more visits in connection with this inspection. Dundee City Council will inform parents/carers about the school's progress as part of its arrangements for reporting on the quality of its schools.

Simon Gallon
HM Inspector

**APPENDIX 3**

Education Scotland
Foghlam Alba

# Summarised inspection findings

**Longhaugh Primary School**

**Dundee City Council**

**13 February 2024**

for Scotland's learners with Scotland's educators
do luchd-ionnsachaidh na h-Alba le luchd-foghlaim Alba

## Key contextual information

Longhaugh Primary School is a non-denominational school, which serves the community of Fintry and Whitfield in Dundee. It is part of the North East Campus, which opened in 2018, along with St. Francis RC Primary School and Quarry View Nursery. At the time of inspection, 262 children are on the roll organised over 11 classes. Longhaugh Support Group (LSG) is a local authority non-denominational specialist provision, located within Longhaugh Primary School. The headteacher, who has been in post since 2018, is supported by a depute headteacher. In addition, there is a depute headteacher and a principal teacher in LSG. Of children who attend the school, 86% live in Scottish Index of Multiple Deprivation Deciles (SIMD) 1, 2 and 3. About 53% of children in P6 and P7 are registered for free school meals. This is above the local and national averages.

| 2.3 Learning, teaching and assessment | good |
|---|---|
| This indicator focuses on ensuring high-quality learning experiences for all children and young people. It highlights the importance of highly-skilled staff who work with children, young people and others to ensure learning is motivating and meaningful. Effective use of assessment by staff and learners ensures children and young people maximise their successes and achievements. The themes are:<br><br>■ learning and engagement<br>■ quality of teaching<br>■ effective use of assessment<br>■ planning, tracking and monitoring | |

- Senior leaders and staff model positive relationships and provide a warm, calm and highly nurturing ethos across Longhaugh Primary school. Senior leaders, staff and children created the school's vision and values, which underpin all decisions and behaviours in the school. The values of learning, everyone, achieving, relationships and nurtured (LEARN) are meaningful and relevant to the children. Almost all children can talk about the school values and use this language across the school as part of daily learning and interactions. Staff use an agreed, shared language which promotes an extremely positive learning environment. This is evident in the interactions between adults and children in classes and throughout the school.

- Most children are motivated and engaged in their learning and work well independently, in pairs and in small groups. In most lessons, children listen attentively to instructions and are confident to share their learning. Across the school, displays of children's work within the classrooms are of a high quality. Children use these effectively to support them and celebrate success in their learning.

- Children are very proud of their school. They contribute effectively to the life of the school through a range of leadership roles for example, as group leaders and digital champions. Children contribute purposefully to 'Class Council' tasks and pupil voice activities where their views are sought, valued and acted upon by staff.

- In most lessons, teachers are clear in their explanations and instructions. All teachers share the purpose of learning with children and link tasks and activities to skills for learning, life and work. Most teachers, where appropriate, support children to co-create the steps needed to be successful. They provide effective oral or written feedback in most lessons to support children's learning.

- Teachers have high expectations, an example of which is written work within jotters. In most lessons, teachers use effective questioning to check children's understanding. Children have regular opportunities to review their learning and set targets with their teacher. Most children can talk about their targets for literacy and numeracy. Children are developing their ability to self-assess their work and identify their next steps independently. Teachers have undertaken professional learning, which has led to a whole school approach to the teaching of thinking skills. Most children are confident in discussing how these skills are linked to their learning about daily life in and beyond school.

- In the majority of lessons, teachers set children's learning at the right level effectively. Senior leaders should support teachers across all stages to plan learning activities that are well matched to the needs of all learners. This will ensure appropriate pace and challenge for all children, including the highest attaining.

- Teachers are at the early stages of developing play across P1 and P2. They have reviewed the use of spaces in classrooms and open areas for children to explore play-based learning. In the best examples, the activities enhance children's development of early literacy skills. Teachers should continue to develop and share their understanding and approaches to play, taking account of the national guidance. As they do so, they should focus on how effectively they use their learning spaces to create meaningful and motivating play experiences.

- Teachers make effective use of digital technology such as tablet computers, sound buttons, digital matrix barcodes and programmable toys in most lessons. In doing so, they engage and motivate children in their learning. Children and staff use an online digital platform effectively to record children's learning. The majority of children are confident in uploading their work and using the various applications to self-assess their learning and share with parents and carers.

- The headteacher has implemented a useful assessment calendar which supports teachers to implement a consistent approach to assessment across all stages. As a result, staff use summative and formative assessment very effectively. Most staff use a wide range of assessments to monitor and evaluate children's progress. They discuss their assessments with their stage partners to identify gaps in learning and to discuss appropriate interventions.

- The senior leadership team has established very clear processes for planning to ensure a consistent approach across the school. Teachers make effective use of the local authority progression pathways across most curricular areas. They work collaboratively to plan for progression for children's learning through and across the Curriculum for Excellence (CfE) levels. Staff demonstrate a good understanding of children's progress and next steps when planning high quality experiences for most children throughout the school.

- Teachers work very well together to engage in helpful moderation activities across the school. In addition, they have made effective links with other staff on the campus to moderate regularly beyond their own school. Their moderation activities have a strong focus on the skills children are developing in literacy and numeracy. Senior leaders ensure that sufficient time is provided for teachers to moderate teaching plans and the planned high-quality assessments. As planned, teachers should continue to develop moderation activities across all curricular areas.

- Senior leaders meet with teachers regularly throughout the year to discuss progress in literacy, numeracy and health and wellbeing. They identify and record children on track, off track, or exceeding expectations in their learning. Staff have clear individual raising attainment plans in place for children who are not on track and require additional support. These are working well to ensure children make progress. As planned, staff should continue to develop their approaches to monitoring and tracking the progress of learners across all areas of the curriculum.

## 2.1 Safeguarding and child protection

- The school submitted self-evaluation information related to child protection and safeguarding. Inspectors discussed this information with relevant staff and, where appropriate, children. In addition, inspectors examined a sample of safeguarding documentation. Areas for development have been agreed with the school and the education authority.

| 3.2 Raising attainment and achievement | good |
| --- | --- |

This indicator focuses on the school's success in achieving the best possible outcomes for all learners. Success is measured in attainment across all areas of the curriculum and through the school's ability to demonstrate learners' achievements in relation to skills and attributes. Continuous improvement or sustained high standards over time is a key feature of this indicator. The themes are:

- attainment in literacy and numeracy
- attainment over time
- overall quality of learners' achievement
- equity for all learners

**Attainment in literacy and numeracy**
- Children at Longhaugh Primary School are making good progress in literacy and numeracy. Most children who face barriers in their learning are making good progress.

**Attainment in literacy and English**
- Across the school, most children are making good progress in reading and writing. The majority of children are making good progress in listening and talking.

**Listening and talking**
- At early level, almost all children enjoy listening to stories and talk about their favourite books. They follow instructions well and most respond to questions with confidence. Most children working towards first level are developing skills in taking turns during discussions. They express their own views well and are beginning to respect the views of others. The majority of children working towards second level contribute well to group and class discussions. They use notes they have gathered to prepare questions for further exploration. At all stages, a few children need supported further to participate in talking and listening activities.

**Reading**
- Most children at early level hear and say different sounds and letters with confidence. In play activities, they read and match familiar words and pictures confidently. Most children working towards first level read aloud well from their core reading texts. They use punctuation in the text to read with expression. They complete comprehension tasks with confidence, showing their understanding of the text. Most children working towards second level apply a range of reading skills and strategies to read and understand texts. They are developing skills in selecting reliable sources to read and summarise. Across the school, children have access to a wide range of texts and books. They visit the school library regularly and borrow books to read in class. Across the school, staff should promote more opportunities for children to read for enjoyment in school and at home.

**Writing**
- At early level, most children form letters legibly and make attempts to spell familiar words correctly. In play activities, they copy and match sounds and words. Most children working towards first level plan and organise their ideas and use appropriate starts for sentences to tell the story. They are developing skills in using interesting vocabulary to enhance their writing. Children working towards second level are developing skills in writing for a range of purposes. Staff should continue to ensure children across the school have regular opportunities to apply their writing skills across the curriculum.

## Numeracy and mathematics

- At all stages, most children are making good progress in numeracy and mathematics, building on prior levels of attainment. Across the school, a few children make very good progress and are expected to exceed expected levels of attainment.

## Number, money and measure

- At early level, most children order numbers forwards and backwards to 20 and can identify a missing number in a sequence. They use one-to-one correspondence to count a given number of objects to 20 and use the language of before, after and between. They are less confident identifying coins up to £2. At first level, most children demonstrate an understanding of place value and round numbers to the nearest 10 and 100. Children write, order and sequence numbers within a thousand confidently. They require further practice ordering fractions and finding a fraction of an amount. Most children working at second level have a good understanding of number and number processes. They order and round numbers, and have a good knowledge of multiples, factors, and prime numbers. They require further practice of using equivalent fractions and expressing fractions in their simplest form.

## Shape, position and movement

- Most children working towards early level recognise and describe common two-dimensional shapes. They use the language of position and direction during play. They are less confident sorting three-dimensional objects according to simple criteria. At first level, most children identify and classify a range of simple two-dimensional shapes and three-dimensional objects according to various criteria. Most children working at second level understand the relationship between three-dimensional objects and their nets. They are less confident using mathematical language to describe and classify different angles.

## Information handling

- At early level, children use their knowledge of colour, shape and size to match and sort different items. Most children working towards first and second levels extract key information and answer questions correctly from a range of graphs, charts and tables. Across the school, children would benefit from further opportunities to collect, display and discuss data in a variety of ways. At second level, children have developed an understanding of the ideas of uncertainty and chance and can use this to make reasoned predictions.

## Attainment over time

- All staff have worked very well together to raise attainment in literacy and numeracy for all learners. School leaders have developed robust approaches to track children's progress in literacy and numeracy. Staff make effective use of a range of assessments to support their professional judgement about children's progress. They use this reliable data effectively in regular discussions to evaluate progress and identify next steps for learning. Staff use the data very well to plan interventions to improve the progress of individuals and groups who need help with their learning. This is supporting continuous improvement in progress and attainment over time.

## Overall quality of learners' achievements

- Children participate in a wide range of leadership roles which supports the development of life skills for learning, life and work. This includes junior leadership team and skills academy where children shape and evaluate school improvements and work with a range of community partners. As a result, most children can articulate the skills they are developing well. Staff work closely with partners to ensure that children who are at risk of missing out are supported and encouraged to participate. Almost all children are now participating in opportunities for wider achievement.

- Staff celebrate what children achieve within and outwith school. Children's achievements are shared on recognition boards, certificates, wristbands, and social media. Children achieve accreditation awards for their work in children's rights and sport. Across the school children are proud of their achievements and are developing their confidence and sense of responsibility.

## Equity for all learners

- All staff work together well to improve experiences and outcomes for children. They have high aspirations for all children. Pupil Equity Funding (PEF) is used effectively to support improved outcomes for children across the school. This includes additional teacher staffing to support literacy, which is having a positive impact on learning and teaching and improving children's attainment in writing. Senior leaders and staff have implemented whole school approaches to improving learning and teaching in numeracy, which have reduced children's anxiety around numeracy and mathematics. This work has increased engagement and participation and improved children's progress. Senior leaders use PEF to acquire digital applications that motivate reluctant children in their writing and enhance opportunities for success. Staff also use PEF to promote and support physical activity. An Active Schools assistant provides a range of extra-curricular school activities during term time and during school holidays. This includes support at the start of the school day for a few children who need support with arriving in school on time. This has resulted in an improvement in children's participation and engagement. Senior leaders also utilise funds to support all children in P7 to participate in an annual residential trip.

- Senior leaders and staff monitor attendance carefully. Improving attendance is a priority on the school improvement plan. The school and family development worker plays a key role in supporting children to attend school. A range of partners are also involved in supporting families to promote effective sleep, lifestyles and nutrition. School leaders continue to monitor the effectiveness of these interventions and address any emerging barriers to school attendance. As a result, children's attendance is improving.

**Quality of provision of Special Unit (contributes to school evaluations)**

Longhaugh Support Group (LSG) is a local authority non-denominational specialist provision, located within Longhaugh Primary School. LSG provides placements for primary aged children for part of their school week. Children spend the remainder of their week within their local primary school. LSG supports 12 children within three classes. Children who live outwith the Longhaugh Primary School catchment area are transported to the school.

## QI 2.3 Learning, teaching and assessment

- All staff work well to ensure that all children attending LSG experience a highly nurturing, caring and supportive school experience. They adopt useful approaches to support children regulate their emotions and make plans that help them make the right decision at the right time. This is helping almost all children feel safe and re-engage with learning opportunities across a range of experiences within LSG. Staff prioritise establishing positive relationships with all children to help them build trusting and secure relationships with them. As a result, children engage well with activities that are designed around their interests. Staff should continue to build upon this and support children to develop important skills to work with other peers. This should include working across the school day and a wider range of curriculum areas.

- Staff are effective in embedding LSG values in children's learning activities. They utilise a range of environments within LSG, and in the community, to support children to reduce their anxieties and increase potential to learn. Staff use digital technology effectively, predominantly tablets and interactive screens, to increase children's interests in activities. Staff use feedback and questions very well when supporting children to consider their wellbeing. This is helping most children develop their understanding of choices and how these affect their life. Staff should build upon this to ensure that explanations and questions are clear across all activities. At times, activities are overly teacher led. Teachers should consider how to increase opportunities for children to build more independence in learning.

- Teachers utilise a range of appropriate formative and summative assessment approaches to check the progress children make with literacy, numeracy and their wellbeing. As a result, they have an accurate understanding of the progress children make within these areas. Across LSG, staff are highly effective in sharing children's progress with their parents to build awareness of their child's successes. Parents value this information as they cannot always visit the school in person. Senior leaders should support teachers to have opportunities to moderate learning, teaching and assessment across Curriculum for Excellence (CfE) levels with others outwith LSG.

- Teachers plan for children's learning effectively using individual education programmes (IEPs). They use IEPs to focus on literacy, numeracy and health and wellbeing outcomes. Teachers do not currently plan using experiences and outcomes or refer to national benchmarks to help them assess children's progress across all curriculum areas. They should develop their approaches to planning and assessment for all curricular areas. This should help them consider how well children build on their prior learning and make appropriate progress with learning.

## QI 3.2 Raising attainment and achievement

- Overall, children make good progress in achieving their individual numeracy targets. A few children have the capacity to accelerate their progress and achieve more.

- A minority of children make good progress in achieving their individual literacy targets. However, achievement in literacy is not consistent. Too many children do not make sufficient progress in achieving their individual literacy targets.

- Overall, children are developing key listening and talking skills well. This is helping them respond to known adults and follow a series of short instructions. Children across LSG need more opportunities to develop these skills with small groups of peers and with less familiar adults. In reading, the minority of children access class library books to increase their enjoyment of listening to familiar texts. A few children show a high level of motivation in reading genres that they find interesting. Children would benefit from increased opportunities to engage with high-interest texts to promote a culture of reading for pleasure that improves outcomes in reading. When writing, a minority of children write with growing independence for an agreed purpose. A few children develop short texts and consider how to make their work interesting. Staff have rightly identified literacy as an area for improvement.

- In numeracy, children write and recognise numbers up to 100. They use concrete materials to help them solve addition and subtraction problems. A few children carry out calculations accurately and are confident in using money. Children would benefit from more practice in using multiplication and division facts to solve problems.

- Children do not receive sufficient opportunities to raise their attainment in all curriculum areas. Senior leaders should now work to ensure all children make progress from prior levels of attainment across the curriculum. The local authority should work with senior leaders to ensure all children accessing education between LSG and their mainstream school receive their full educational entitlements. Children's overall educational experiences should be reviewed to ensure that all children have a full-time educational programme. Too many children have spaces in their weekly timetable where they do not receive education provision.

- In LSG, all children engage in valuable activities that promote personal achievements. Examples include children developing skills through sports, learning a musical instrument, cycle maintenance, animal husbandry and leadership roles within LSG. Children's participation in these physical activities and leadership opportunities is developing well their understanding that they can succeed and contribute to the work of LSG. All children have their achievements recognised and celebrated. They benefit from experiencing personal recognition for their successes. All children work towards a range of accreditation through youth achievement awards. Children are proud of their work and the certification they receive from their participation in these award schemes.

- Since beginning their LSG placement, all children have increased their attendance at school. Staff at LSG understand the strengths and challenges faced by children attending LSG. They place high importance on helping children receive positive educational experiences. As a result, children experience sensitive support that reduces barriers to learning. All children increase participation in engagement with learning, predominantly literacy, numeracy and wellbeing-based activities.

## Other relevant evidence

- The school submitted information relating to compliance with the revised Nutritional Regulations 2020 and key duties as required by The Schools (Health Promotion and Nutrition) (Scotland) Act 2007. The Health and Nutrition Inspector (HNI) discussed this information with relevant staff and children. In addition, the HNI examined documentation relating to the effectiveness of whole-school approaches to improving the health and wellbeing of children through food in school. A few areas for improvement have been agreed with the school and the school meals provider.

- The headteacher shares plans for the use of PEF with staff and parents. She seeks their views to determine spending priorities using a variety of methods. These include a survey to the parent body and discussion at parent council meetings.

## Explanation of terms of quantity

The following standard Education Scotland terms of quantity are used in this report:

| | |
|---|---|
| All | 100% |
| Almost all | 91%-99% |
| Most | 75%-90% |
| Majority | 50%-74% |
| Minority/less than half | 15%-49% |
| A few | less than 15% |

Other quantitative terms used in this report are to be understood as in common English usage.

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**REPORT TO:**      **SCRUTINY COMMITTEE – 24 APRIL 2024**

**REPORT ON:**      **EDUCATION SCOTLAND (HMI) RETURN VISIT – BALDRAGON ACADEMY**

**REPORT BY:**      **EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE**

**REPORT NO:**      **126-2024**

## 1.0    PURPOSE OF REPORT

1.1    The purpose of this paper is to report on the findings of the Education Scotland, His Majesty's Inspectors of Education (HMI) return visit to Baldragon Academy in December 2023.

## 2.0    RECOMMENDATIONS

2.1    It is recommended that the Scrutiny Committee:

i)      notes the contents of this report; and
ii)      instructs the Chief Education Officer to monitor progress towards meeting the areas for improvement identified.

## 3.0    FINANCIAL IMPLICATIONS

3.1    None.

## 4.0    MAIN TEXT

4.1    Education Scotland undertook a return visit by His Majesty's (HM) Inspectors of Education in December 2023 in relation to the previous inspection of January 2023. HM Inspectors published a report of their findings on 5 March 2024.

4.2    At the time of the inspection there were 881 pupils on the school roll. The Head Teacher has been in post since 2018. The majority of pupils attending the school reside within Scottish Index of Multiple Deprivation (SIMD) deciles 1 to 3 with around 35% of the school's pupil roll registered for free school meals. The school's provision is enhanced to support a range of pupils requiring additional support for their learning and the school currently has one enhanced support area (ESA).

4.3    The School Improvement Plan 2023/24 is focused on the identified areas for improvement from the original inspection. This is regularly reviewed, monitored, and evaluated in line with school and local authority's quality improvement procedures.

4.4    HM Inspectors' findings regarding the progress the school has made since the original inspection and how well this is supporting young people's learning, and achievements can be found in Appendix 1.

4.5    Key areas of progress noted include:

- Robust procedures are in place to monitor and track attendance and late coming. This has resulted in a reduction in unexplained absences and late comings.
- Staff support responsible behaviour during breaks, which improves pupils' sense of safety.

- Staff have worked well with senior leaders and Dundee City Council officers to outline the features of high-quality learning and teaching – the Pupil Voice Classroom Commitment is used as a set of expectations for staff and pupils.
- Senior leaders have developed more effective approaches across the school that assist staff in reviewing young people's progress in the senior phase.
- Evidence of effective and organised planning from the enthusiastic teachers in the Enhanced Support Area (ESA).
- Staff have been working well to improve the progress of their learners and there are a few departments performing well.
- Senior leaders have developed more effective approaches across the school that assist staff in reviewing young people's progress in the senior phase.
- There are clear expectations for all staff to use data to help inform approaches to planning learning, teaching and assessment including planning tasks and activities at the right level of difficulty.
- There are early signs of improvement in young people's attainment in Literacy and Numeracy in both the broad general education (BGE) and in the senior phase.
- Performance is now in line with the virtual comparator (VC) for Literacy

4.6     Key next steps identified:

- Strengthen approaches to respond to behaviour issues both within and out with classes and ensure tasks and activities are sufficiently motivating, engaging, and relevant for young people.
- Maintain a continued focus on improving pedagogy within the ESA.
- There are features of highly effective practice in learning and teaching and use of attainment data that could be further shared and built upon across the school.
- Further develop a more robust presentation policy.
- Continue to improve young people's attendance, attitudes to learning and behaviour.
- Middle leaders should strengthen arrangements to monitor progress through the BGE.

4.7     Members of the Scrutiny Committee, as well as the Convenor of Children, Families and Communities, were invited to visit Baldragon Academy. This took place on 12 March 2024. Elected Members were given a tour of the school by senior pupils, and a high-level overview of the school's improvement journey to-date as well as key actions planned. Elected Members had the opportunity to ask questions and give feedback.

4.9     As part of the Children and Families Service School Improvement Framework, visits are made to the school by the school's link Education Officer to monitor the school's progress and improvement in relation to any identified areas for improvement. The Executive Director and Chief Education Officer also visit the school frequently to meet with the senior leadership team, and to speak with pupils and staff to review progress. Staff continue to address the recommendations from both the original inspection and the follow up visits, and have made some important progress.

4.10    Education Scotland plan a further inspection visit in June 2024. Dundee City Council will continue to inform parents about the school's progress as part of its usual arrangements for reporting on the quality of its education service.

**5.0     POLICY IMPLICATIONS**

5.1     This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**6.0    CONSULTATION**

6.1    The Council Leadership Team has been consulted in the preparation of this report and are in agreement with its content.


**7.0    BACKGROUND PAPERS**

7.1    None.




Audrey May                                          Paul Fleming
Executive Director of Children and Families          Chief Education Officer
Dundee City Council                                  Head of Education, Learning & Inclusion

April 2024

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**APPENDIX 1**

### Dundee City Council Children and Families Service

### Scrutiny Committee Report Baldragon Academy letter of visit



13 June 2023

Dear Parent/Carer

In January 2023, a team of inspectors from Education Scotland visited Baldragon Academy. During our visit, we talked to parents/carers and young people and worked closely with the headteacher and staff.

The inspection team found the following strengths in the school's work.

- The headteacher, the senior leadership team and almost all staff have a clear understanding of the social, cultural, and economic context of the school. This helps them to provide caring and targeted support for individual young people and their families, including those who learn in the Enhanced Support Areas.

- Staff and partners work well together to provide young people with a range of opportunities for success, such as the School of Sport, the Baldragon Barista Academy, the Baldragon Bee Academy and the Rural Skills Group. As a result, young people develop important skills and qualities.

The following areas for improvement were identified and discussed with the headteacher and representatives from Dundee City Council.

- Develop a school culture, underpinned by agreed school values, that promotes higher aspirations and expectations of all young people. This needs to focus on improving young people's attendance and late coming, and the attitudes to learning and behaviour of a minority of young people.

- Develop more robust plans, building on the 'Baldragon Way', to improve learning and teaching across the school. This should ensure that all young people benefit from high-quality learning and teaching that meets their needs effectively.

- Work with staff from the local authority to improve attainment as an immediate priority across the school, especially in S4, by S5 and by S6.

- Continue to develop effective approaches across the school that assist staff in reviewing regularly all young people's progress and in providing appropriate support that meets all young people's needs.

**APPENDIX 2**

5 March 2024

Dear Parent/Carer

In June 2023, HM Inspectors published a letter on Baldragon Academy. The letter set out a number of areas for improvement which we agreed with the school and Dundee City Council. Recently, as you may know, we visited the school again. During our visit, we talked to young people and worked closely with the headteacher and staff. We heard from the headteacher and other staff about the steps the school has taken to improve. We looked at particular areas that had been identified in the original inspection and at other aspects of the school's work, as proposed by the headteacher. As a result, we were able to find out about the progress the school has made and how well this is supporting young people's learning and achievements. This letter sets out what we found.

**Develop a school culture, underpinned by agreed school values, that promotes higher aspirations and expectations of all young people. This needs to focus on improving young people's attendance and late coming, and the attitudes to learning and behaviour of a minority of young people.**

Senior leaders have introduced stronger arrangements to monitor young people's attendance by undertaking detailed analysis of pupil absence on a more regular basis. They are contacting parents more promptly and promoting good attendance. Although attendance rates are higher than previous years, overall attendance rates remain significantly behind the national average and therefore continued action is required. This includes the Enhanced Support Area (ESA) where attendance remains low.

Senior leaders have also introduced more effective arrangements to monitor late coming. Principal Teachers of Guidance, supported by senior leaders, are now better able to challenge young people's late coming. As a result, the number of late comings from August to December 2023 has reduced.

Senior leaders recognise the ongoing need to address the attitudes to learning and behaviour of a significant minority of young people across the school. Too often, young people do not settle quickly to work, continue their own conversations, or seek ways to bring attention to themselves. Almost all staff are working well to promote positive relationships but need to be better supported in tackling instances where young people do not follow instructions. The headteacher, senior and middle leaders, with the support from Dundee City Council, need to significantly strengthen their approaches to responding to behavioural issues both within and outwith classes. This remains an

important area for improvement. Young people in the ESA feel well supported and learn in a calmer environment.

**Develop more robust plans, building on the 'Baldragon Way', to improve learning and teaching across the school. This should ensure that all young people benefit from high-quality learning and teaching that meets their needs effectively.**

Staff have worked well with senior leaders and Dundee City Council officers to outline the features of high-quality learning and teaching through the creation of the Pupil Voice Classroom Commitment. As a result, there is a greater consistency across the school in teachers sharing the purpose of learning and what successful learning looks like. However, the use of learning intentions and success criteria is not of a consistently high enough quality across the school. This is impacting on young people having an understanding of how to progress their learning.

Teachers working within their departments, supported by middle leaders, should focus on planning tasks and activities set at the right level of difficulty for young people. There are too many lessons where young people would benefit from greater levels of challenge in their learning. This includes practice within the ESA. Teachers need better access to information about young people who require additional support needs and prior attainment levels to support them to plan learning appropriately. There are features of highly effective practice that could be further shared and built upon across the school. Staff should work within their departments to plan tasks and activities that are relevant, motivating and set at the right level of difficulty for young people.

**Work with staff from the local authority to improve attainment as an immediate priority across the school, especially in S4, by S5 and by S6.**

Staff have been working well to improve the progress of their learners. As a result, there are a few areas where attainment has shown early signs of improvement. This includes improvements in literacy and numeracy attainment for leavers, including those who require additional support in their learning. Standards of attainment remain low in several measures with some declines evident. There are a few departments that are performing well but the number of young people presented for National 5 and Higher needs to increase. Senior leaders acknowledge that attainment still requires significant improvement, and should work with staff to improve attainment as an immediate priority across the school, especially in S4, by S5 and by S6.

**Continue to develop effective approaches across the school that assist staff in reviewing regularly all young people's progress and in providing appropriate support that meets all young people's needs.**

Senior leaders have developed more effective approaches across the school that assist staff in reviewing young people's progress in the senior phase. Departments across the school now have a more robust approach to analysing their examination results and meet with senior leaders to discuss performance. There are more regular meetings between middle and senior leaders to discuss attainment. Middle leaders should strengthen arrangements for monitoring progress through the BGE. There should also be clear expectations for all staff in how they use this data to help inform approaches to planning learning, teaching and assessment. This improved approach should assist with planning tasks and activities that are set at the right level of difficulty.

Senior leaders have prioritised child protection and re-launched the school's approaches to child protection. All staff have successfully completed the e-learning module on child protection and safeguarding. As a result, all staff understand fully how to apply the school's procedures relating to child protection and safeguarding. Overall, young people report an improved sense of safety within the school building as a result of improved supervision and security. Principal Teachers of Guidance should continue as planned to discuss with individual young people within their house teams reasons for not feeling safe. In addition, all staff should continue to support those young people who feel that their sense of safety is compromised. Senior leaders and Principal Teachers of Guidance have worked closely with staff to adopt a stronger, consistent stance in relation to promoting anti-bullying and in dealing effectively and timeously with incidences of bullying.

## What happens next?

The school has made some progress since the original inspection. We will liaise with Dundee City Council regarding the school's capacity to improve. We are maintaining contact with the school and will carry out a progress visit within 6 months of the publication of this letter. We will discuss with Dundee City Council the details of this visit. Following the visit, we will write to you as parents informing you of the progress the school has made.

Teri McIntosh
HM Inspector

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**ITEM No …6………..**

**REPORT TO:**  **SCRUTINY COMMITTEE – 24 APRIL 2024**

**REPORT ON:**  **LOCAL GOVERNMENT IN SCOTLAND FINANCIAL BULLETIN 2022/2023**

**REPORT BY:**  **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT ON:**  **68-2024**

**1**  **PURPOSE OF REPORT**

To provide elected members with a summary of the above national report that has been undertaken by Audit Scotland on behalf of the Accounts Commission.

**2**  **RECOMMENDATIONS**

It is recommended that the Committee notes the key messages arising from the Audit Scotland Financial Bulletin 2022/2023 overview report.

**3**  **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

**4**  **MAIN TEXT**

4.1  Audit Scotland has developed its approach to overview reporting and now publishes two overview reports per year. One provides an overview of the wider challenges facing local authorities. The other is the attached report which provides a financial overview.

4.2  The report is split into two main parts. The first part reviews Councils' funding and outturn in 2022/2023 whilst part two considers Councils' financial position and outlook.

4.3  The key messages arising from the overview report are set out on page 3 of the report. These include messages around the following areas:

4.3.1  Funding and Outturn in 2022/2023:

- Despite councils receiving more funding and income in cash terms, due to high inflation in 2022/2023 total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms to £21.3 billion compared to 2021/2022.
- Councils received more core revenue funding from the Scottish Government than in 2021/2022, rising from £12.1 billion to £12.2 billion (0.7 per cent) in real terms. However, an increasing proportion is ring-fenced or provided with the expectation it will be spent on specific services. This means that the amount of funding available for councils to spend freely on local priorities is reducing. There are commitments in the Verity House Agreement (New Deal with Local Government made between CoSLA and the Scottish Government in June 2023) to move to a default position of removing ring-fencing or direction of funding wherever possible.
- There is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (e.g. the construction and maintenance of schools, libraries, roads, etc). Capital funding from the Scottish Government rose in 2022/2023 but remains lower than before the pandemic and has been volatile over the past decade. Driven by increased borrowing councils' capital expenditure increased in 2022/2023 by 16 per cent in cash terms to £3.6 billion. Borrowing costs have reduced in recent years as many councils have used permitted financial flexibilities to reprofile debt payments. While helping with immediate budget pressures, these decisions defer costs to later years and do not tackle the underlying challenges to financial sustainability. Additional borrowing also places further pressure on revenue budgets over the longer term.

- At the time of setting their 2022/2023 budgets, councils anticipated budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022/2023 and improved on 2021/2022. Greater transparency is required in the reporting of financial outturn in council accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

4.3.2    <u>Councils' Financial Position and Outlook from 2023/2024</u>:

- Despite the financial pressures of recent years, half of councils increased their usable reserves in 2022/2023, and overall usable reserves grew to £4.45 billion. This is driven by growth in committed reserves. Some of this is remaining Covid-19 funding, some is attributable to the permitted use of financial flexibilities for the repayment of longer-term debt but there are also indications councils are building up reserves to manage the known financial challenges in future years. However, the lack of transparency in some councils' annual accounts makes it difficult to draw firm conclusions on councils planned use of reserves.
- Local appointed auditors did not identify any councils in Scotland as being financially unsustainable in the short term. However, the financial outlook is extremely challenging with Scottish councils facing unprecedented financial and service demand pressures which present real risks for the future. Although Scottish Government core funding increased in cash and real terms in 2023/2024, councils reported a significant increase in the total budget gap to £725 million.
- Councils' medium-and longer-term financial plans demonstrate a clear recognition of the difficult financial context and the need to continue to innovate at pace and make difficult decisions to become more financially sustainable. But some councils are already experiencing significant resistance when seeking to make service reductions to balance budgets. This reinforces the need for effective consultation and engagement with communities on planned local service changes.
- The Verity House Agreement includes a commitment to offer councils longer-term funding and greater local financial flexibility. These proposed changes will be important, in providing greater financial certainty to support better long-term planning and more flexible direction of resources to meet local need. However, the recent announcement of a proposed council tax freeze significantly reduces discretion and flexibility at individual council level. The impact this will have on financial sustainability is not yet known, but councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years.

4.4    The recommendations arising from the overview report are set out on page 5 of the report. These include messages around the following areas:

- Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability.
- Ensure that management commentaries are open and transparent, include a clear link between budget outturn and the financial performance in the accounts and report on the achievement of planned savings targets.
- Provide clear statements about reserves policy and explicitly set out the purpose of committed reserves within their annual accounts. This will enhance the level of assurance that councils can provide regarding their ongoing financial sustainability.
- Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget.
- Strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability.
- Work with the Scottish Government to build momentum and accelerate progress in the development of a fiscal framework for local government to enhance the clarity and certainty of budgets for councils in future years.

4.5    It should be noted that Dundee Council's appointed local external auditor Audit Scotland submitted their detailed report on the findings of their 2022/2023 audit to the City Governance Committee on 20 November 2023 (Report No: 328-2023, Article III refers).  The matters raised in the report by Audit Scotland have already been considered by the Council and an action plan has been agreed incorporating "agreed management actions".  The progress on implementing the agreed plan is ongoing and will be monitored through the Council's established procedure for dealing with external audit reports and reviewing previously agreed actions plans.

## 5    POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment.  An appropriate senior manager has reviewed and agreed with this assessment.

## 6    CONSULTATION

The Council Leadership Team were consulted in the preparation of this report and agreed with its contents.

## 7    BACKGROUND PAPERS

None

**ROBERT EMMOTT**
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**        **13 FEBRUARY 2024**

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# Local government in Scotland

# Financial bulletin 2022/23



ACCOUNTS COMMISSION

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# Contents

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# Key messages

## Funding and outturn in 2022/23

**1**   Despite councils receiving more funding and income in cash terms, due to high inflation in 2022/23 total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms to £21.3 billion compared to 2021/22.

**2**   Councils received more core revenue funding from the Scottish Government than in 2021/22, rising from £12.1 billion to £12.2 billion (0.7 per cent) in real terms. However, an increasing proportion is ring-fenced or provided with the expectation it will be spent on specific services. This means that the amount of funding available for councils to spend freely on local priorities is reducing. There are commitments in the Verity House Agreement to move to a default position of removing ring-fencing or direction of funding wherever possible.

**3**   There is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (eg, the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic and has been volatile over the past decade. Driven by increased borrowing councils' capital expenditure increased in 2022/23 by 16 per cent in cash terms to £3.6 billion. Borrowing costs have reduced in recent years as many councils have used permitted financial flexibilities to reprofile debt payments. While helping with immediate budget pressures, these decisions defer costs to later years and do not tackle the underlying challenges to financial sustainability. Additional borrowing also places further pressure on revenue budgets over the longer term.

**4**   At the time of setting their 2022/23 budgets, councils anticipated budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022/23 and improved on 2021/22. Greater transparency is required in the reporting of financial outturn in council accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

## Councils' financial position and outlook from 2023/24

**5** Despite the financial pressures of recent years, half of councils increased their usable reserves in 2022/23, and overall usable reserves grew to £4.45 billion. This is driven by growth in committed reserves. Some of this is remaining Covid-19 funding, some is attributable to the permitted use of financial flexibilities for the repayment of longer-term debt but there are also indications councils are building up reserves to manage the known financial challenges in future years. However, the lack of transparency in some councils' annual accounts makes it difficult to draw firm conclusions on councils planned use of reserves.

**6** Local appointed auditors did not identify any councils in Scotland as being financially unsustainable in the short term. However, the financial outlook is extremely challenging with Scottish councils facing unprecedented financial and service demand pressures which present real risks for the future. Although Scottish Government core funding increased in cash and real terms in 2023/24, councils reported a significant increase in the total budget gap to £725 million.

**7** Councils' medium- and longer-term financial plans demonstrate a clear recognition of the difficult financial context and the need to continue to innovate at pace and make difficult decisions to become more financially sustainable. But some councils are already experiencing significant resistance when seeking to make service reductions to balance budgets. This reinforces the need for effective consultation and engagement with communities on planned local service changes.

**8** The Verity House Agreement includes a commitment to offer councils longer-term funding and greater local financial flexibility. These proposed changes will be important, in providing greater financial certainty to support better long-term planning and more flexible direction of resources to meet local need. However, the recent announcement of a proposed council tax freeze significantly reduces discretion and flexibility at individual council level. The impact this will have on financial sustainability is not yet known, but councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years.

# Recommendations

## Councils should:

- Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability (paragraph 29).

- Ensure that management commentaries are open and transparent, include a clear link between budget outturn and the financial performance in the accounts and report on the achievement of planned savings targets (paragraph 46).

- Provide clear statements about reserves policy and explicitly set out the purpose of committed reserves within their annual accounts. This will enhance the level of assurance that councils can provide regarding their ongoing financial sustainability (paragraph 55).

- Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget (paragraph 73).

- Strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability (paragraph 83).

- Work with the Scottish Government to build momentum and accelerate progress in the development of a fiscal framework for local government to enhance the clarity and certainty of budgets for councils in future years (paragraph 89).

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# About this report

**1.** This bulletin provides a high-level independent analysis of the financial performance of councils during 2022/23. The bulletin considers:

- councils' funding and expenditure in 2022/23

- councils' financial position at the end of 2022/23 and the financial outlook

- some of the potential impacts of the Verity House Agreement (New Deal with Local Government) made between COSLA and the Scottish Government in June 2023.

**2.** This bulletin is part of a series of outputs produced by the Accounts Commission which together provide an independent overview of the local government sector. In Spring 2024 we will publish a budget briefing examining the 2024/25 budgets set by councils, including analysis of anticipated budget gaps and actions to set a balanced budget.

**Methodology**

**3.** Our primary sources of information for this bulletin are councils' 2022/23 accounts, a data request issued to auditors in October 2023 and Scottish Government budget documents.

**4.** The analysis of accounts is based on audited accounts where available. As at our 6 November 2023 deadline, 18 councils' accounts were still to be certified; therefore, the analysis in this bulletin is based on 14 sets of audited accounts and 18 sets of unaudited accounts.

**5.** We received 30 data requests back from auditors. In places our analysis is therefore based on a sample rather than the full population. Returns were not received for two councils.

**6.** Scottish Government funding analysis uses the spring revision funding position unless otherwise stated.

**7.** When looking at trends, we convert some financial data to real terms using GDP deflators. This adjusts financial information from past and future years to prices for the year under review, ie 2022/23. This is to take account of inflation so that the trend information is comparable. Any financial trend data (both capital and revenue) relating to funding, income or expenditure will be shown in real terms. The exception to this is that any financial information from the councils' accounts' balance sheet remains in cash terms, even when looking at a trend. This includes reserves, debt and borrowing. These are not adjusted to real terms as they are already subject to revaluation to reflect current prices.

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# 1. Funding and outturn

## Revenue funding and income

**Total funding and income fell by 2.8 per cent in real terms in 2022/23 compared to the previous year**

**8.** In 2022/23, Scotland's 32 councils received a total of £21.3 billion in revenue funding and income (funding for day-to-day spending). In cash terms this is £757 million more than the year before but in real terms (that is adjusting for inflation) it represents a real-terms decrease of 2.8 per cent (£619 million).

**9.** Revenue funding and income comes from a variety of sources. Almost 60 per cent of total revenue funding comes from the Scottish Government (Exhibit 1).

## Exhibit 1.
### Sources of funding and income 2022/23 compared to 2021/22, real terms (£ billion)

| | | 2021/22 | 2022/23 |
|---|---|---|---|
| | Interest receivable | 0.03 | **0.11** |
| | Housing Revenue Account rents | 1.42 | **1.36** |
| | Customer and client receipts | 1.85 | **1.82** |
| | Council tax | 2.82 | **2.75** |
| | Grants including Scottish Government and other sources | 4.01 | **3.56** |
| | Non-domestic rates | 2.23 | **2.77** |
| | Cost of living award grant | 0.00 | **0.28** |
| | General revenue grant Covid-19 funding | 0.55 | **0.00** |
| | General revenue grant | 9.09 | **8.72** |
| **Total funding and income (£ billion)** | | 22.00 | **21.38** |

Source: Councils' annual accounts 2022/23 (audited and unaudited) and 2021/22 (audited)

**10.** The source of the largest increase in funding was non-domestic rates, although levels are still below pre-pandemic levels (Exhibit 16, page 28).

**11.** The largest decreases were to grants, which fell by 11 per cent in real terms compared to 2021/22, and housing rents which, despite a cash increase of 2.3 per cent, fell by 4.1 per cent in real terms.

**12.** Council tax is an important source of income for councils, accounting for 13 per cent (£2.7 billion) of total funding in 2022/23. Councils received more income from council tax, due to an overall increase of 4.5 per cent in the amount of council tax billed and an increase in in-year collection rates of 0.5 per cent (from 95.7 per cent to 96.2 per cent). However, the amount received has not kept pace with inflation and in real terms this represents a fall in income of 2.5 per cent compared to 2021/22.

**Core revenue funding from the Scottish Government to councils increased in cash and real terms from 2021/22 to 2022/23**

**13.** Scottish Government core revenue funding to councils amounted to £12.2 billion in 2022/23. This is an increase to core funding in both cash and real terms from the previous year (Exhibit 2).

# Exhibit 2.
## Scottish Government core revenue 2021/22 and 2022/23

| Scottish Government revenue funding | Cash terms | | | Real terms | | |
|---|---|---|---|---|---|---|
| | 2021/22 £ million | 2022/23 £ million | change % | 2021/22 £ million | 2022/23 £ million | change % |
| **Core revenue** | **11,384** | **12,231** | **7.4%** | **12,144** | **12,231** | **0.7%** |
| General revenue grant | 8,489 | 8,679 | 2.2% | 9,056 | 8,679 | -4.2% |
| Non-domestic rates | 2,090 | 2,766 | 32.3% | 2,230 | 2,766 | 24.1% |
| Specific revenue grants | 805 | 786 | -2.4% | 859 | 786 | -8.5% |

Source: Scottish Government budget documents (spring revision)

**14.** The increase in core revenue funding was driven by a significant increase in income from non-domestic rates. The general revenue grant and specific revenue grants both fell in real terms.

**15.** In 2021/22, councils received an additional £0.5 billion in non-recurring revenue funding from the Scottish Government to support their Covid-19 response. When this is included, councils experienced a real terms reduction of 3.6 per cent in revenue funding from the Scottish Government in 2022/23 compared to 2021/22. In 2022/23,

a one-off grant of £278 million was received by councils, to distribute the £150 Cost of Living Award to eligible households.

**An increasing proportion of Scottish Government funding is formally ring-fenced or provided with the expectation it will be spent on specific services**

**16.** Specific revenue grants funding totalled £786 million in 2022/23 and must be used to fund specific policies or initiatives such as for early learning and childcare expansion and the pupil equity fund.

**17.** In addition to specific revenue grants, other funding received by councils is directed for national policy initiatives. Though not formally ring-fenced, this funding is provided with the expectation that it will be spent on specific services.

**18.** Examples of directed funding in 2022/23 include: £140 million for Local Government pay deals, £145 million for additional teachers and support staff and £234 million for the annual pay uplift to social care staff in commissioned services.

**19.** We calculate that ring-fenced and directed funding increased to 25.7 per cent in 2022/23 (Exhibit 3).

# Exhibit 3.
## Proportion of Scottish Government funding to local government that is ring-fenced or directed

| Source | 2021/22 £ million | 2022/23 £ million |
|---|---|---|
| **From initial allocation** | | |
| Specific revenue grant | 805 | 786 |
| Directed funding within general revenue grant | 347 | 475 |
| Directed funding from transfers from other portfolios | 488 | 648 |
| **From in year allocations** | | |
| Directed funding from budget revisions and recalculations | 1,061 | 1,236 |
| **Total ring-fenced or directed funding** | **2,701** | **3,145** |
| **Total revenue funding** | **11,384** | **12,231** |
| **Percentage ring-fenced or directed** | **23.7%** | **25.7%** |

Note: We have updated our methodology from last year. This changes the total ring-fenced amount for 2021/22 from 23.1% to 23.7%.

Source: Scottish Government budget documents and financial circulars

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**20.** While directed funding is important to help deliver national priorities, it restricts councils from making decisions about how funds can be used at a local level to meet local need. The Verity House Agreement, signed in June 2023, includes a commitment to a default position of ending ring-fencing or directed funding unless there is a clear joint understanding of the rationale for such arrangements. We discuss this further in Part 2 of the report.

**Over the last decade, the proportion of the Scottish Budget allocated to local government has been reduced**

**21.** Local government is the second largest area of Scottish Government spending; however, this proportion has reduced over the last decade. In 2013/14 local government (capital and revenue) accounted for 30 per cent of the total spend. In 2022/23, it had fallen to 23 per cent. Over this period, local government spend has been relatively static in real terms while total Scottish Government spend increased by 37 percent. Areas of growth include health and social security (Exhibit 4).

# Exhibit 4.
**Local government spend (outturn) compared to other areas of the Scottish Budget, 2013/14 to 2022/23, real terms**
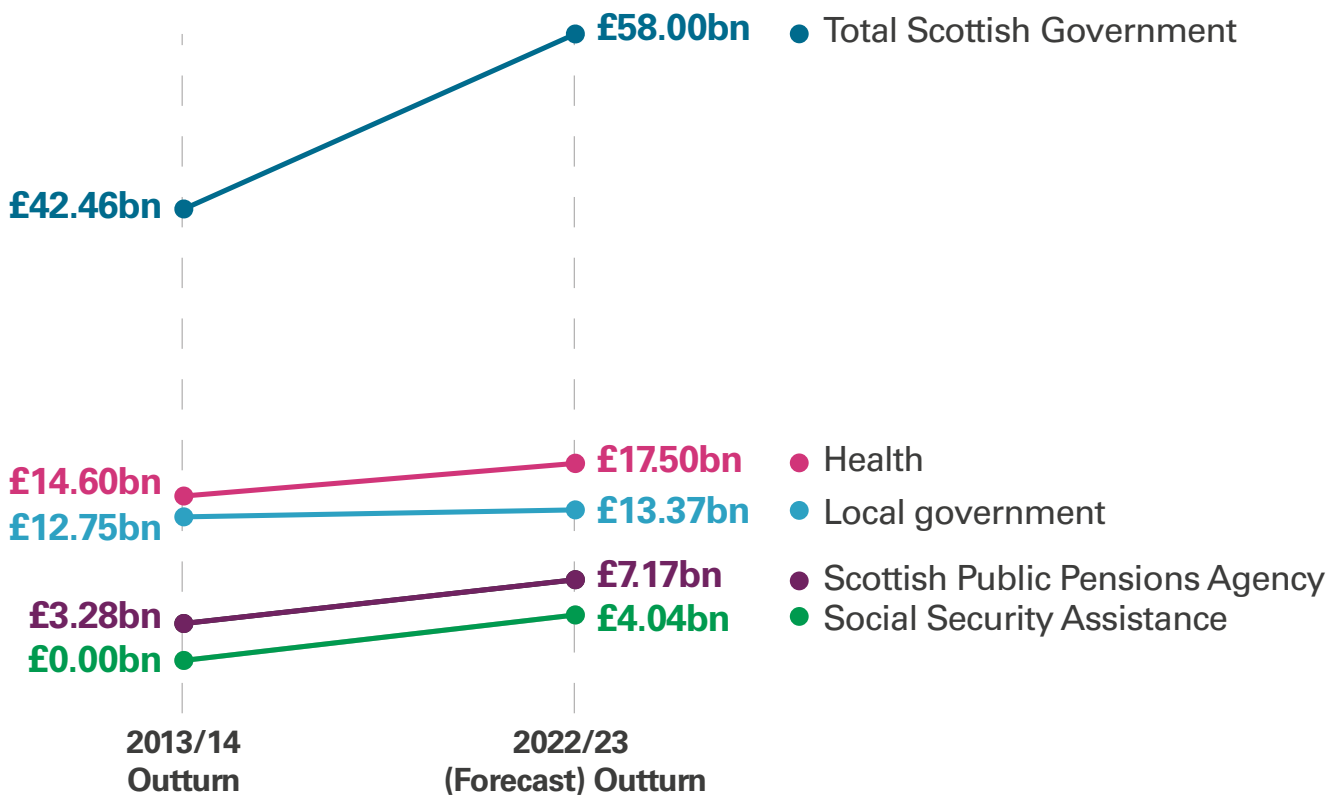


Source: Scottish Budget 2023/24, Annex D: Outturn Comparison 2013/14 to 2021/22 and Scottish Budget 2024/25, Annex H: Outturn Comparison 2014/15 to 2022/23
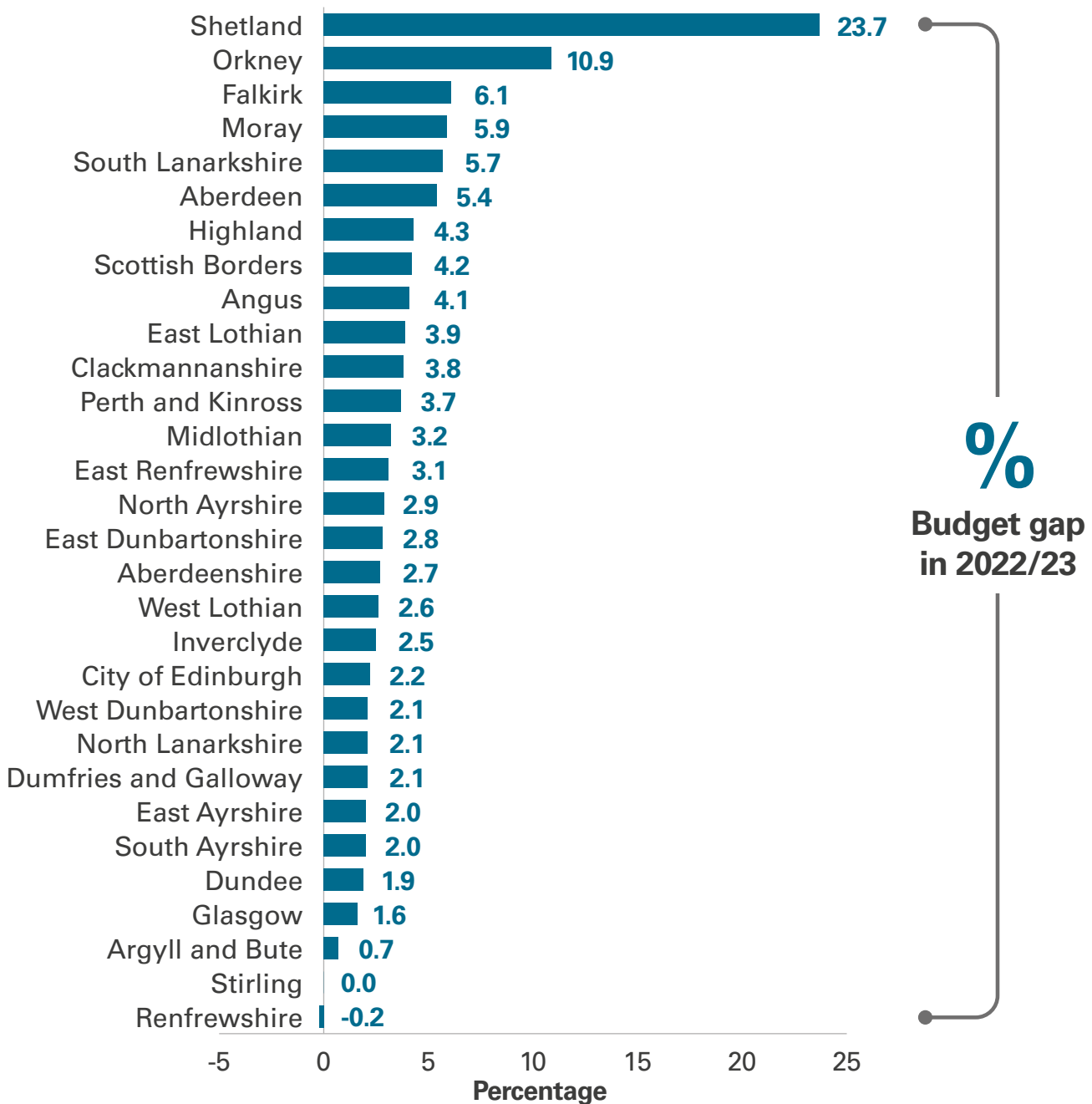
## Council budget-setting

**At the time of setting their 2022/23 budgets, councils in our sample identified budget gaps of over £476 million for the year**

**22.** At the time of budgeting, the 30 councils in our sample identified **budget gaps** totalling £476 million for 2022/23, compared to £350 million for the same sample of councils for 2021/22. This represents a budget gap of 2.9 per cent of the net cost of services (Exhibit 5).

**Budget gaps** reflect a point in time when councils begin to set their budgets and is the difference between anticipated expenditure and funding and income.

## Exhibit 5.
### Budget gap as a percentage of net cost of services, 2022/23

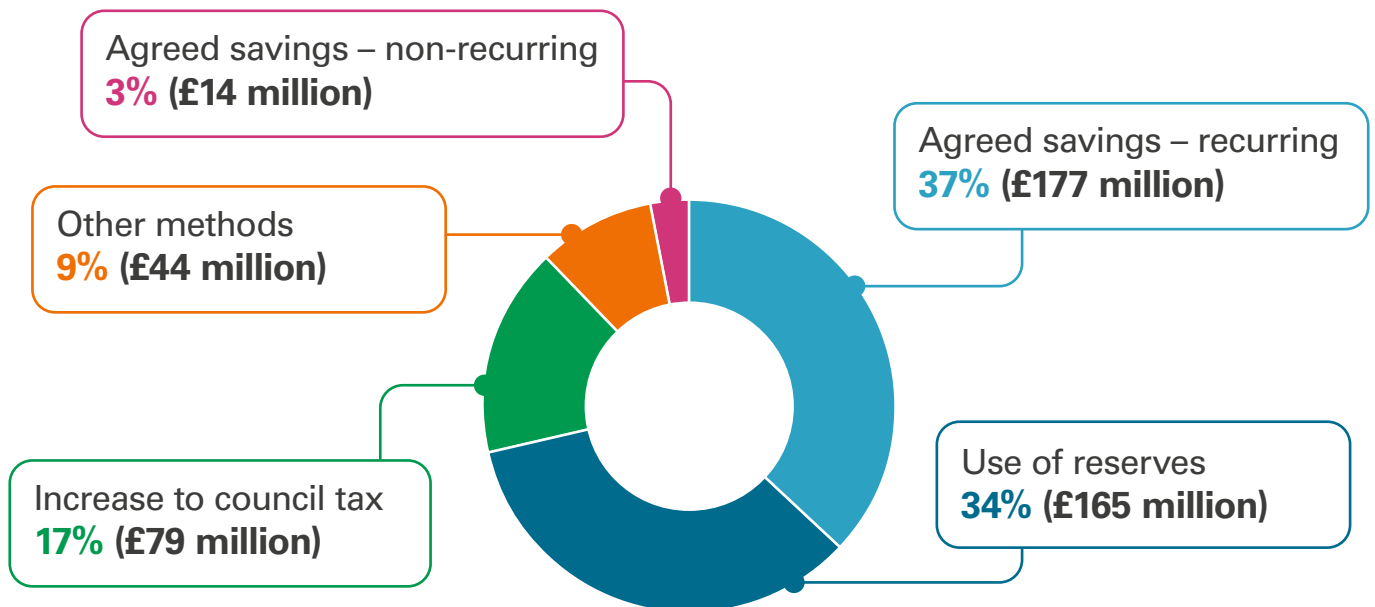| Council | Percentage |
|---|---|
| Shetland | 23.7 |
| Orkney | 10.9 |
| Falkirk | 6.1 |
| Moray | 5.9 |
| South Lanarkshire | 5.7 |
| Aberdeen | 5.4 |
| Highland | 4.3 |
| Scottish Borders | 4.2 |
| Angus | 4.1 |
| East Lothian | 3.9 |
| Clackmannanshire | 3.8 |
| Perth and Kinross | 3.7 |
| Midlothian | 3.2 |
| East Renfrewshire | 3.1 |
| North Ayrshire | 2.9 |
| East Dunbartonshire | 2.8 |
| Aberdeenshire | 2.7 |
| West Lothian | 2.6 |
| Inverclyde | 2.5 |
| City of Edinburgh | 2.2 |
| West Dunbartonshire | 2.1 |
| North Lanarkshire | 2.1 |
| Dumfries and Galloway | 2.1 |
| East Ayrshire | 2.0 |
| South Ayrshire | 2.0 |
| Dundee | 1.9 |
| Glasgow | 1.6 |
| Argyll and Bute | 0.7 |
| Stirling | 0.0 |
| Renfrewshire | -0.2 |

**%**

**Budget gap in 2022/23**

Source: Auditor data returns (30 councils in the sample)

**23.** Within our sample, the budget gap for 2022/23 ranged from a surplus of £1.1 million (0.2 per cent of net cost of services) in Renfrewshire to a gap of £53 million (5.7 per cent net cost of services) in South Lanarkshire. Shetland had the largest budget gap as a proportion of net cost of services, at 23.7 per cent (with a value of £34 million). One council, Stirling, reported no budget gap.

**Councils largely relied on reserves and making recurring savings to deliver a balanced budget**

**24.** From our sample of 30 councils, a range of bridging actions were used to set balanced budgets for 2022/23 (Exhibit 6).

# Exhibit 6.
## Councils' bridging actions to set their 2022/23 budget



Agreed savings – non-recurring
**3% (£14 million)**

Other methods
**9% (£44 million)**

Increase to council tax
**17% (£79 million)**

Agreed savings – recurring
**37% (£177 million)**

Use of reserves
**34% (£165 million)**

Note: The chart elements add up to £479 million which is higher than the total anticipated budget gap. This is because Dundee identified bridging actions of greater value than their budget gap to allow for additional expenditure in priority areas.

Source: Auditor data returns (30 councils in the sample)

**25.** Use of reserves and making **recurring savings** were expected to bridge 71 per cent (£342 million) of the budget gap. The relative use of reserves to bridge the budget gap has doubled from 17 per cent in 2021/22 to 34 per cent in 2022/23.

**26.** Examples of other bridging actions include the use of:

- fiscal flexibilities for service concessions and capital receipts
- additional Scottish Government funding
- increased service charges
- non-recurring Covid-19 funding
- a reduction in IJB funding.

These actions are largely non-recurring and therefore not sustainable.

## Outturn

**Achievement of savings targets was high, but improvements are required in the transparency of reporting**

**27.** From our sample of 30 councils, the aggregate savings target for 2022/23 was £216 million.[1] Three councils did not have a savings target.

**28.** Twenty-five councils provided information about savings performance in 2022/23. Fourteen councils (56 per cent) achieved their savings target in full or more and a further eight councils (32 per cent) achieved over 80 per cent. Overall, 98 per cent of the aggregate savings target was met. This compares to 92 per cent across all councils in 2021/22 .

**29.** Where we have a breakdown of how savings were achieved, 82 per cent (£126 million), were achieved on a recurring basis, which is higher than the 76 per cent achieved across all councils in 2021/22.
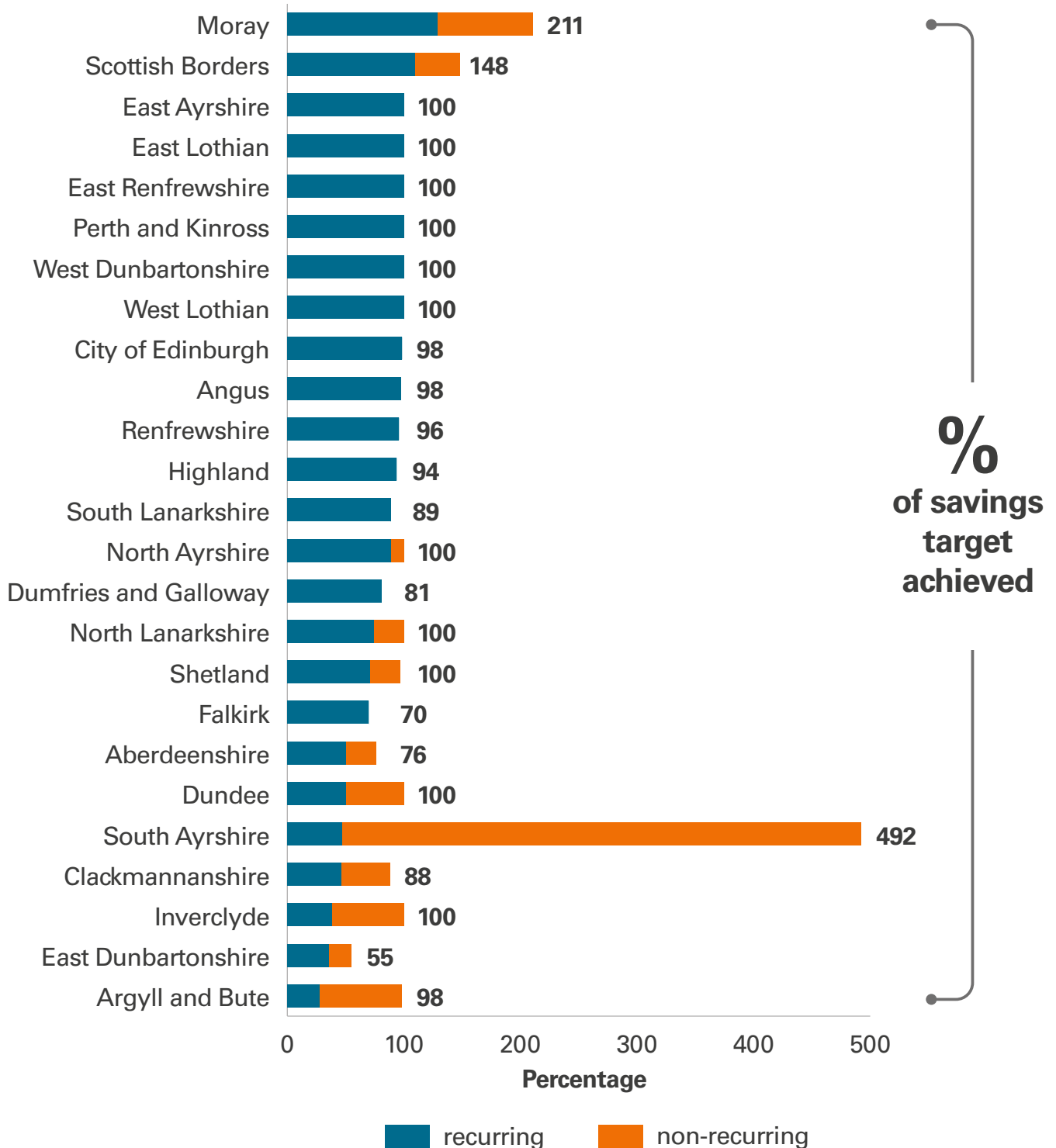
**Recurring savings** are savings, that once achieved, recur year-on-year from that date. Non-recurring savings are one-off savings that apply to one financial year and do not result in ongoing savings in future years.

### Recommendation

Councils should prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability.

[1] This savings target does not match the planned savings (recurring and non-recurring combined) identified as bridging actions in Exhibit 6. Savings identified during budget setting may be further revised before a savings target is agreed.

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## Exhibit 7.
## Percentage of savings target achieved, split by recurring and non-recurring, 2022/23



| Council | Percentage |
|---|---|
| Moray | 211 |
| Scottish Borders | 148 |
| East Ayrshire | 100 |
| East Lothian | 100 |
| East Renfrewshire | 100 |
| Perth and Kinross | 100 |
| West Dunbartonshire | 100 |
| West Lothian | 100 |
| City of Edinburgh | 98 |
| Angus | 98 |
| Renfrewshire | 96 |
| Highland | 94 |
| South Lanarkshire | 89 |
| North Ayrshire | 100 |
| Dumfries and Galloway | 81 |
| North Lanarkshire | 100 |
| Shetland | 100 |
| Falkirk | 70 |
| Aberdeenshire | 76 |
| Dundee | 100 |
| South Ayrshire | 492 |
| Clackmannanshire | 88 |
| Inverclyde | 100 |
| East Dunbartonshire | 55 |
| Argyll and Bute | 98 |

**% of savings target achieved**

Legend: ■ recurring ■ non-recurring

Note: Information on the split of savings achieved was not available for Dundee. South Ayrshire's savings performance was 492% due to a large (non-recurring) underspend. Five councils within the sample are not included in the chart: Midlothian, Orkney and Stirling did not have a savings target in place for 2022/23. Information on savings performance was not available for Glasgow and Aberdeen.

Source: Auditor data returns (30 councils in the sample

**79**

**30.** A review of councils' management commentaries identified that 66 per cent of council accounts provided no or insufficient commentary on performance against savings targets. Further detail on the transparency of management commentaries is included at paragraphs 44–46).

### Over half of councils used financial flexibilities in 2022/23

**31.** In recent years, the Scottish Government has introduced a number of financial flexibilities to help alleviate ongoing financial and funding pressures.

**32.** The three main flexibilities available are:

- The use of capital receipts for revenue costs.

- The ability to apply for revised loans repayments.

- Changes to service concession arrangements which allow councils to write off the debt costs associated with these schemes over the expected lives of the respective assets rather than over the contract period of each arrangement.

**33.** Of our sample of 30 councils, 18 (60 per cent) reported that they used some of the financial flexibilities allowed by the Scottish Government in 2022/23.

**34.** Using flexibilities to meet immediate spending pressures may help councils to balance their budgets, but it defers costs to later years and does not tackle the underlying challenges to financial sustainability.

## Capital funding and expenditure

### Increases in capital expenditure were driven by increased borrowing

**35.** Councils' **capital expenditure** in 2022/23 was £3.6 billion. This is a 16 per cent (£0.5 billion) increase in cash terms compared to 2021/22.

**36.** The increase in capital expenditure in 2022/23 was driven by a 52 per cent increase in borrowing. At £1.41 billion, this was the largest source of capital financing, surpassing government grants which accounted for £1.35 billion of capital expenditure. The higher costs associated with borrowing place further pressure on revenue budgets over the longer term (Exhibit 8, page 16).

**37.** Twenty-two councils reported higher capital expenditure than in 2021/22. At a council level, year-on-year movement ranged from a £207 million increase (Glasgow) to a £54 million decrease (Angus).

**Capital expenditure** is the money spent by councils to maintain or improve their assets, for example school buildings and roads. It cannot be used on day-to-day running costs.

# Exhibit 8.
## Capital expenditure split by sources of finance in cash terms, 2018/19 to 2022/23 (£ billion)
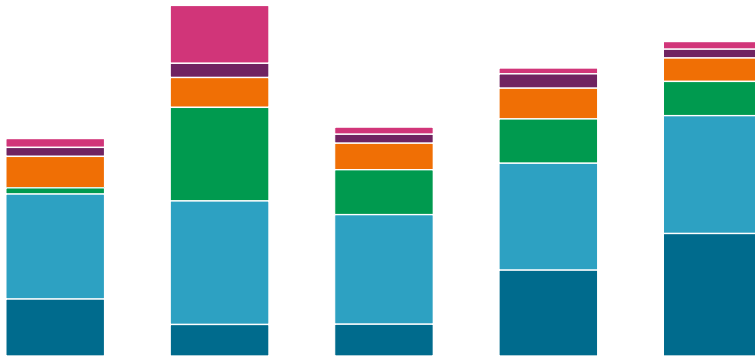


| 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | |
|---------|---------|---------|---------|---------|--|
| 0.09 | 0.60 | 0.07 | 0.06 | 0.09 | Capital receipts |
| 0.09 | 0.15 | 0.09 | 0.15 | 0.10 | Other contributions and Public Private Partnership (PPP) |
| 0.32 | 0.31 | 0.28 | 0.33 | 0.27 | Capital Funded from Current Revenue (CFCR) |
| 0.06 | 0.96 | 0.47 | 0.48 | 0.39 | Internal loans fund repayments available to reinvest |
| 1.06 | 1.27 | 1.15 | 1.15 | 1.35 | Government grants |
| 0.57 | 0.32 | 0.33 | 0.92 | 1.41 | An increase in borrowing |
| **2.18** | **3.61** | **2.41** | **3.10** | **3.61** | **Total expenditure (£ billion)** |

Source: Councils' annual accounts 2018/19 to 2022/23 (audited and unaudited)

**38.** Slippage against capital projects was noted by auditors in some Annual Audit Reports for 2022/23. Factors included higher costs for goods and services including utilities, fuel and labour; and wider economic circumstances including inflation, war, Covid-19, interest rates and pay awards.
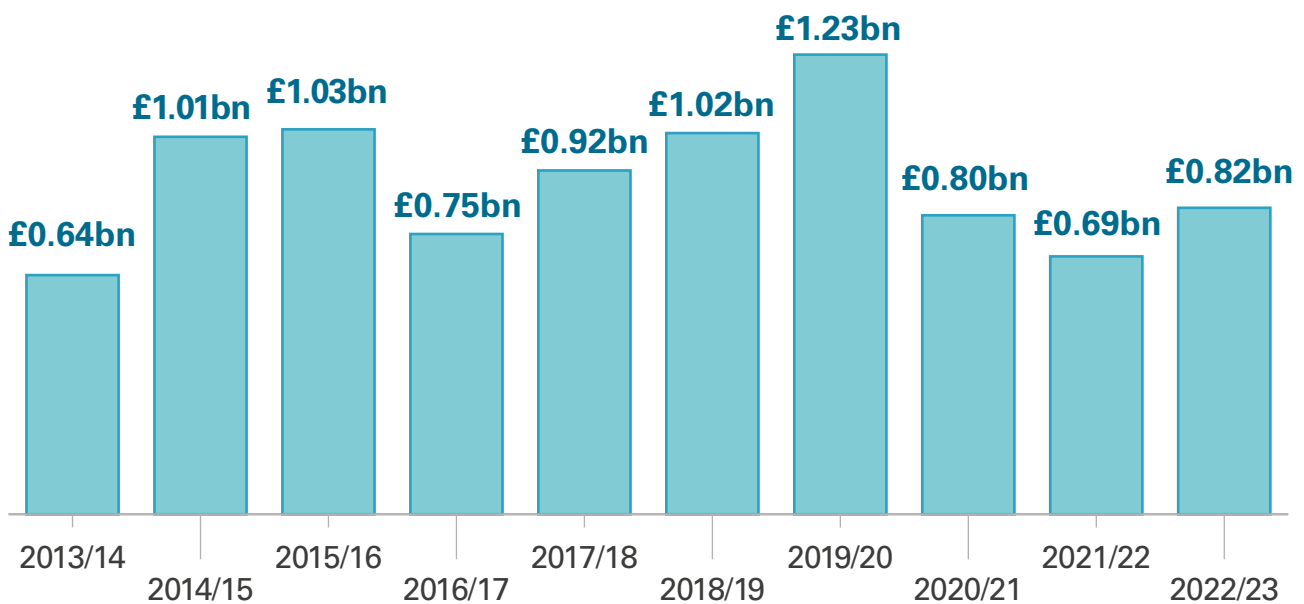
**Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic**

**39.** Councils receive capital funding from the Scottish Government in the form of the capital grant, distributed by means of a funding formula based largely on population and road-length.

**40.** In 2022/23 capital funding from the Scottish Government rose by 19 per cent in real terms to £0.82 billion compared to 2021/22. However, it remains lower than many of the years leading up to the Covid-19 pandemic (Exhibit 9).

## Exhibit 9.
### Scottish Government capital funding to local government 2013/14 to 2022/23, real terms



Source: Scottish Government budget documents (spring revision)

**41.** Some capital funding is directed towards specific policies. For example, in 2022/23 around £120 million was allocated to support the local government pay deal in 2022/23 and £30 million to fund expansion of free school meals.

**42.** Scottish Government capital funding is volatile. Some of the more significant movements can also be attributed partly to reallocation of capital funding payments from one financial year to another, as agreed between the Scottish Government and COSLA. For example, the 2016/17 figure excludes £150 million that was reallocated and included in the 2019/20 capital settlement.

## Reporting on financial outturn in management commentaries

**Councils could improve the transparency of their reporting on financial outturn and progress against savings plans**

**43.** A management commentary is a report by the council, set out within its annual accounts. It should provide information on the council's strategic priorities and key risks, as well as a balanced analysis of the financial and wider performance of the council over the year.

We undertook a review of councils' management commentaries to assess the transparency of their reporting against three elements that the Accounts Commission has previously recommended should be included:

- Is the outturn against budget position for the year clearly shown with the reasons for significant variances obvious?

- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements and major differences explained?

- Is progress against agreed savings reported?

**44.** Twenty councils included commentary related to outturn against budget including the main reasons for the variances. Of the remaining, nine provided insufficient detail or no commentary on variances and three lacked clarity on the outturn against budget.

**45.** Half of councils provided a table within the management commentary which showed the reconciliation of outturn to the movement on the general fund. Of the remaining, 12 did not provide sufficient detail within the management commentary to demonstrate a reconciliation of the general fund against reserves and four did not provide any information.

**46.** Eleven councils outlined progress against savings targets to some extent, with some providing a table of savings performance trends and/or links to other documents. Of the remaining, 12 provided generic statements or insufficient detail, seven provided no information and two referred only to previous or future savings plans.

### Recommendation

Councils should ensure that management commentaries are open and transparent, include a clear link between budget outturn and the financial performance in the accounts and report on the achievement of planned savings targets.

# 2. Councils' financial position and outlook

## 2022/23 financial position

**In 2022/23, councils increased their total usable reserves by £0.31 billion to £4.46 billion**

**47.** Reserves play an important role in good financial management of councils. They may be used to invest in a major project, transform services or respond to unexpected events. Reserves are a one-off resource, so councils need to plan carefully for their use. In doing so, they should consider the strategic, operational, and financial risks facing the council.

**48.** In 2022/23, councils increase their total usable reserves by £0.31 billion, from £4.15 billion to £4.46 billion (Exhibit 10, page 20).

**49.** Revenue reserves increased by 2.2 per cent (£80 million) and capital reserves increased by 40 per cent (£232 million). The increase in capital reserves may be linked to slippage against capital projects (paragraph 38).

**50.** Half of councils increased their usable reserves in 2022/23. A review of management commentaries for those councils with the greatest increases found these were largely attributable to accounting adjustments related to the permitted use of financial flexibilities for the repayment of longer-term debt. Some councils are also committing reserves to contingency or financial sustainability funds to cushion the impact of known financial challenges in the years ahead or to help fund transformation, potential workforce reconfiguration or pay settlements.

**The level of reserves as a proportion of total net revenue expenditure is higher in 2022/23 than before the pandemic**

**51.** In 2022/23, the total usable reserves across all councils as a proportion of total net revenue expenditure was 27.3 per cent compared to 20.4 per cent in 2019/20 before the pandemic (Exhibit 11, page 21).
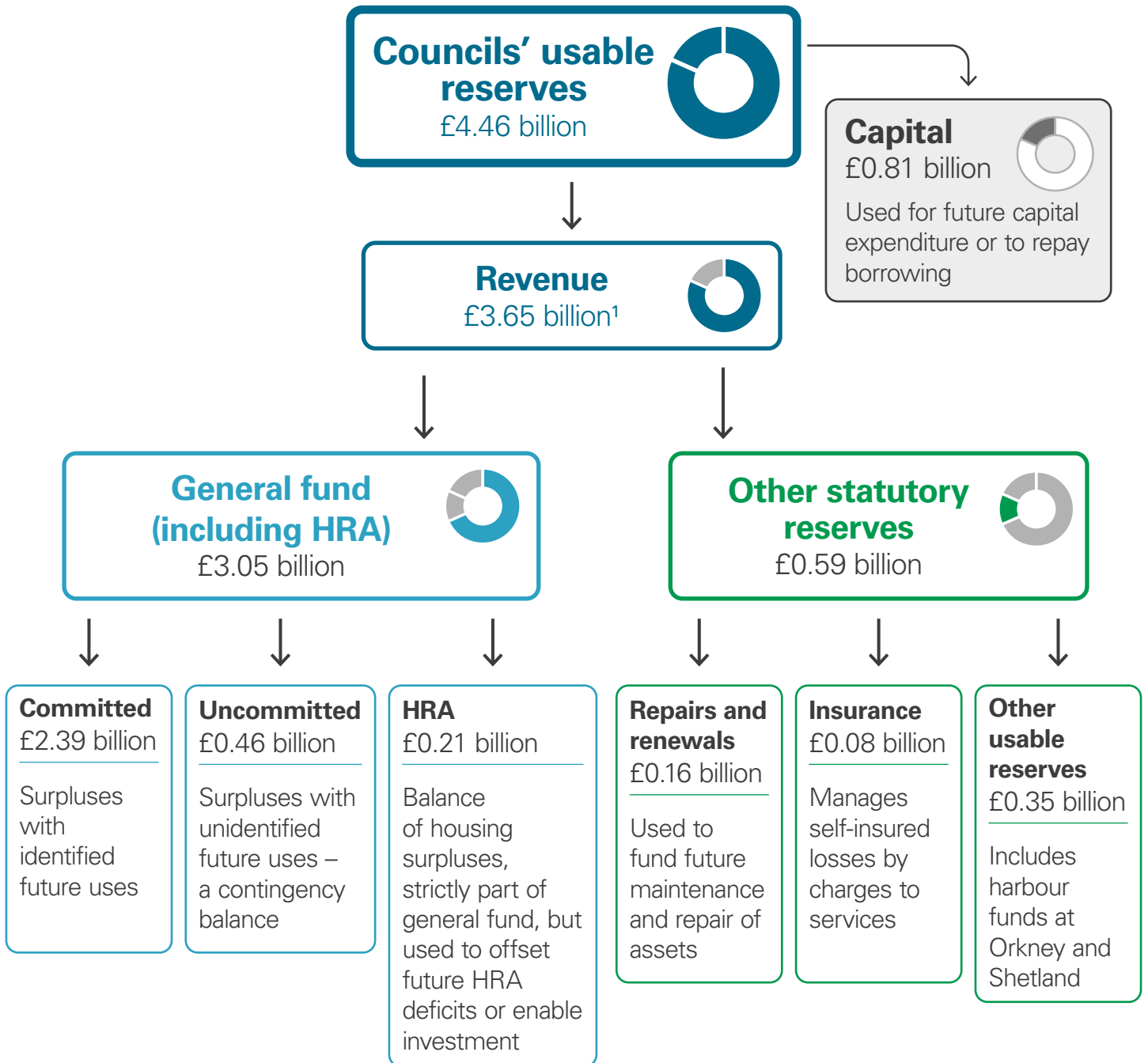
**52.** In 2022/23, no council had usable reserves that were less than ten per cent of net revenue expenditure compared to four councils in 2019/20. Twenty councils had reserves that were over 20 per cent of net revenue expenditure, compared to nine in 2019/20.

£/£

Looking at the level of **reserves as a proportion of total net revenue expenditure** is one way of assessing financial sustainability. A low figure may suggest that a council will struggle financially if it experiences a financial shock or is unable to deliver a budget where income matches expenditure.
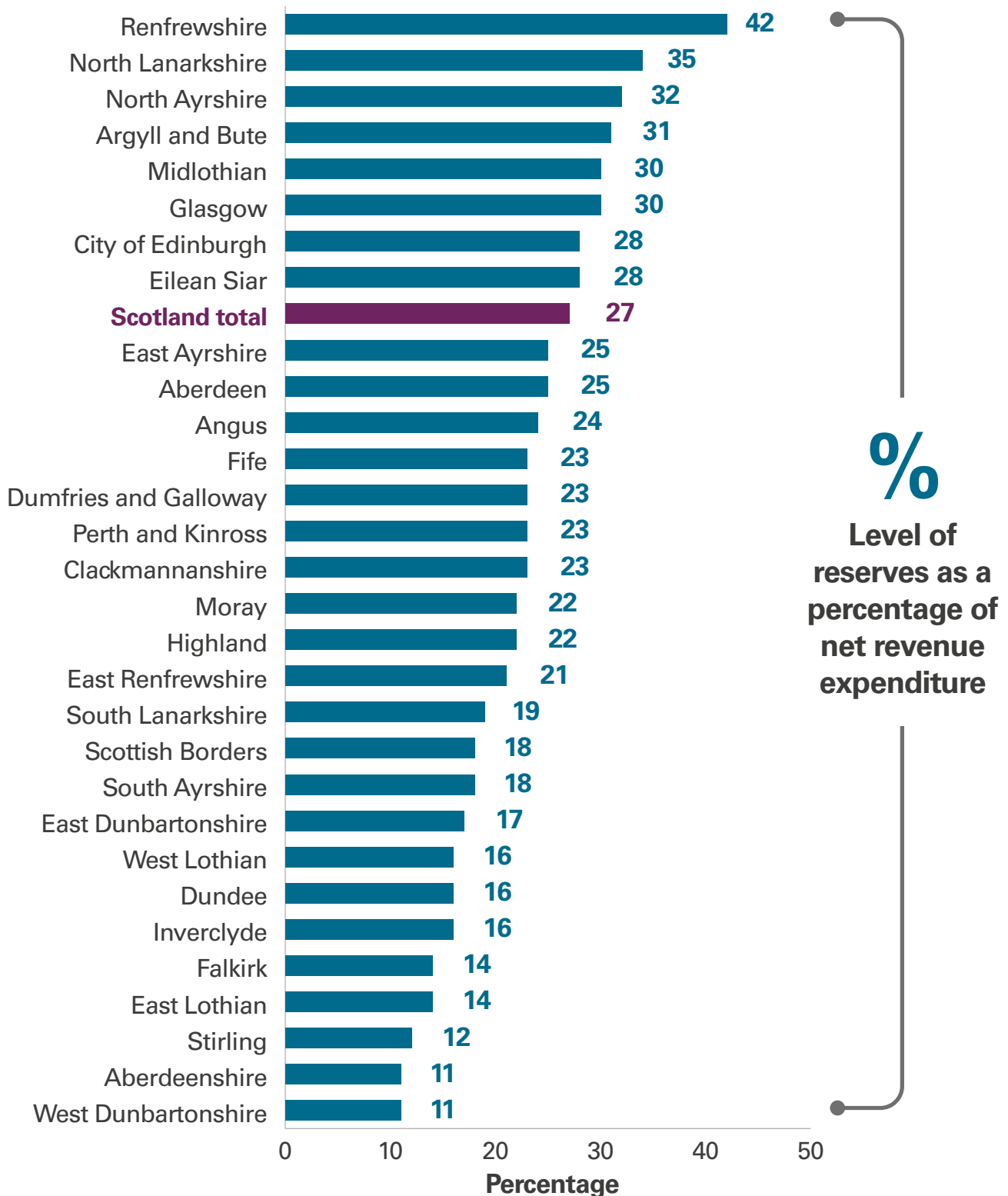
## Exhibit 10.
### The nature and value of councils combined usable reserves, 2022/23

**Councils' usable reserves**
£4.46 billion

**Capital**
£0.81 billion
Used for future capital expenditure or to repay borrowing

**Revenue**
£3.65 billion[1]

**General fund (including HRA)**
£3.05 billion

**Other statutory reserves**
£0.59 billion

**Committed**
£2.39 billion

Surpluses with identified future uses

**Uncommitted**
£0.46 billion

Surpluses with unidentified future uses – a contingency balance

**HRA**
£0.21 billion

Balance of housing surpluses, strictly part of general fund, but used to offset future HRA deficits or enable investment

**Repairs and renewals**
£0.16 billion

Used to fund future maintenance and repair of assets

**Insurance**
£0.08 billion

Manages self-insured losses by charges to services

**Other usable reserves**
£0.35 billion

Includes harbour funds at Orkney and Shetland

Note 1. Total figure doesn't match subtotals due to rounding.

Source: Councils' annual accounts 2022/23 (audited and unaudited)

## Exhibit 11.
### Level of usable reserves as a proportion of net revenue expenditure, split by council, 2022/23

| Council | Percentage |
|---|---|
| Renfrewshire | 42 |
| North Lanarkshire | 35 |
| North Ayrshire | 32 |
| Argyll and Bute | 31 |
| Midlothian | 30 |
| Glasgow | 30 |
| City of Edinburgh | 28 |
| Eilean Siar | 28 |
| **Scotland total** | **27** |
| East Ayrshire | 25 |
| Aberdeen | 25 |
| Angus | 24 |
| Fife | 23 |
| Dumfries and Galloway | 23 |
| Perth and Kinross | 23 |
| Clackmannanshire | 23 |
| Moray | 22 |
| Highland | 22 |
| East Renfrewshire | 21 |
| South Lanarkshire | 19 |
| Scottish Borders | 18 |
| South Ayrshire | 18 |
| East Dunbartonshire | 17 |
| West Lothian | 16 |
| Dundee | 16 |
| Inverclyde | 16 |
| Falkirk | 14 |
| East Lothian | 14 |
| Stirling | 12 |
| Aberdeenshire | 11 |
| West Dunbartonshire | 11 |

**Percentage**

**%**

**Level of reserves as a percentage of net revenue expenditure**

Note: Orkney and Shetland are excluded from this chart as both hold large reserves (over 200 per cent of net cost of services) related to oil, gas and harbour related activities.

Source: Councils' annual accounts 2022/23 (audited and unaudited)

**Councils increased their general fund reserves, but this is driven by growth in committed funds**

**53.** In 2022/23, councils increased their total General Fund reserves (excluding any HRA element which not all councils have) by £0.1 billion (4.8 per cent) to £2.84 billion compared to 2021/22.

**54.** Committed funds have increased by £0.1 billion (4.6 per cent) since 2021/22 and by £1.47 billion (159 per cent) since 2019/20 (Exhibit 12).

# Exhibit 12.
## National General Fund balance, 2018/19 to 2022/23, cash terms
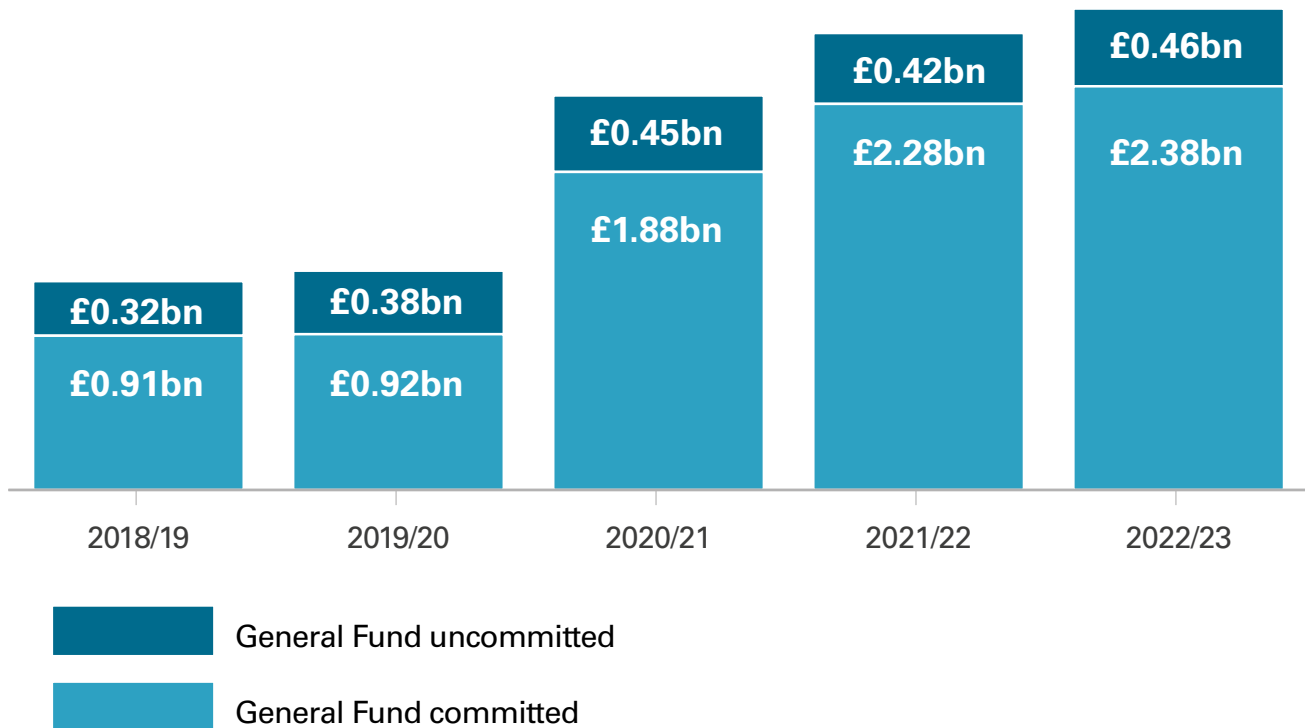


Note: This chart excludes HRA.

Source: Councils' annual accounts (audited and unaudited)

**55.** Paragraph 50 outlines some of the reasons for growth in committed funds in the past year. Based on data extracted from 2022/23 accounts, we calculate that remaining Covid-19 funding makes up around nine per cent of the total committed General Fund balance, but it is difficult to provide an exact figure for this and it may actually be higher. The continued lack of consistent transparency and detail in annual accounts around what and when reserves are committed for, and their associated spending plans, makes conclusions in this area difficult to draw.

## Recommendation

Councils should provide clear statements about reserves policy and explicitly set out the purpose of committed reserves within their annual accounts. This will enhance the level of assurance that councils can provide regarding their ongoing financial sustainability.

**Some councils hold very low levels of uncommitted reserves but have specific reserves earmarked for contingency instead**

**56.** Councils have reserves policies in place that set out the rationale for the minimum reserves levels set by the council. Most councils plan to maintain uncommitted reserves at around 2 to 4 per cent of net budgeted expenditure as a contingency to respond to unforeseen events and associated cost pressures.

**57.** In 2022/23, five councils had an uncommitted reserve balance below two per cent of net budgeted expenditure. Low levels of uncommitted reserves present a risk as it limits a council's ability to cushion the impact of uneven cash flows, unexpected events or emergencies. However, a review of 2022/23 annual accounts for those with the lowest uncommitted balances found that these were planned decisions with specific reserve funds earmarked for contingency.

**Councils' total net debt increased by £1 billion (six per cent) between 2021/22 and 2022/23**

**58.** Total net debt (total debt less cash and investments) increased by £1 billion from £16.4 billion in 2021/22 to £17.4 billion in 2022/23 (Exhibit 13, page 24).

**59.** At a council level, net debt increased in 24 councils between 2021/22 and 2022/23. This compares to an increase in net debt in 15 councils in 2021/22, and eight in 2020/21.

# Exhibit 13.
## Councils' total net debt, 2018/19 to 2022/23

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|---|---|
| Net debt (£ billion) | 15.7 | 17.1 | 16.2 | 16.4 | 17.4 |
| Year-on-year % change | | 9.1% | -5.3% | 1.4% | 5.8% |

Note: Orkney is excluded from the total net debt analysis as it has net investments.

Source: Councils' annual accounts (audited and unaudited)

**60.** There is significant variation between councils. Some councils have experienced very large increases in their net debt, with the highest increases being in South Ayrshire (29 per cent) and East Dunbartonshire (21 per cent). Both these councils were also among those with the highest increases in the previous year. West Dunbartonshire saw the largest decrease between these years, at seven per cent.

**61.** Glasgow City Council had the highest net debt at £2.1 billion, which represents a 10 per cent increase on the previous year. Shetland had the lowest net debt, but this had increased by 14 per cent compared to the previous year.

**Councils' borrowing costs have reduced over the past nine years. However, decisions to reschedule debt repayment in recent years may create financial pressure in the longer-term**

**62. LGBF financial sustainability data** for 2022/23 shows that the proportion of councils' general fund revenue budget being used to service debt has fallen from 8.4 per cent in 2013/14 to 5.4 per cent in 2022/23.

**63.** A key contributory factor to this has been the decision by councils to re-profile principal repayments over a longer period, in line with 2016 Loans Fund regulations. Some councils also used the financial flexibility afforded by the Scottish Government that permitted a reduction in the statutory repayment of debt in 2020/21, 2021/22 and 2022/23.

**64.** Although borrowing costs have reduced, the long-term affordability of these payments is an important element of councils' financial sustainability. There is a risk that decisions to reschedule debt repayments may add pressure on future budgets as it defers costs to later years and does not tackle the underlying challenges to financial sustainability.

**Financial sustainability indicators included within the Local Government Benchmarking Framework (LGBF)** consider the affordability of councils' borrowing costs. The ratio of borrowing costs to net revenue budget highlights the revenue implications of existing and proposed capital expenditure. The indicator included in the LGBF identifies the proportion of the general fund revenue budget that is required to meet the cost of borrowing.

## Scottish Government funding for 2023/24

**Revenue funding to local government from the Scottish Government in 2023/24 saw a cash and real-terms increase on 2022/23**

**65.** The initial core revenue funding settlement for local government in 2023/24 was £10.9 billion. At the 2023/24 autumn revision, an additional £1.5 billion in general revenue grant funding increased total funding to £12.5 billion. This is a 13.5 per cent increase in cash terms and a 7.0 per cent increase in real terms (in 2022/23 prices) on the 2022/23 position. Almost £1 billion was transferred from health to support social care and integration, over £0.25 billion was additional funding for school staff pay and £0.2 billion was transferred from education. (Exhibit 14).

## Exhibit 14.
### Scottish Government revenue funding (autumn budget revision), 2023/24 compared to 2022/23, in real terms

| | Cash terms | | | Real terms | | |
|---|---|---|---|---|---|---|
| Scottish Government revenue funding | 2022/23 £ million | 2023/24 £ million | change % | 2022/23 £ million | 2023/24 £ million | change % |
| **Core revenue** | **10,999** | **12,482** | **13.5%** | **10,999** | **11,765** | **7.0%** |
| General revenue grant | 7,458 | 8,683 | 16.4% | 7,458 | 8,184 | 9.7% |
| Non-domestic rates | 2,766 | 3,047 | 10.2% | 2,766 | 2,872 | 3.8% |
| Specific revenue grants | 775 | 752 | -3.0% | 775 | 709 | -8.5% |

Note: Real terms calculation uses 2022/23 as base year.

Source: Scottish Government budget documents (autumn revision)

**66.** Over the past decade, the total value of specific revenue grants has steadily increased – see Exhibit 16 (page 28) for further details. However, at the latest 2023/24 budget revision (autumn) it decreased in both cash terms and real terms.

**Councils' capital funding allocation for 2023/24 represents a real-terms decrease on 2022/23**

**67.** The initial capital funding settlement for local government in 2023/24 was £747 million. At the autumn revision, capital funding was increased to £767 million. This represents a 2.6 per cent fall in cash terms and an 8.2 per cent fall in real terms compared to the same position in 2022/23.

**68.** Some capital funding is directed for specific policies. For example, £50 million capital to help with the expansion of the Free School Meals policy.

**69.** The capital funding outlook for the whole Scottish public sector is challenging and the Scottish Government is currently undertaking a programme of reprioritisation of capital projects. The continued pressure on capital budgets presents risks to local government capital programmes, many of which impact on key services (eg, schools, libraries, roads, etc). However, councils did increase their capital reserves by 40 per cent in 2022/23.

## Councils' budget-setting for 2023/24

**Councils' budget gaps increased significantly in 2023/24 compared to 2022/23**

**70.** At the time of budgeting, from our sample of 30 councils, a total budget gap of £725 million was identified for councils' 2023/24 budgets, a significant increase on the £476 million identified in 2022/23. This represents 4.2 per cent of the net cost of services (in real terms) compared to 2.9 per cent in 2022/23.

**71.** All but three councils (East Lothian, Dundee and Highland) in the sample reported a higher budget gap in 2023/24 than 2022/23. The budget gaps for 2023/24 ranged from £5 million in Highland (0.6 per cent of net cost of services) to £77 million in South Lanarkshire (7.8 per cent of net cost of services). The wide range may be in part due to different approaches to budgeting rather than significant differences in cost and service pressures.

**72.** The most common bridging actions taken to set balanced budgets in 2023/24 were recurring savings (33 per cent), the use of reserves (27 per cent) and increases to council tax (18 per cent) .

**73.** Some councils have already taken difficult decisions to address budget gaps through implementation of recurring savings options. However, in the face of public opposition, some councils have reversed decisions that related to the reduction or cessation of services as part of savings put forward for 2024/25. This illustrates the increasing challenges that councils are facing in delivering balanced budgets and highlights the need for proper and timely consultation over budget proposals.

### Recommendation

Councils should ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget.

# Exhibit 15.
## Councils' bridging actions to set their 2023/24 budget compared to 2022/23
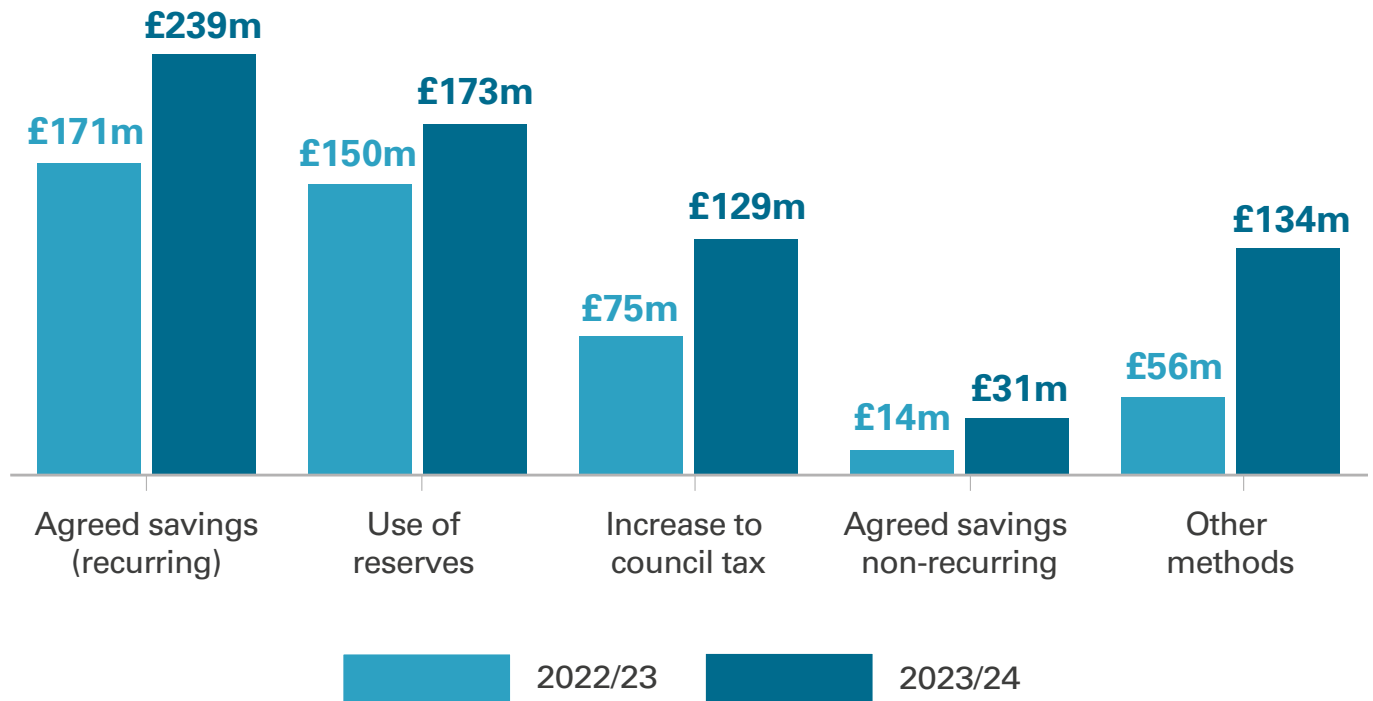


Note: The chart elements for 2023/24 add up to £733 million which is higher than the total anticipated budget gap for 2023/24. This is because Dundee and North Lanarkshire reported bridging actions of greater value than their budget gap.

Source: Auditor data returns (30 councils in the sample)

## Financial sustainability

**In real terms, councils' core revenue funding is similar to levels a decade ago. However, over that time, councils' have experienced periods of reduced budgets and increasingly ring-fenced funding**

**74.** The £12.2 billion core allocation received by councils in 2022/23 compares to a real-terms value of £12.1 billion in 2013/14, a 1.3 per cent increase (Exhibit 16, page 28).

**75.** Over this period, in real terms the general revenue grant decreased year-on-year until 2020/21 and non-domestic rates also fell over the same period. During the pandemic, councils received additional core and specific non-recurring Covid-19 funding.

**76.** In real terms, the general revenue grant in 2022/23 is 2.9 per cent (£262 million) lower than in 2013/14 and income from non-domestic rates is 8.1 per cent (£244 million) lower.

# Exhibit 16.
## Scottish Government revenue funding to local government, real terms, 2013/14 to 2022/23

£ billion
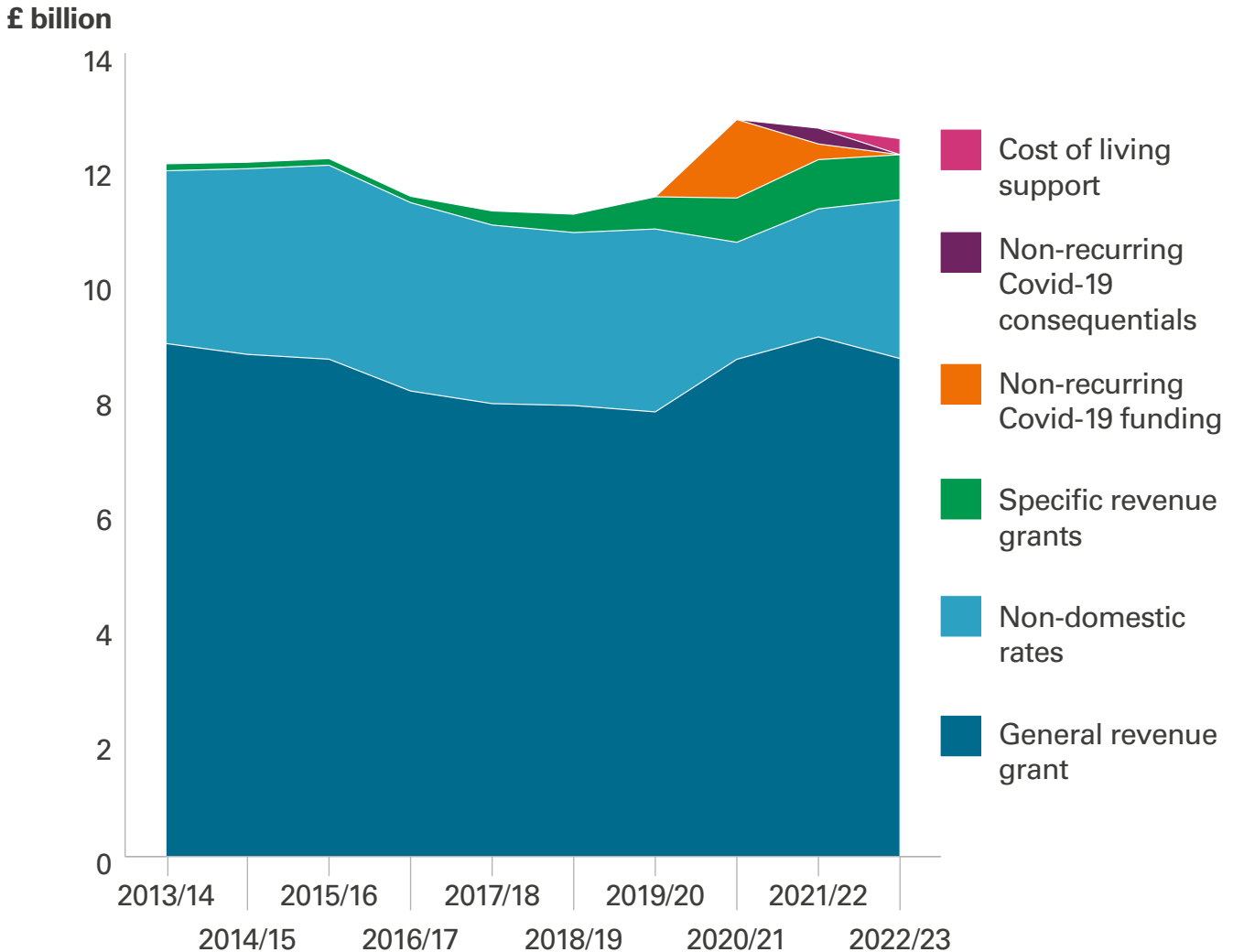


Source: Scottish Government budget documents (spring revision) for 2014/15 to 2022/23 and actual figures for 2013/14 (from 02/2014 circular) as budget documents were not available

**77.** Specific revenue grants have increased by over 500 per cent (£663 million) across the same period in real terms (although there was a reduction in 2022/23). This significant increase has been a key contributory factor in keeping the overall local government budget at a similar level. These grants are to support the delivery of specific national policies, for example the expansion of early learning and childcare, rather than provision of flexible funding for councils to use at their discretion.

**93**

**As demand for council services continues to rise, councils have reduced spending on 'unprotected' services to balance budgets**

**78.** As we reported in our Local government in Scotland: Overview 2023 report in May 2023, over the last decade, there is a clear divergent pattern of spending on council services. Spending on children's services (education and looked after children) and adult social care has been protected and increased because of increased demand and national policy directives. This means that the remaining 'unprotected' services have borne a disproportionate level of spending reductions (Exhibit 17).

# Exhibit 17.
## Percentage change in expenditure (in real terms) over ten years, 2012/13 to 2021/22
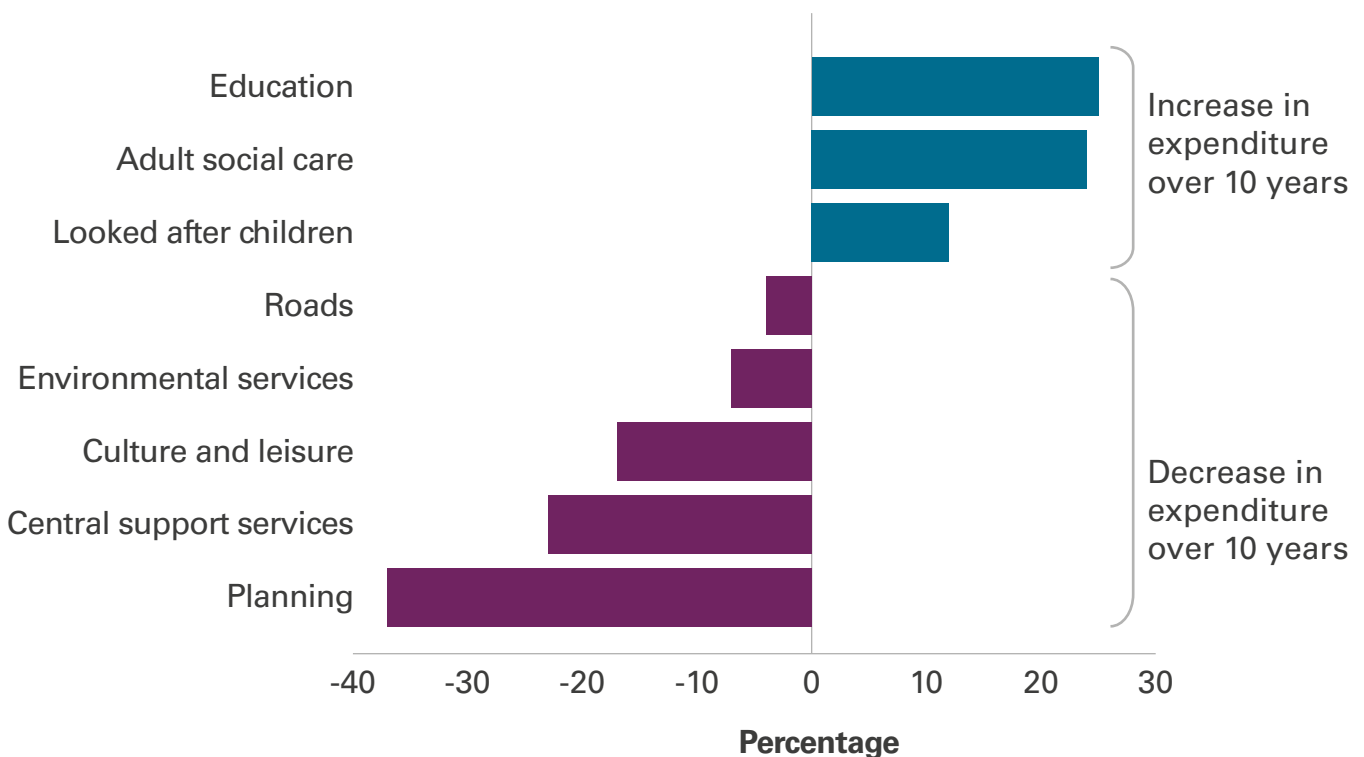


Source: Improvement Service

**Councils' medium- and longer-term financial plans demonstrate a clear recognition of the significant financial challenges that lie ahead**

**79.** Councils' medium- and longer-term financial plans provide a clear picture of the challenging and volatile financial landscape that they face. Significant pressures resulting from increased demand for services, inflation, and legislative reform, as well as the continuing financial impacts of the Covid-19 pandemic and cost of living crisis, feature strongly.

**94**

**80.** Generally, these plans also set out projected budget gaps over the medium and longer term, highlighting the scale of the challenge and the level of savings required to continue to deliver balanced budgets in the years ahead.

**81.** As the whole public sector faces the most difficult financial outlook seen for many years, councils are having to make increasingly difficult choices about their spending priorities and need to balance short-term pressures with robust planning for long-term financial sustainability.

**Some councils use indicators to assess their financial resilience but the extent to which they are used and their effectiveness varies**

**82.** From a sample of 30 councils, an assessment of financial resilience arrangements found all but five use the **financial sustainability indicators** from the local government benchmarking framework (LGBF) in local reporting. Of the same sample, only six use the CIPFA Resilience Index. The extent of this reporting also varies. Some councils provide regular reports to elected members, while others include detail on a less frequent basis in other documents, such as service plans or strategies.

**83.** Auditor returns indicated that in some cases, financial resilience indicators are not used to any great extent by councils on a regular basis. Financial resilience is instead built into day-to-day financial processes and strategies. In other cases, auditors highlighted the use of key financial ratios recommended by CIPFA Directors of Finance within the management commentary of the accounts or reporting upon financial resilience monitoring in their medium-term financial plans.

**Financial sustainability indicators** are a helpful tool for councils to measure performance and resilience on an ongoing basis. Councils have adopted different approaches to how they use indicators to monitor financial resilience.

**Recommendation**

Given the scale of the challenges, councils should strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium- and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability.

**The pensions' triennial funding valuation as at 31 March 2023 is not yet complete, but preliminary results suggest a potential positive impact on finances at some councils in the short term**

**84.** The most recent triennial funding valuation took place across Local Government Pension Scheme pension funds at 31 March 2023. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period as part of the fund's overall funding strategy.

**85.** Preliminary results across some pension funds show an improved funding position. An improved funding position may allow the fund to retain a surplus, change the investment strategy, take less funding risks, or reduce employer contributions.

**86.** Reducing employer contributions has the potential to create a 'windfall' effect for some councils, thus potentially reducing some of the cost pressures likely to be faced in 2023/24. This may allow councils some additional flexibility to manage immediate financial pressures while taking steps to enhance financial sustainability over the longer term. This will however require careful consideration at a local level. It is likely that auditors will monitor this closely as part of 2023/24 audits.

## The Verity House Agreement and looking to the future

**87.** In June 2023, a new partnership agreement, the Verity House Agreement, was agreed between the Scottish Government and COSLA.

**88.** The partnership committed to:

- **From June 2023, a default position of no ring-fencing or direction of funding unless there is a mutual understanding of the reasons for a ring-fenced funding arrangement.** A reduction in the level of ring-fencing is likely to have a positive impact on the efficient and effective use of resources at a local level. Councils will experience increased local flexibility, providing greater scope to respond well to local needs in a targeted manner. However, good accountability for the use of public funds remains crucial. It is important therefore that the Scottish Government and COSLA work together to establish the right balance between direction and flexibility.

- **By the end of October 2023, undertake a joint review of specific grants and in-year transfers to local government.** The purpose of the review is to identify what funding can be baselined into the General Revenue Grant or General Capital Grant from the 2024/25 financial year to create more flexibility for councils in terms of their spending.

- **By the end of September 2023, agree a new fiscal framework which will govern the allocation of funding for local authorities and provide councils with increased control over their budget-setting processes. This includes multi-year settlements wherever possible to support strategic planning and investment.** The Accounts Commission has previously highlighted the importance of longer-term certainty in funding for councils, and the ongoing need for effective and robust financial management. This commitment in the Verity House Agreement is a welcome development.

**89.** Work in these areas remains ongoing, although at mid-December 2023 these milestones had not been met.

### Recommendation

Councils should work with the Scottish Government to build momentum and accelerate progress in the development of a fiscal framework for local government to enhance the clarity and certainty of budgets for councils in future years.

**90.** In October 2023, the First Minister unexpectedly announced a council tax freeze for 2024/25 and the postponement of Scottish Government proposals to increase the council tax multipliers for properties in bands E to H, by 7.5 per cent, 12.5 per cent, 17.5 per cent and 22.5 per cent. This was done without consultation with COSLA. Following greater reliance on increasing council tax to help deliver a balanced budget over the past two years, indications were that many councils were planning to increase council tax again for 2024/25.

**91.** The Fraser of Allander Institute modelled that 'if councils were planning increases that mirrored last year's (5.4 per cent), fully funding the freeze and cancellation of the multipliers would cost £329 million – £148 million for the former and £182 million for the latter'.

**92.** In the Scottish Budget on 19 December 2023, £144 million was allocated to 'fully fund' the council tax freeze, with the Scottish Government stating this is equivalent to a five per cent increase. Details on what this means for individual councils were not available at this time.

**93.** The impact of the freeze on councils' financial sustainability is not yet known and we will monitor this in our future audit work. However, even when 'fully funded' a council tax freeze suppresses the growth of the council tax base over that period and the income generated when the freeze is lifted is potentially lower than if councils were able to make tax raising decisions at a local level. The latest council tax freeze follows decisions by the Scottish Government to freeze council tax between 2008/09 and 2016/17 and in 2021/22, as well as cap increases at three per cent in 2017/18 and 2018/19.

**94.** The Scottish Government published their single year 2024/25 budget on 19 December 2023. The 2024/25 initial core revenue and capital settlement for local government is £12.3 billion which is a 1.7 per cent cash increase on the 2023/24 initial settlement. An additional £144 million has been allocated to fund the council tax freeze. A number of elements that were previously specific grants have been baselined into the general revenue grant including early learning and childcare expansion and the Living Wage funding. We will examine the implications of the Scottish Budget for councils' own budget setting in a budget briefing in spring 2024.

**Local government in Scotland**
# Financial bulletin
# 2022/23


AUDIT SCOTLAND

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ITEM No …7…………

REPORT TO:            SCRUTINY COMMITTEE – 24 APRIL 2024

REPORT ON:            DUNDEE CITY COUNCIL – AUDIT SCOTLAND ANNUAL AUDIT PLAN
                      2023/24

REPORT BY:            EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT ON:            111-2024

## 1    PURPOSE OF REPORT

To submit to elected members the above report that describes how Audit Scotland will deliver the audit of Dundee City Council for the year ending 31 March 2024.

## 2    RECOMMENDATIONS

It is recommended that elected members:

i)      note the information included in the attached report.
ii)     note that the outcome of the 2023/24 audit will be reported to the Scrutiny Committee on 25 September 2024.

## 3    FINANCIAL IMPLICATIONS

The agreed external audit fee for 2023/24 is £439,307 which is an increase of £20,087 (4.8%) from 2022/23.  Provision for the external audit fee has been made in the Corporate Services revenue budget.  There is also an additional audit fee of £7,500 for the audit of the Council's registered charities, an increase of £510. There are no further direct financial implications arising from this report.

## 4    MAIN TEXT

4.1    Audit Scotland has been appointed as external auditor for Dundee City Council for five years from 2022/23 to 2026/27 inclusive. They have produced the above report outlining the planned approach to the audit of Dundee City Council for the year ending 31 March 2024.  The document sets out the statutory and professional responsibilities in terms of the Code of Audit Practice and also outlines their key audit objectives.

4.2    The report is divided into the following sections:

- Introduction (pages 3-4)

- Financial Statements Audit Planning (pages 5-11)

- Wider Scope and Best Value (pages 12-13)

- Reporting Arrangements, Timetable and Audit Fee (pages 14-15)

- Other Matters (page 16)

4.3    In paragraph 33 on page 12 of the report, the external auditor advises that the audit of Best Value is fully integrated within their annual audit work. In addition, thematic reviews will be conducted as directed by the Accounts Commission.

4.4    Exhibit 2 on pages 7 to 9 of the report sets out the risks, sources of assurance from management and the further audit procedures that Audit Scotland plan to perform to gain assurances over these risks. The conclusions from this work will be report within the 2023/24 Annual Audit Report.

5       **POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6       **CONSULTATIONS**

The Council Leadership Team were consulted in the preparation of this report and agreed with its contents.

7       **BACKGROUND PAPERS**

None.

**ROBERT EMMOTT**
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**              **21 MARCH 2024**

# Dundee City Council

## Annual Audit Plan 2023/24



**AUDIT** SCOTLAND

**Prepared for Dundee City Council**
March 2024

# Contents

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# Introduction

## Summary of planned audit work

**1.** This document summarises the work plan for our 2023/24 external audit of Dundee City Council (the council). The main elements of the audit include:

- evaluation of the key controls within the main accounting systems

- an audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement

- an audit opinion on other statutory information published with the financial statements in the annual accounts, including the Management Commentary, the Annual Governance Statement, and the audited part of the Remuneration Report

- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes

- consideration of Best Value arrangements

- review of the council's arrangements for preparing and publishing statutory performance information

    provision of an Independent Auditor's Report expressing opinions on the different elements of the annual accounts and an Annual Audit Report setting out conclusions on the wide scope areas

- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return.

## Respective responsibilities of the auditor and the council

**2.** The Code of Audit Practice sets out in detail the respective responsibilities of the auditor and the council. Key responsibilities are summarised below.

### Auditor responsibilities

**3.** Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

**4.** Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and

report on the wider scope arrangements in place within the council. In doing this, we aim to support improvement and accountability.

**Dundee City Council's responsibilities**

**5.** The council is responsible for maintaining adequate accounting records and internal controls, and preparing financial statements for audit that give a true and fair view. They are also required to produce other reports in the annual accounts in accordance with statutory requirements.

**6.** The council also has responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation, and establishing effective arrangements for governance and propriety that enable them to deliver their objectives.

**7.** The audit of the annual accounts does not relieve management or the Scrutiny Committee, as those charged with governance, of their responsibilities.

## Communication of fraud or suspected fraud

**8.** In line with the ISA (UK) 240 *(The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements)*, in presenting this plan to the Scrutiny Committee we seek confirmation from those charged with governance of any instances of actual, suspected or alleged fraud that should be brought to our attention. Should members of the committee have any such knowledge or concerns relating to the risk of fraud within Dundee City Council, we invite them to communicate this to the appointed auditor for consideration. Similar assurances will be sought as part of the audit completion process.

## Adding Value

**9.** We aim to add value to the council by tailoring audit work to the circumstances of the council and the audit risks identified; being constructive and forward looking; providing independent conclusions; attending meetings of the Scrutiny Committee; and by recommending and encouraging good practice. In so doing, we intend to help the council promote improved standards of governance, better management and decision making, and more effective use of resources.

# Annual accounts audit planning

**10.** The annual accounts are an essential part of demonstrating the council's stewardship of resources and its performance in the use of those resources.

**11.** As part of our audit we perform an audit of the financial statements, consider other information within the annual accounts, and express a number of audit opinions in an Independent Auditor's Report in accordance with International Standards on Auditing (ISAs) in the UK, Practice Note 10 from the Public Audit Forum which interprets the ISAs for the public sector, and guidance from Audit Scotland.

**12.** We focus our work on the areas of the highest risk. As part of our planning process, we prepare a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements.

## Materiality

**13.** The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. We are required to plan our audit to obtain reasonable assurance that the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

**Materiality levels for the 2023/24 audit**

**14.** We assess materiality at different levels as described in which sets out the 2023/24 materiality values for Dundee City Council's group.

## Exhibit 1
### 2023/24 Materiality levels for Dundee City Council's group

| Materiality | Amount |
|---|---|
| **Planning materiality:** This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the council's operations. For the year ended 31 March 2024 we have set our materiality at 2% of gross expenditure based on the audited financial statements for 2022/23. | £19.6 million |
| **Performance materiality:** This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 50% of planning materiality. | £9.8 million |
| **Reporting threshold:** We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. | £0.5 million |

Source: Audit Scotland

## Significant risks of material misstatement and other risks of material misstatement for the 2023/24 financial statements

**15.** Our risk assessment draws on our cumulative knowledge of the council and consideration of its major transaction streams, key systems of internal control and risk management processes. It is informed by our discussions with management, meetings with internal audit, attendance at committees and review of other relevant information.

**16.** Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management, and where relevant, report them to those charged with governance.

**17.** Based on our risk assessment process, we identify significant risks of material misstatement to the financial statements. These are the risks which have the greatest impact on our planned audit procedures. We also identify any other non-significant risks of material misstatement that require a specific audit response over and above our standard audit procedures. Exhibit 2 on page 7 summarises the nature of these risks, the sources of assurance from management arrangements, and the further audit procedures we plan to perform to gain assurance over these risks.

**Exhibit 2**

**Significant and non-significant risks of material misstatement for the 2023/24 financial statements**

| Nature of Risk | Sources of assurance | Planned audit response |
|---|---|---|
| **Significant risks of material misstatement** | | |
| **1. Risk of material misstatement due to fraud caused by management override of controls**<br><br>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively. | Owing to the nature of this risk, assurances from management are not applicable in this instance | • Assess the design and implementation of controls over journal entry processing.<br><br>• Make enquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.<br><br>• Test journals at the year-end and post-closing entries and focus on significant risk areas.<br><br>• Consider the need to test journal entries and other adjustments during the period.<br><br>• Evaluate significant transactions outside the normal course of business.<br><br>• Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.<br><br>• Substantively test income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.<br><br>• Test accounting accruals and prepayments focusing on significant risk areas. |
| **2. Estimation in the valuation of Other Land and Buildings (OLB)**<br><br>The valuations of OLB assets are significant estimates. Valuations are based on specialist and management assumptions and changes in | • Valuations are carried out by the council's Royal Institute of Chartered Surveyors (RICS) registered valuers, in accordance with the RICS Valuation Global Standards (Red Book), effective from 31 January 2020, | • Review the information provided to the internal valuer to assess for completeness.<br><br>• Evaluate the competence, capabilities, and objectivity of the professional valuer.<br><br>• Obtain an understanding of the management's involvement in the valuation process to |

| Nature of Risk | Sources of assurance | Planned audit response |
|---|---|---|
| these can result in material changes to valuations.<br><br>All OLB assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of OLB. | incorporating the IVSC International Valuation Standards.   Application of the Global Standards are carried out with reference to the RICS Valuation – Global Standards 2017 jurisdiction guide: UK, 1st Edition.<br><br>• The revaluation exercise is also carried out in accordance with the recommendations of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").<br><br>• Any subjectivity is applied within the parameters of professional standards and the analysis of relevant empirical evidence and its application thereof. | assess if appropriate oversight has occurred.<br><br>• Test the asset register records against the annual valuation report to ensure asset valuations and useful lives are accurately reflected.<br><br>• Sample testing of valuations and lives of individual assets revalued during 2023/24, and agreement of related accounting entries.<br><br>• Examine management's assessment of fair value of assets not subject to full revaluation in 2023/24. We will critically assess if this is based on expert valuer's opinion and assess the appropriateness of any assumptions. |

**Other non-significant risks of material misstatement**

| | | |
|---|---|---|
| **3. Estimation in the valuation of Dwellings**<br><br>The valuations of dwellings are significant estimates. Valuations are based on a specialist beacon approach and management assumptions, changes in which can result in material changes to valuations.<br><br>A valuation of dwellings is being undertaken during 2023/24 as part of the council's 5 year rolling programme and the results of the valuation exercise will be reflected in the annual accounts. | • Use of clearly defined methodologies and procedures including experts, as appropriate, when making significant estimations and judgements. | • Review the information provided to the internal valuer to assess for completeness.<br><br>• Evaluate the competence, capabilities, and objectivity of the professional valuer.<br><br>• Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred.<br><br>• Test the asset register records against the annual valuation report to ensure asset valuations and useful lives are accurately reflected.<br><br>• Sample testing of valuations and lives of assets revalued |

| Nature of Risk | Sources of assurance | Planned audit response |
|---|---|---|
| | | during 2023/24, and agreement of related accounting entries. |
| **4. Estimation in the valuation of pension assets and liabilities**<br><br>Actuarial estimates are a complex combination of liabilities over significant future periods based on life expectancy, CPI growth and discounting (based on corporate bond rates).<br><br>Assets are based on an individual employer body's share of assets at the last triennial valuation of the pension fund. Roll forward adjustments are made to members data and to asset valuations.<br><br>There is a risk that small changes in the assumptions used can lead to large changes in the valuations, creating a risk of material misstatement in the annual accounts. | • Use of professional actuaries appointed by the Pension Fund to value pension adjustments required by IAS19.<br><br>• Actuarial valuations are reviewed by qualified finance staff for reasonableness including confirmation of the accuracy of the source data used to produce them. | • Assess the scope, independence and competence of the professionals engaged in providing estimates for pensions.<br><br>• Review the appropriateness of actuarial assumptions and results including comparison with other councils and the pension fund as a whole.<br><br>• Establish officers' arrangements for ensuring the reasonableness of professional estimations and the accuracy of information provided to the actuary by the council. |

Source: Audit Scotland

**18.** As set out in International Standard on Auditing (UK) 240: The auditor's responsibilities relating to fraud in an audit of financial statements, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. The majority of the council's income comes from Scottish Government grant funding which can be confirmed with correspondence. Other key revenue streams include council tax, non-domestic rates and housing rents which are verifiable in total terms. We have rebutted this risk because while the possibility of fraud exists, there are limited opportunities and incentives for management to manipulate the way income is recognised due to the nature of the above income streams.

**19.** In line with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have also rebutted this risk as there are limited opportunities and incentives for management to manipulate the way expenditure is recognised. A significant level of expenditure is verifiable in total terms by third party confirmation. Although there is a material residual balance, most expenditure

is in low-risk areas where individual transactions are well-controlled (for example salaried staff costs in a well-defined grading system) and individual transactions are relatively small in scale. As a result they are unlikely to result in a material misstatement in the financial statements

**20.** Our audit testing is directed towards testing significant and unusual transactions and towards assessing accounting estimates to address any residual risk, as part of our standard fraud procedures. We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

## Group Consideration

**21.** As group auditors, we are required under International Standard on Auditing (ISA) (UK) 600: *Audits of group financial statements (including the work of component auditors)* to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group financial statements.

**22.** The council has a group which comprises component entities, including subsidiaries, associates and joint ventures. Dundee City Integration Joint Board is the only significant component and Audit Scotland is also the appointed auditor to both the IJB and NHS Tayside. We will undertake work to gain assurance over the funding and expenditure (which is taken from financial reports of the council and NHS Tayside).  The audits of the financial information of some of the other components are performed by other auditors. We will obtain sufficient appropriate audit evidence in relation to the consolidation process, including analytical review and group auditor assurances for significant components, on which to base our group audit opinion.

## Audit of Management Commentary, Annual Governance Statement, and audited part of the Remuneration Report

**23.** In addition to the appointed auditor's opinion of the financial statements, the Accounts Commission prescribes that the appointed auditor should provide opinions as to whether the Management Commentary, Annual Governance Statement, and audited part of the Remuneration Report, have been compiled in accordance with the appropriate regulations and frameworks and are consistent with the financial statements.

**24.** To inform these opinions we will consider whether the disclosures within each statement comply with the requirements of the applicable guidance and confirm that relevant information reflects the contents of the financial statements and other supporting documentation.

**25.** Based on our knowledge of the audit, and the established procedures in place to produce these statements, we have not identified any specific risks to be communicated to those charged with governance.

## Audit of the trusts registered as Scottish charities

**26.** The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

**27.** Members of the council are sole trustees for 7 trusts registered as Scottish charities, with total assets of some £14.6 million. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

**28.** Other than the presumed significant risk of fraud due to management override of controls, which has also been identified as a significant risk in respect of the council's annual accounts, no specific planning risks were identified in respect of the charity's accounts.

### Materiality levels for the 2023/24 audit of trusts registered as Scottish charities

**29.** Materiality levels for the various trusts are set out in Exhibit 3. During the audits we will also apply our risk based professional judgement to the extent of testing required of non-material account areas to reflect the needs of users of the accounts. Materiality levels have not been set for the Dundee Trust due to the expectation that there are no balances or transactions for this trust in 2023/24.

### Exhibit 3
**2023/24 Materiality levels for charitable trusts**

| Materiality | Dundee City Council Charitable Trusts | Lord Provost Charity Fund | Fleming Trust |
|---|---|---|---|
| **Planning materiality:** 2% of net assets | £120,000 | £835 | £170,000 |
| **Performance materiality:** 75% of planning materiality | £90,000 | £625 | £127,500 |
| **Reporting threshold:** 5% of planning materiality | £6,000 | £42 | £8,500 |

Source: Audit Scotland

# Wider Scope and Best Value

**30.** Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The Code of Audit Practice sets out the four areas that frame the wider scope of public sector audit, and requires auditors to consider and conclude on the effectiveness and appropriateness of the arrangements in place for each wider scope area in audited bodies.

**31.** In summary, the four wider scope areas are:

- **Financial management:** this means having sound budgetary processes. We will consider the arrangements to secure sound financial management, including the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error, and other irregularities.

- **Financial sustainability:** we will look ahead to consider whether the council is planning effectively to continue to deliver services and comment on financial sustainability in the medium (two to five years) to longer term (longer than five years).

- **Vision, leadership, and governance:** we will conclude on the clarity of plans in place to deliver the vision, strategy, and priorities adopted by the council. We also consider the effectiveness of the governance arrangements to support delivery.

- **Use of resources to improve outcomes:** we will consider how the council demonstrates economy, efficiency, and effectiveness through the use of financial and other resources.

## Wider scope risks

**32.** Our planned work on our wider scope responsibilities is risk based and proportionate. We have not identified any additional local wider scope risks for the 2023/24 audit of Dundee City Council.

## Best Value

**33.** Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within our annual audit work. Auditors are required to evaluate and report on the performance of councils in meeting their Best Value duties.

**34.** The arrangements to secure Best Value at the council will be assessed over the period of the audit appointment and will include an annual evaluation of risks and improvement areas and public performance reporting. We will also follow up findings reported previously on Best Value to assess the pace and depth of

improvement. This work will be integrated with the wider scope audit areas discussed above.

**35.** As part of our annual work on Best Value, we conduct thematic reviews as directed by the Accounts Commission. In 2023/24, the thematic review across the sector will be on workforce innovation and will consider how councils are responding to the current workforce challenge through building capacity, increasing productivity, and innovation. Our conclusions and judgements will be reported in a separate report to management and summarised in our Annual Audit Report.

**36.** As part of the new reporting arrangements, the Controller of Audit will report to the Accounts Commission on a council's performance in meeting its Best Value duties at least once every five years. A Controller of Audit report on Dundee City Council was presented to the Accounts Commission in November 2023. We will consider the council's response to the recommendations made and report our findings in our Annual Audit Report.

# Reporting arrangements, timetable, and audit fee

## Reporting arrangements

**37.** Audit reporting is the visible output for the annual audit. This Annual Audit Plan, the other outputs detailed in Exhibit 4, and any other outputs on matters of public interest, will be published on Audit Scotland's website: www.audit-scotland.gov.uk.

**38.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be issued to the relevant officers to confirm factual accuracy, prior to the issue and publication of the final reports.

**39.** We will provide an independent auditor's report (audit certificate) to the council and the Accounts Commission setting out our opinions on the annual accounts. We will also provide the council and the Accounts Commission with an Annual Audit Report containing observations and recommendations on significant matters which have arisen during the audit and conclusions on wider scope areas.

**40.** Exhibit 4 outlines the target dates for our planned outputs.

### Exhibit 4
**2023/24 Audit outputs**

| Audit Output | Target date | Scrutiny Committee Date |
|---|---|---|
| Annual Audit Plan | 31 March 2024 | 24 April 2024 |
| Independent Auditor's Report | 30 September 2024 | 25 September 2024 |
| Annual Audit Report | 30 September 2024 | 25 September 2024 |

Source: Audit Scotland

**41.** All Annual Audit Plans and the outputs detailed in Exhibit 5, and any other outputs on matters of public interest, will be published on our website: www.audit-scotland.gov.uk.

## Timetable

**42.** To support an efficient audit, it is critical that a timetable is agreed with management for the production and audit of the annual accounts. A proposed timetable for the 2023/24 annual accounts audit is shown in Exhibit 5.

**Exhibit 5**
**Proposed annual accounts timetable**

| ⊘ Key stage | 🗓 Provisional Date |
|---|---|
| Consideration of the unaudited annual accounts by Scrutiny Committee as those charged with governance | 26 June 2024 |
| Latest submission date for unaudited annual accounts with complete working papers package to external audit | By 30 June 2023 |
| Proposed date for financial statements clearance meeting | 4 September 2024 |
| Issue of Proposed Annual Audit Report to those charged with governance (including Letter of Representation and proposed independent auditor's report) | 11 September 2024 |
| Agreement of audited annual accounts (council and trusts) for consideration by the Scrutiny Committee | 11 September 2024 |
| Scrutiny Committee meeting to consider proposed Annual Audit Report and approve and sign audited annual accounts | 25 September 2024 |
| Independent auditor's report certified by appointed auditor | 25 September 2024 |

Source: Audit Scotland

## Audit fees

**43.** In determining the audit fee, we have taken account of the risk exposure of Dundee City Council and the planned management assurances in place. The proposed audit fee for the 2023/24 audit of Dundee City Council is £451,860 (£426,210 in 2022/23), an increase of 6 per cent. This is split between the council £444,360 (2022/23 £419,220) and the charitable trusts £7,500 (2022/23 £6,990). The Council will receive a fee rebate of £5,053 in respect of unspent 2022/23 travel budgets. This can be offset against the 2023/24 audit fee meaning the net charge to the council £446,807.

**44.** In setting the fee we have assumed that the council has sound governance arrangements in place and will prepare comprehensive and accurate accounts for audit in line with the agreed timetable. The audit fee also assumes there will be no major changes in respect of the scope of the audit during the year. Where our audit cannot proceed as planned a supplementary fee may be levied.

# Other matters

## Internal audit

**45.** It is the responsibility of the council to establish adequate internal audit arrangements. The council's internal audit function is provided by its internal audit section, which since October 2022 has been led by a Chief Internal Auditor on a shared basis with Angus Council.

**46.** While we are not planning to place formal reliance on the work of internal audit in 2023/24, we will review internal audit reports and assess the impact of the findings on our financial statements and wider scope audit responsibilities.

## External audit team

**47.** There is a change in the engagement lead for the Dundee City Council audit this year as Brian Howarth, Audit Director, is retiring. The engagement lead (i.e. the appointed auditor) from the 2023/24 audit will be Rachel Browne, Audit Director. Rachel has over 25 years of public sector audit experience in local government, NHS and central government audits. The incoming and outgoing engagement leads are holding handover discussions to ensure a smooth transition.

**48.** Richard Smith, Senior Audit Manager, and Mark Johnstone, Senior Auditor, will continue to lead and manage the external audit team on a day-to-day basis.

## Independence and objectivity

**49.** Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors.

**50.** Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual *'fit and proper'* declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

**51.** Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the council or the charitable trusts.

## Audit Quality

**52.** Audit Scotland is committed to the consistent delivery of high-quality public audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. A document explaining the arrangements for providing assurance on the delivery of high-quality audits is available from the Audit Scotland website.

**53.** The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2023/24 audits are:

- ISQM (UK) 1 which deals with an audit organisation's responsibilities to design, implement and operate a system of quality management (SoQM) for audits. Our SoQM consists of a variety of components, such as: our governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring we are dedicated to high-quality audit through our engagement performance and resourcing arrangements, and ensuring we have robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of our SoQM and has concluded that we comply with this standard.

- ISQM (UK) 2 which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in the audit to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions of high-risk audit engagements.

**54.** To monitor quality at an individual audit level, Audit Scotland also carries out internal quality reviews of a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews.

**55.** Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan which is used to support continuous improvement. Progress with implementing planned actions is regularly monitored by Audit Scotland's Quality and Ethics Committee.

**56.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the appointed auditor.

# Dundee City Council

## Annual Audit Plan 2023/24

AS.4.0

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**www.audit-scotland.gov.uk/accessibility**

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**ITEM No …8………..**

REPORT TO:        SCRUTINY COMMITTEE - 24 APRIL 2024

REPORT ON:        INTERNAL AUDIT REPORTS

REPORT BY:        CHIEF INTERNAL AUDITOR

REPORT NO:        109-2024

**1.0        PURPOSE OF REPORT**

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

**2.0        RECOMMENDATIONS**

Members of the Committee are asked to note the information contained within this report.

**3.0        FINANCIAL IMPLICATIONS**

None

**4.0        MAIN TEXT**

4.1.        The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. On completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

4.2.        Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above since the last Scrutiny meeting are provided at Appendix A. The full reports are available to Elected Members on request. Reporting in Appendix A covers:

| Audit | Assurance level |
|---|---|
| The Planning Scotland Act 2019 | Comprehensive |
| Fleet Minimum Service Levels | Substantial |

4.3.        A new format and style of report, including updated assurance levels and action priorities, was introduced during 2023. Draft reports issued before 28 June 2023, will remain in the previous style but the assurance levels and action priorities will be updated before finalisation to maintain continuity in reporting during the 2023/24 audit year. This report contains a report from each style.

**5.0        POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**6.0    CONSULTATIONS**

The Council's Leadership Team have been consulted in the preparation of this report.

**7.0    BACKGROUND PAPERS**

None.

**CATHIE WYLLIE, CHIEF INTERNAL AUDITOR**                    **DATE: 29 MARCH 2024**

**i) INTERNAL AUDIT REPORT 2022/13**

| Client | City Development |
|---|---|
| Subject | The Planning (Scotland) Act 2019 |

## Executive Summary
## Introduction

The Planning (Scotland) 2019 Bill was passed by the Scottish Parliament on the 20 June 2019 and received royal assent on the 25 July 2019, thereafter, becoming the Planning (Scotland) Act 2019. This Act amends the primary planning legislation, The Town and Country Planning (Scotland) Act 1997.

The Scottish Government's website states that "the Planning (Scotland) Act 2019 is part of a wider programme of reforms to the planning system as a whole, responding to the independent review of planning, which includes changes to secondary legislation made under existing powers as well as non-legislative changes. Some of the key aspects of the 2019 Act are its provisions in relation to the system of development plans; the opportunities for community engagement in planning; the effective performance of planning authorities' functions; and a new way to fund infrastructure development." Whilst the Act sets out the changes to the Planning System, secondary legislation / regulations are required to implement the changes and to set out transitional arrangements. Whilst some of the changes arising from the Act have already been introduced, Commencement Regulations are currently being progressed to bring some of the more fundamental changes into force.

The City Development Planning Division is currently responsible for preparing and monitoring the implementation of the Dundee Local Development Plan and supplementary guidance and assists in the preparation of the National Planning Framework and Regional Spatial Strategy land use planning documents. The Planning Division is also responsible for undertaking the Housing Land Audit, Business Land Audit and Vacant and Derelict Land Survey. It also produces frameworks, strategies and other plans and also determines all planning, listed building consent, conservation area consent, advertisement consent, hazardous substance consent, tree works applications and planning enforcement service and offers pre-application advice. Much of the development planning work the Planning Team does requires support from colleagues in City Development (for example Transportation and Engineers) and Neighbourhood Services (for example Housing and Environment). The introduction of the 2019 Act will have implications in relation to these responsibilities and will place additional duties on the Planning Team and other services within the Council.

At the time of the audit fieldwork the Executive Director of City Development had submitted two reports to the City Development Committee to update Elected Members on the key implications of the Planning (Scotland) Act 2019 for Dundee City Council and to provide an update on its implementation.

# Conclusion

| **Comprehensive Assurance** |
|---|
| The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.<br><br>The audit fieldwork was completed in late 2022 but was not reported due to other work being prioritised. The audit had a positive outcome, and no recommendations were made to be considered by management.<br><br>While no recommendations have been made, the service have identified a risk to future requirements arising under the Act, in terms of recruiting to the team to deliver these.<br><br>Internal Audit can confirm that the Council's Planning Division:<br><br>• Have put in place necessary arrangements for the implementation of the parts of the Planning (Scotland) Act 2019 which have commenced as of December 2022.<br><br>• Are effectively monitoring the implementation of the various parts of the Planning (Scotland) Act 2019 and have been actively involved in the consultation process around the changes arising from the Act.<br><br>• Have considered the financial implications of the changes arising from the implementation of the Planning (Scotland) Act 2019 and have put forward some potential solutions. |

**(ii) INTERNAL AUDIT REPORT 2023/04**

| Client | City Development – Sustainable Roads and Transport |
|--------|----------------------------------------------------|
| Subject | Fleet Minimum Service Levels |

# Executive Summary
## Conclusion

**Substantial Assurance**

The processes examined within the scope of the audit for the management of the fleet are robust, and designed to ensure that the fleet capacity and capability are available to Services as required.

The review observed issues with fleet planning within services that are outside the scope of the review. These have not been taken into account in providing the assurance level for this audit. Addressing the issues will make the planning process more economic and efficient and this is currently being taken forward by officers.

## Background

The Corporate Fleet Team within the Sustainable Transport & Roads Service is a support service which manages and maintains the Council's fleet assets. The Corporate Fleet is predominantly owned by the Council and consists of around 770 vehicles (comprising cars, vans, HGVs, minibuses, and tractors) in addition to a large number of items of plant and equipment.

In addition to the programme of fleet renewal, the Corporate Fleet Team must ensure that the Council complies with licencing requirements, including the Council's Operator's Licence and DVSA regulations for commercial vehicle drivers. Management of the fleet encompasses procurement and disposal of assets, maintenance & servicing, and completion of MOT tests.

The safe and legal operation of the fleet supports the delivery of Council services and objectives across a range of Services. The Corporate Fleet Team contributes to specific Council performance indicators in relation to carbon emissions and the transition to an electric vehicle fleet, and service redesign objectives particularly in relation to waste services. In order to do so, it is necessary for the Corporate Fleet Team to engage with services to ensure that the necessary vehicle capacity and capability is available when it is needed.

## Scope

Review of the arrangements in place within Corporate Fleet to provide vehicles to other service areas including contingency arrangements in the event of planned maintenance and breakdown.

The scope of the review did not include the processes by which Services assess the required fleet profile to deliver their service objectives within available resources.

## Objectives

| | | Action Priority | | | |
|---|---|---|---|---|---|
| | | **C** | **H** | **M** | **L** |
| Review the arrangements to ensure that Services provide relevant information to the Corporate Fleet Team on a timely basis | **Substantial Assurance** | - | - | 1 | - |
| Confirm that delivery plans are in place to ensure that the right vehicles are available to Services, at the right time | **Substantial Assurance** | - | - | 1 | - |
| Review the contingency arrangements to ensure that the impact of maintenance and breakdowns on service delivery is minimised | **Substantial Assurance** | - | - | 1 | - |
| **TOTAL** | | - | - | 3 | - |

Definitions of levels of Assurance and Action Priorities are set out at Appendix B.

## Key Findings

While not within the scope of the review, we observed that Services do not currently have a well-developed approach to determining the fleet capacity and capability required to meet their service objectives within available resources. As a consequence, information provided to the Corporate Fleet Team primarily focuses on maintaining existing numbers of vehicles and replacing end-of-life vehicles on a like for like basis, rather than seeking to rationalise this within the overall available budget.

An exercise is presently underway as a part of budget reviews to examine the fleet requirements across Services and how these can be rationalised to reduce the costs incurred in providing services through more strategic utilisation. This will also review the current methodology for recharging fleet to services and external bodies. On that basis we have not made any recommendations on this matter.

We identified a number of areas of good practice:

- Well defined communication channels between Services making use of the fleet and the Corporate Fleet Team have been implemented, with regular meetings taking place, and provision for the availability of fleet utilisation information.

- The Fleet Management System maintains a schedule of vehicle maintenance and inspection requirements. This provides comprehensive and effective oversight of compliance requirements.

At time of fieldwork, work was progressing to implement the following planned developments, and we have presented our findings taking these into account:

- The Plant and Vehicle Asset Management plan was in the process of being updated and has been replaced by the Fleet Asset Management Plan 2023-2028 approved by the Fair Work, Economic Growth, and Infrastructure Committee on 20 November 2023.

- There is a Service Level Agreement in the course of being drafted, which aims to establish a baseline set of assumptions around which both the Corporate Fleet Team, and the Services using fleet vehicles, can plan.

We have identified the following areas for improvement:

- The nature and extent of the information which the Corporate Fleet Team requires from Services, and vice versa, has not been clearly defined. Services have not articulated the assumptions they have used in planning their fleet deployments and Service plans and communicated these to the Corporate Fleet Team. The Service Level Agreement being developed should address the information which should be made available by the Services and the Corporate Fleet team, and the timescales on which this should be provided.

- Though the schedule of required maintenance and inspection for a particular vehicle is known, this information is not easily available or made available to Services. There is no agreed notice period in instances where Services are required to make a vehicle available to the workshop for essential maintenance or compliance inspection.

- There is no approach within Services to quantifying the cost of disruption arising from vehicle unavailability, meaning decisions to make use of contingency arrangements such as hire are not made on a Best Value basis. Contingency arrangements should only be used where it is clear that doing so is cost effective, and Services should plan fleet deployments with the aim of ensuring that contingency is not required. The Corporate Fleet Team should provide Services with illustrative information setting out the scope and cost of available contingencies in the circumstances where this is considered unavoidable. Services should factor these into their plans for service delivery.

## Impact on risk register

Service risk registers included, at time of the audit, the following risks:

- **CDRT016** – Quality of Service (residual risk score 3x2)
- **NSHL011** - Waste/Recycling (residual risk score 4x3)

The impacts of risks arising from matters of fleet management are primarily related to the ability of the Council to deliver services. In the event that Services do not have sufficient, appropriate fleet capacity at a given point in time the outcome is that they are not able to deliver services on time or as required.

We noted that the Roads and Transportation risk register identifies mitigating controls related to the risk of vehicles becoming unavailable. These relate primarily to prevention and mitigation of instances in which vehicles are not available as a consequence of being out of compliance with statutory requirements such as MOT inspections or Operator's Licence requirements for large vehicles.

Services making use of fleet vehicles do not appear to have specifically identified lack of availability of fleet vehicles as an event that may impact on service delivery, and as a consequence, processes for the management and deployment of fleet vehicles are not identified as mitigating controls. Services should identify the impact of vehicle availability upon their ability to deliver Service objectives and consider whether this should be reflected on their Service risk register. Inclusion on the Service risk register should prompt consideration of whether their internal processes for administering their use of fleet vehicles are adequate to appropriately mitigate the risk.

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## Definitions of Levels of Assurance

| Comprehensive Assurance | The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified. |
|---|---|
| Substantial Assurance | Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk. |
| Limited Assurance | Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk. |
| No Assurance | Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and / or the implementation of established controls, resulting in areas of unmanaged risk. |

## Definitions of Action Priorities

| Critical | **Very High-risk exposure to potentially major negative impact** on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required. |
|---|---|
| High | **High risk exposure to potentially significant negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required. |
| Medium | **Moderate risk exposure to potentially medium negative impact** on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale. |
| Low | **Low risk exposure to potentially minor negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control**, or areas without risk exposure but which are inefficient, or inconsistent with best practice.** Attention is required within a reasonable timescale. |

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ITEM No …9………..

REPORT TO:    SCRUTINY COMMITTEE 24 APRIL 2024

REPORT ON:    INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT

REPORT BY:    CHIEF INTERNAL AUDITOR

REPORT NO:    107-2024

## 1.0    PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2023/24 Internal Audit Plan; the audits from previous years' plans that were not complete in June 2023; and information about the number of open internal audit recommendations. The report also includes information about proposed self-assessment activity for the Committee.

## 2.0    RECOMMENDATIONS

It is recommended that the Committee:

i.    note the progress with the Internal Audit Plan;

ii.    approve changes to the plan;

iii.    note progress with the implementation of agreed internal audit recommendations; and

iv.    agree to undertake the annual self-assessment and report for the Committee as proposed in 5.2 below.

## 3.0    FINANCIAL IMPLICATIONS

None.

## 4.0    AUDIT PROGRESS

4.1    Appendix one notes the current stage of progress with implementing the 2023/24 Internal Audit Plan and the outstanding items brought forward from the 2021/22 and 2022/23 Plans (the plan). All 2021/22 and 2022/23 work is substantially progressed.

4.2    The impact of staffing availability on the pace of delivery of the plan has been reported previously. Both vacant Internal Auditor posts have been filled and the new team members started work at the beginning of March.

4.3    It is anticipated that the majority of work in progress will be completed for reporting to the June committee although some items may not be completed. The Chief Internal Auditor anticipates that sufficient work will be complete to allow the annual opinion to be provided.

4.4    Appendix 1 notes a few proposed changes to the plan.

- The plan includes an audit on workforce and succession planning. Audit Scotland is currently undertaking thematic best value work around workforce innovation. There is overlap between the briefs for both audits, so it is proposed to remove the audit from the Internal Audit Plan.

- The Insurance Audit is due to be undertaken by the contractor to avoid conflict of interest because the Senior Manager Internal Audit has responsibility for Insurance. The manager also has responsibility for risk management. Both of these services have temporary reduced capacity which is impacting the manager's availability for audit work. If the Insurance Audit goes ahead the manager will need to be heavily involved. It is therefore proposed to take this audit into 2024/25 to allow the manager to use that time to progress other internal audits for 2023/24.

- The 2021/22 IT audits were completed recently, 2022/23 audits are being undertaken now and IT audits are included in the 2024/25 audit plan. Given that the key IT risks are being covered by this work it is not proposed to identify any further IT audits for 2023/24.

4.5     Appendix 2 shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with seven actions closed since this was last reported in February 2024. The majority of actions still require a revised completion date.

**5.0     COMMITTEE SELF_ASSESSMENT AND ANNUAL REPORT**

5.1     Cipfa's Position Statement: Audit Committees in Local Authorities and Police 2022 (Appendix 3) and related guidance recommends that audit committees should undertake a self-assessment of their performance and knowledge and skills, and that an annual report should be prepared from the committee to the Council. Cipfa has provided a self-assessment questionnaire for self-assessment (Appendix 4) and guidance about what the annual report should contain.

5.2     To comply with the position statement, it is proposed that:

- officers provide background information to the members of the Scrutiny Committee to enable them to complete the Cipfa self-assessment questionnaire, supplemented by questions about knowledge and skills. The information will then be used to identify any actions or training required for the Committee and its members;

- an annual report following the content recommended by Cipfa should be drafted for consideration and agreement by the Committee for reporting to the Council; and

- the timeframe for this will enable the results from the self-assessment and the draft annual report to be brought to the June 2024 meeting of the Scrutiny Committee.

**6.0     POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**7.0     CONSULTATIONS**

The Council Leadership Team have been consulted in the preparation of this report.

**8.0     BACKGROUND PAPERS**

None.

Appendix 1 - 2021/22, 2022/23 and 2023/24 Internal Audit Plan update
Appendix 2 - Outstanding Internal Audit Agreed Actions
Appendix 3 - Cipfa Position Statement 2022
Appendix 4 - Proposed self-assessment questionnaire

**CATHIE WYLLIE, CHIEF INTERNAL AUDITOR**                    **DATE: 29 MARCH 2024**

**2021/22 Internal Audit Plan – Progress Report (Audits completed after June 2023)**

| Completed items |

The IJB Auditor is the Head of Audit of FTF. FTF's "Reasonable Assurance" definition equates to our "Substantial Assurance" level

| 2021/22 INTERNAL AUDIT PLAN | Proposed Coverage | Status | Assurance Level |
|---|---|---|---|
| *Governance Reviews* | | | |
| Dundee Integration Joint Board – Viability of External Providers | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan. | SC 6/12/23 | FTF Reasonable Assurance |
| *ICT Reviews* | | | |
| Cyber Security | Further review of key elements of the Council's cyber security arrangements, in place to ensure that cyber-crime and other associated security risks are appropriately mitigated. | City Governance | Substantial |

**2022/23 Internal Audit Plan – Progress Report (Audits completed after June 2023)**

| 2022/23 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| *Governance Reviews* | | | |
| Dundee Integration Joint Board | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan. | SC 7/2/24 | FTF Reasonable Assurance |
| Tay Cities Deal | High level review of progress with Tay Cities Deal projects and compliance with grant offer guidance. | SC 27/9/23 | Substantial |
| Staff Wellbeing/Absence Management | Review of the governance arrangements in place throughout the Council to promote and support staff wellbeing. The scope of this audit will pick up some elements of the absence management audit removed from the plan. | In Progress (Contractor) Planned reporting June 2024 | |
| Financial Sustainability | Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic. | Draft report issued Further work required | |
| Planning (Scotland) Act 2019 | Review of the arrangements to implement and comply with the new duties arising from the Planning (Scotland) Act 2019 in relation to the Planning System. | SC 24/4/24 | Comprehensive |
| *ICT Reviews* | | | |
| Microsoft Office 365 | Review of access permissions and licensing arrangements for Office 365 including linking to management of network access. | In Progress (Contractor) Planned reporting June 2024 | |
| Civica CX | Review of the arrangements for the implementation of Phase 1 of Civica CX incorporating Housing Rent collection and recording of Housing Benefit/Universal Credit housing costs. | Planned Reporting after June 2024 | |

| 2022/23 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| User Access Controls | High level review of the appropriateness of user access levels and associated permissions for a number of the Council's key IT systems including any arrangements put in place during working from home. | Planned (Contractor) Planned reporting June 2024 | |
| *Systems Reviews* | | | |
| Health and Safety – Incident Reports | Review of the Council's arrangements for the recording and reporting of Incident Reports. | In Progress Expect draft report by June | |
| Adaptations for People with Disabilities | Review of the arrangements in place within Dundee Health and Social Care Partnership and Neighbourhood Services for the assessment and provision of equipment and adaptations for people with disabilities. | Draft report issued Planned reporting June 2024 | |
| General Ledger | Review of the arrangements in place for the use of General Ledger in developing the budget process, financial monitoring and outturn information and the identification of potential opportunities to make improvements. | SC 27/9/23 | Limited |
| Compliance with Telematics Policy | Review of implementation of and compliance with Telematics Policy in Construction Services. (Added to plan March 2023) | SC 27/9/23 | Substantial |
| *Procurement / Contract Reviews* | | | |

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**Appendix 1**

| 2022/23 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| Social Work Contracts and Payments | Review of contract management and commissioning arrangements, including payments, within Dundee Health and Social Care Partnership to assess their adequacy and effectiveness. | In Progress Expect to report after June | |
| Procurement | Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers. | In Review Planned reporting June 2024 | |

| 2023/24 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| **_Governance Reviews_** | | | |
| Absence management | Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences. | Joint with Staff Wellbeing above | |
| Corporate Governance | Review of elements of the Annual Corporate Governance checklist with service areas to demonstrate evidence of compliance. | In Progress Planned reporting June 2024 | |
| Monitoring of Contractors | High level review of the monitoring of Contractors and contract management in relation to construction and maintenance work. | Planning Planned reporting after June 2024 | |
| Service Design and Business Improvement | To review the processes for the development and implementation of the sixth phase of the Council's transformation plan, as a component of the Council Plan 2022-27, including consideration of lessons identified from previous phases of the programme. | In Review Planned reporting June 2024 | |
| Workforce and Succession Planning | Assess the extent to which individual services and the Council as a whole have prepared strategic workforce plans which compare current staffing establishment with that required to deliver services, including the assessment of key person risk and its mitigation through effective succession planning. | Proposed to remove from plan April 2024. Note 1 | Audit Scotland Thematic BV work will provide alternative assurance |
| **_ICT Reviews_** | | | |
| | 2022/23 audits being carried out March/April 2024, with 2024/25 plan also agreed, therefore no 2023/24 items identified | Proposed to remove from plan – see Note 3 | |
| **_Financial Reviews_** | | | |
| Corporate Debt Recovery Arrangements | Corporate wide review of the Council's debt management and debt recovery arrangements. | Planning | |

| 2023/24 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| Financial Forecasting | High level review of the control framework in place to support the development of financial forecasting corporately and within service areas. | In Progress (Contractor) Planned reporting June 2024 | |
| Insurance | Review of the Council's Insurance arrangements including the approach to risk, self-assurance arrangements and review of the controls in place around claim handling processes. | To be undertaken by Contractor but carried forward to 2024/25 Note 2 | |
| *Procurement / Contract Reviews* | | | |
| SLAs with External Bodies | Assess the extent to which the Council has adequate service level agreements in place where Council responsibilities are delivered by external bodies. To include an assessment of arrangements to ensure satisfactory service delivery and value for money. | Planning Reporting after June 2024 | |
| *System Reviews* | | | |
| Health and Safety Risk Assessments and Incident Management in Schools | Review of the arrangements in place within schools to ensure completion of health and safety risk assessments for activities including determination of roles and responsibilities. | In Progress Expect draft report by June 2024 | |
| Section 75 Planning Obligations | Review of the arrangements in place for the recording, receipt, and monitoring of Section 75 payments/planning obligations from Developers. | In Progress (Contractor) Planned reporting June 2024 | |
| Fleet Minimum Service Levels / Provision | Review of the arrangements in place within Fleet Services to provide vehicles to other service areas including contingency arrangements in the event of planned maintenance. and breakdown. | Complete | Substantial |

| 2023/24 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| Security Alarm Response Centre | To assess the arrangements for the operation of the Security Alarm Response Centre (SARC) in line with the Council's Resilience and Community Safety plans. | Planned Expect draft report by June 2024 | |
| Pentana | Review of the Council's Performance and Risk Management system in terms of management reporting and efficiencies. | In Progress Expect reporting after June 2024 | |
| Permanence | High level review of the arrangements in place to support the decision-making process surrounding children being placed in permanent care and ensure compliance with relevant legislation. | Planned Expect reporting after June 2024 | |
| Establishment Changes | Review of the processes to ensure that information relating to new starts, leavers, and changes in role are adequately communicated to stakeholders. | Removed from plan 6/12/23 | N/A |
| Recruitment | Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required. | In Progress (Contractor) Planned reporting June 2024 | |
| Permit Applications and Billing | Review of the arrangements for handling applications and invoicing for chargeable permits, such as waste, scaffolding, and placement of skips. | Removed from plan 6/12/23 | N/A |
| Complaints Processes in Schools | Review of the consistency and effectiveness of Complaints processes within schools, including consideration of how these processes interact with the Council's arrangements for handling Corporate Complaints. | Removed from plan 6/12/23 | N/A |
| Young People in Residential Care – Missing Persons Processes | Review of the arrangements for risk assessment, planning for, and prevention of young people going missing from Residential Care. To include review of processes for identifying, recording, and responding to such instances. | Planning Expect reporting after June 2024 | |

| 2023/24 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| Community Justice liaison with COPFS and Courts | Review of the processes by which Community Justice Services liaise with the Crown Office Procurator Fiscal Service and the Courts Service where supervision of individuals is required, including Statutory Orders, Community Payback Orders, and supervision following release from custody. | In Progress Expect reporting in June 2024 | |
| **Other Work** | | | |
| Follow Up | Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk. | On-Going Update to each SC meeting | |
| Technical Development | Planning and Scoping work for review and update of the Council's Internal Audit Methodology, including the introduction of Continuous Auditing and Data Analytics in future plans. | Partially complete, with some areas in progress or awaiting revised Internal Audit Standards | N/A |
| Advice and Guidance | Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of new or changed systems and processes established, including any further grant payments arising from post Covid-19 activity and other support payments such as fuel costs/energy mitigations, etc. | Ongoing | N/A |
| External Quality Assessment Process | As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and undergo External Quality Assessment (EQA) of the Council's Internal | Review in progress | |

| 2023/24 INTERNAL AUDIT PLAN | Proposed Coverage | Status / Update | Assurance Level |
|---|---|---|---|
| | Audit Service. This work is planned for the external input in October and November 2023. | | |
| Specific Investigations | To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption, or malpractice. | On-going as required | N/A |
| Internal Audit Tender Exercise | Specification of need for 2023/24 onwards and tender evaluation, including presentations if required, and award. | Tender complete. Appointment made | N/A |

Note 1. Workforce and Succession Planning was removed from the plan due to overlap with the audit remit for work planned by Audit Scotland as part of the Best Value thematic audit programme.  Their report will from part of their 2023/24 audit reporting.  The Staff Wellbeing and Absence Management audit will now be carried out by the contractor in its place.

Note 2 It is proposed to carry the Insurance review forward to 2024/25 to allow completion of other Internal Audit work to be prioritised by the Senior Manager Internal Audit.

Note 3 The 2021/22 IT audits were completed recently, 2022/23 audits are being undertaken now and IT audits are included in the 2024/25 audit plan. Given that the key IT risks are being covered by this work it is not proposed to identify any further IT audits for 2023/24.

Definitions of Levels of Assurance

| | |
|---|---|
| Comprehensive Assurance | The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified. |
| Substantial Assurance | Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk. |
| Limited Assurance | Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk. |
| No Assurance | Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and/or the implementation of established controls, resulting in areas of unmanaged risk. |

**Appendix 2 Outstanding Internal Audit Agreed Actions**

Agreed actions from Internal Audit recommendations are recorded in Pentana and implementation is monitored by Services and the Risk and Assurance Board. Implementation of the agreed action is the responsibility of the service area and the risk exposure identified in the audit remains in place until the action has been completed. New dates should be agreed for actions that were not complete by their original due date.

The numbers of outstanding actions in Pentana for each Service, by audit year, on 31 March 2024 are summarised in the following tables.

- Table 1 – shows actions that have not yet reached their original agreed due date.

- Table 2 – shows actions that have had their due dates extended,

- Table 3 – shows actions overdue from their agreed due date, and which require a new date to be agreed.

At 31 March 2024 there were 45 open actions, compared to 48 at 16 January 2024. None are critical. This represents the closure of 7 actions including ones that have been added since the last report. New dates for completion of overdue actions are required for the actions in Table 3. There is still work to be done to close off older actions, the majority of which have a high level of completion but still require a little more work to complete fully.

**Table 1 Actions not yet reached original agreed due date**

| Service | Audit Year | Critical No. | High No. | Medium No. | Low No. | Total No. |
|---|---|---|---|---|---|---|
| City Development | 2021/22 | - | - | - | 1 | 1 |
| | 2022/23 | - | 1 | - | - | 1 |
| Corporate Services | 2021/22 | - | - | - | 1 | 1 |
| | 2022/23 | - | 2 | 2 | 3 | 7 |
| Neighbourhood Services | 2021/22 | - | 1 | | | 1 |
| **Totals** | | **-** | **4** | **2** | **5** | **11** |

**Table 2 Actions with due date extended from original due date**

| Service | Audit Year | Critical No. | High No. | Medium No. | Low No. | Total No. |
|---|---|---|---|---|---|---|
| City Development | 2018/19 | - | 1 | - | 1 | 2 |
|  | 2022/23 | - | 1 | - | 1 | 2 |
| Corporate Services | 2021/22 | - | 1 | - | - | 1 |
| Neighbourhood Services | 2022/23 | - | - | - | 2 | 2 |
| **Totals** |  | **-** | **3** | **-** | **4** | **7** |

**Table 3 Actions overdue from agreed due date**

| Service | Audit Year | Critical No | High No | Medium No. | Low No | Total No |
|---|---|---|---|---|---|---|
| Children and Families | 2020/21 | - | 2 | - | - | 2 |
|  | 2021/22 | - | 2 | - | - | 2 |
|  | 2022/23 | - | - | - | 2 | 2 |
| City Development | 2019/20 | - | 1 | - | - | 1 |
|  | 2021/22 | - |  | - | 1 | 1 |
| Corporate Services | 2018/19 | - | 3 | - | - | 3 |
|  | 2020/21 | - | 1 |  | - | 1 |
|  | 2021/22 | - | 2 | - | 5 | 7 |
|  | 2022/23 | - | 1 | 1 | - | 2 |
| Neighbourhood Services | 2016/17 | - | 1 | - | - | 1 |
|  | 2017/18 | - | 1 | - | - | 1 |
|  | 2020/21 | - | 2 | - | - | 2 |
|  | 2021/22 | - | 2 | - | - | 2 |
| **Totals** |  | **-** | **18** | **1** | **8** | **27** |

**Definitions of Action Priority**

| | |
|---|---|
| Critical | **Very high-risk exposure to potentially major negative impact** on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required. |
| High | **High risk exposure to potentially significant negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required. |
| Medium | **Moderate risk exposure to potentially medium negative impact** on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale. |
| Low | **Low risk exposure to potentially minor negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control**, or areas without risk exposure but which are inefficient, or inconsistent with best practice.** Attention is required within a reasonable timescale. |

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# CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

## Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

## Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

# CIPFA's Position Statement 2022: Audit committees in local authorities and police

## Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

## Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable

- in local authorities, be independent of both the executive and the scrutiny functions

- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable

- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups

- have rights to request reports and seek assurances from relevant officers

- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.

- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.

- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.

- In relation to the authority's internal audit functions:

  o oversee its independence, objectivity, performance and conformance to professional standards

  o support effective arrangements for internal audit

  o promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

## Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.

- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.

- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:

  o promoting apolitical open discussion

  o managing meetings to cover all business and encouraging a candid approach from all participants

  o maintaining the focus of the committee on matters of greatest priority.

- Willingness to operate in an apolitical manner.

- Unbiased attitudes – treating auditors, the executive and management fairly.

- The ability to challenge the executive and senior managers when required.

- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public

- be able to meet privately and separately with the external auditor and with the head of internal audit

- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required

- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters

- support transparency, reporting regularly on its work to those charged with governance

- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

APPENDIX E

# Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

| Good practice questions | Does not comply | Partially complies and extent of improvement needed* | | | Fully complies |
|---|---|---|---|---|---|
| | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement |
| Weighting of answers | 0 | 1 | 2 | 3 | 5 |

**Audit committee purpose and governance**

1  Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?

2  Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?

3  Has the committee maintained its advisory role by not taking on any decision-making powers?

4  Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?

5  Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?

6  Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?

7  Does the governing body hold the audit committee to account for its performance at least annually?

---

\*      Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

| Good practice questions | Does not comply | Partially complies and extent of improvement needed | | | Fully complies |
|---|---|---|---|---|---|
| | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement |
| Weighting of answers | 0 | 1 | 2 | 3 | 5 |
| 8 Does the committee publish an annual report in accordance with the 2022 guidance, including: | | | | | |
| • compliance with the CIPFA Position Statement 2022 | | | | | |
| • results of the annual evaluation, development work undertaken and planned improvements | | | | | |
| • how it has fulfilled its terms of reference and the key issues escalated in the year? | | | | | |
| **Functions of the committee** | | | | | |
| 9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows? | | | | | |
| Governance arrangements | | | | | |
| Risk management arrangements | | | | | |
| Internal control arrangements, including:<br>• financial management<br>• value for money<br>• ethics and standards<br>• counter fraud and corruption | | | | | |
| Annual governance statement | | | | | |
| Financial reporting | | | | | |
| Assurance framework | | | | | |
| Internal audit | | | | | |
| External audit | | | | | |
| 10 Over the last year, has adequate consideration been given to all core areas? | | | | | |
| 11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance? | | | | | |
| 12 Has the committee met privately with the external auditors and head of internal audit in the last year? | | | | | |

| Good practice questions | Does not comply | Partially complies and extent of improvement needed | | | Fully complies |
|---|---|---|---|---|---|
| | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement |
| Weighting of answers | 0 | 1 | 2 | 3 | 5 |

**Membership and support**

| | | | | | |
|---|---|---|---|---|---|
| 13 Has the committee been established in accordance with the 2022 guidance as follows? | | | | | |
| • Separation from executive | | | | | |
| • A size that is not unwieldy and avoids use of substitutes | | | | | |
| • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation | | | | | |
| 14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled? | | | | | |
| 15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years? | | | | | |
| 16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance? | | | | | |
| 17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance? | | | | | |
| 18 Is adequate secretariat and administrative support provided to the committee? | | | | | |
| 19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO? | | | | | |

**Effectiveness of the committee**

| | | | | | |
|---|---|---|---|---|---|
| 20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work? | | | | | |
| 21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement? | | | | | |
| 22 Are meetings effective with a good level of discussion and engagement from all the members? | | | | | |
| 23 Has the committee maintained a non-political approach to discussions throughout? | | | | | |

| Good practice questions | Does not comply | Partially complies and extent of improvement needed | | | Fully complies |
|---|---|---|---|---|---|
| | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement |
| Weighting of answers | 0 | 1 | 2 | 3 | 5 |
| 24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers? | | | | | |
| 25 Does the committee make recommendations for the improvement of governance, risk and control arrangements? | | | | | |
| 26 Do audit committee recommendations have traction with those in leadership roles? | | | | | |
| 27 Has the committee evaluated whether and how it is adding value to the organisation? | | | | | |
| 28 Does the committee have an action plan to improve any areas of weakness? | | | | | |
| 29 Has this assessment been undertaken collaboratively with the audit committee members? | | | | | |
| **Subtotal score** | | | | | |
| **Total score** | | | | | |
| **Maximum possible score** | | | | | **200\*\*** |

\*\*    40 questions/sub-questions multiplied by five.

REPORT TO:     SCRUTINY COMMITTEE – 24 APRIL 2024

REPORT ON:     2024/25 INTERNAL AUDIT PLAN

REPORT BY:     CHIEF INTERNAL AUDITOR

REPORT NO:     108-2024

## 1.0     PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee the Internal Audit Plan for the 2024/25 financial year.

## 2.0     RECOMMENDATIONS

Members of the Committee are asked to review and approve the 2024/25 Internal Audit Plan as detailed at Appendix A.

## 3.0     FINANCIAL IMPLICATIONS

None

## 4.0     MAIN TEXT

### Introduction

4.1.     Internal audit is defined in the Public Sector Internal Audit Standards (PSIAS) as:

"An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.  It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

4.2.     Management are responsible for establishing the risk, governance and internal control processes and systems as well as their on-going monitoring. Management are also responsible for managing fraud risks and ensuring that internal control systems are designed to guard against fraud and misappropriation. Internal audit is not a substitute for these management responsibilities. Rather it is the review function which will challenge current practices and recommend best practice and improvements to lead to a strengthening of the control environment and therefore assist the council in achieving its objectives

4.3.     Professional practice in relation to the provision of internal audit service is defined by PSIAS issued by the relevant authorities (CIPFA for local government). These standards are exacting in relation to the organisation's governance of internal audit and internal audit's own arrangements and practices. The Standards were last updated in March 2017.

4.4.     PSIAS require the Chief Internal Auditor to set a risk-based audit plan sufficient to provide the required assurances to Members and officers in relation to corporate governance, risk management and internal controls.  Assurances are provided throughout the year as individual audits are completed. The annual opinion is included within the Internal Audit Annual Report submitted to Scrutiny Committee in June each year.

4.5.     An External Quality Assessment (EQA) performed during 2018 provided a positive conclusion confirming that Internal Audit fully conformed to 11 of the 13 standards and generally conformed with the remaining 2 standards within the requirements of the PSIAS.  The next external EQA was due to be undertaken during 2023.  The review has started and is expected to conclude in time to be reported to the June Scrutiny Committee.

4.6.     The Internal Audit plan is considered to be flexible to allow a quick response to any significant new requirement or change to Council risks.  Any amendments to the plan will be brought to the Scrutiny Committee for approval.

4.7     The Internal Audit plan will be delivered in accordance with the Internal Audit Charter (the Charter) that was approved by the Scrutiny Committee in December 2023. This sets out the role, professional requirements, independence and overall responsibilities of Internal Audit.  The authority, access rights and reporting arrangements for the Internal Audit function are also contained within the Internal Audit Charter.  The next review of the charter will be undertaken during the review of the revised PSIAS which are expected to be published in the latter half of 2024.

**Resources**

4.8.    The Council's Internal Audit service is delivered by an in-house team which has been complemented by additional audit input from a contractor for a number of years.  Azets were appointed to provide IT and general audit support for a four-year contract beginning with the 2023/24 audit year.

4.9.    The in-house internal audit team structure has 4.3 FTE staff.  The Chief Internal Auditor (CIA) (0.5 FTE), Acting Senior Manager – Internal Audit (0.8 FTE devoted to audit), Senior Auditor (1 FTE) and 2 auditors (2 FTE).  Two vacant auditor posts were filled in March 2024 bringing the team back to full compliment.  The CIA post is currently filled through an arrangement with Angus Council.

4.10.   The Internal Audit team provides audit input to support the Chief Internal Auditor of the Dundee IJB (Integration Joint Board), who is from FTF Audit and Management Services.

4.11.   For the 2023/24 financial year, the total productive days available for audit work will be of the order of 600 days. The time available for audits takes into account the work for the IJB noted above, the time needed for professional development of staff, internal administrative activities, annual leave and contingency for other staff absences, and involvement in corporate management groups.

4.12.   Follow-up audit work will be undertaken with services as audit actions are closed in Pentana, with specific follow up reviews only considered for areas where the overall assurance level is limited or no assurance.

4.13.   Where any team member has a perceived or actual conflict of interest in relation to an Internal Audit assignment or investigation, they will not be permitted to have any involvement in that piece of work. In addition, Internal Audit staff who are involved in consultancy work will not be permitted to be involved in any internal audit work that is directly related to that work.

**Assurance Framework and Mapping**

4.14.   Cipfa's December 2023 publication "Developing an effective assurance framework in a local authority" defines an assurance framework as

"The means by which leaders, managers and decision makers can have confidence that the governance arrangements that they have approved are being implemented, operating as intended, and remain fit for purpose."

4.15.   The following diagram is an extract from the December publication and reflects the areas in the Council's Local Code of Corporate Governance (the Local Code).

4.16. An assurance map identifies in more detail the various ways in which management and those charged with Governance receive assurance about achievement of objectives and service delivery. It considers activity that provides assurance in four distinct areas: operational internal control: management oversight: external third-party oversight, and Internal Audit review.

4.17. In formulating the internal audit plan, review of the assurance map identifies:

- where sufficient alternative assurance to internal audit is in place, and therefore audit is not needed currently, and
- the internal processes that should be included in the audit universe so that audit can assess if they are providing control and assurance as intended.

4.18. A fully populated assurance map can identify gaps in assurance and areas where more assurance is gathered than is required, thereby releasing resources for other activity.

4.19. In developing the 2024/25 internal audit plan we used the Assurance Framework above to identify the key elements of the Council's assurance framework and map assurance sources to them. The Service self-assessment checklist that informs the Annual Governance Statement includes links to best practice and identifies Council policies, procedures and guidelines that make up the Framework and reports providing assurance information.

4.20. We ensured that key framework elements and internal assurance routes were included in our audit universe and that areas with external assurance sources were excluded from the plan to avoid duplication. Some of these external assurances may be taken into account in formulating the annual Chief Internal Auditor's opinion and time is set aside for reviewing reports and complying with PSIAS requirements about taking reliance from others.

4.21.   Key assurance framework elements include:

- The Council Plan 2022 to 2027
- The City Plan for Dundee 2022 to 2032
- The Council's Vision, values and key priorities
- Service plans
- Over-arching thematic plans, e.g. medium-term financial plan.
- Codes of conduct for employees and members
- Statutory officers in place
- Strategies, policies and procedures
- Standing Orders and schemes of administration
- Committee arrangements, including Terms of Reference
- Transformation Programme and Programme Management Office
- Risk management arrangements
- Arrangements to comply with legislation, e.g. GDPR, Fairer Scotland and Equality Impact Assessment
- Performance management framework
- Local Partnerships

4.22.   The main reported assurance sources are:

- Annual performance reporting and self-evaluation by the Council and individual services,
- External audit.  This includes the annual audit report and opinion, Best Value reporting and other Audit Scotland publications.
- Inspection agency reports.

**The 2024/25 Internal Audit Plan**

4.23.   A risk-based plan for the Council, outlining the planned programme of work to be undertaken by the Internal Audit Service, is developed annually in consultation with audit stakeholders.  Appendix A presents the outcomes of the annual planning exercise and the Chief Internal Auditor's proposed 2024/25 Internal Audit Plan, for approval.

4.24.   The planning process involves determining the potentially auditable areas of the Council and updating these each year.  This year the high-level Audit Universe used previously was reviewed to record a more detailed audit universe.  The auditable areas are identified from a number of sources including:

- Knowledge base within Internal Audit
- Council plans and policy documents
- Corporate risk register
- Service risk register
- External inspection reports
- Audit Scotland and Accounts Commission reports
- Liaison with external auditors
- Any matters arising from the work of the Scrutiny Committee
- Consultations with Scrutiny Committee members
- Consultations with the members of the Council Leadership Team and service managers

4.25.   Each area in the audit universe is then risk assessed by:

- Mapping the risk registers, and the residual risk score to the audit universe,
- An independent assessment of risk by the Chief Internal Auditor, and
- Consideration of issues identified by audit stakeholders.

4.26.   The final step in the development of the annual plan is to identify the individual audits from the audit universe.  The selection is performed by categorising the audit universe according to the degree of assurance required in respect of those processes and process areas.

Factors which contribute to a process or process area requiring a higher degree of assurance include where the process is assessed as:

- Being identified as high risk by stakeholders and/or Internal Audit's own assessment of risk,
- Being included as a mitigating action against high scoring risks in the Council's Risk Registers,
- Identified as essential or significant to the delivery of a Council objective,
- Not having been subject to previous review, or not reviewed in some time,
- An area of limited assurance in previous audits and inspections, or where counter fraud activity suggests control issues,
- Specifically requested by management and members.
- Audits carried forward from the previous year are also included.,

4.27.  The proposed portfolio of work to be included within the 2024/25 Internal Audit Plan is summarised at Appendix A. The layout of the plan as presented to Committee, in general, follows that used in previous years, with proposed reviews grouped into key themes that are integral to the assurance gathering process across the organisation's activities. For each of the reviews included within the plan there is a brief summary of the proposed coverage, currently informed by the Council's Corporate Risk Register, and service-level risk registers where appropriate. The proposed coverage has, in the main, been compiled based on discussions and review of relevant background information gathered as part of the audit planning process. A more detailed audit brief containing background information, scope of the work, overall / specific objectives and reference sources will be compiled for each review and agreed with the client prior to commencement of the audit fieldwork.

**Conclusion**

4.28.  The Chief Internal Auditor is content that the proposed plan in Appendix A has been prepared in accordance with PSIAS and will provide sufficient assurance to comply with the PSIAS requirements, including to inform the Chief Internal Auditor's annual opinion on governance, risk management and internal controls.

4.29.  Whilst the 2024/25 Internal Audit Plan has been prepared using the best information currently available, it is possible that it will require to be amended during the financial year to reflect changing risks, priorities and resources. As required under the PSIAS, any significant changes to the planned programme of work will be reported to the Scrutiny Committee. The Chief Executive, Executive Director of Corporate Services and the Head of Corporate Finance will also be kept informed of Internal Audit developments by the Chief Internal Auditor through regular meetings.

## 5.0    POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment

## 6.0    CONSULTATIONS

The Council's Leadership Team have been consulted in the preparation of this report.

## 7.0    BACKGROUND PAPERS

None

**CATHIE WYLLIE, CHIEF INTERNAL AUDITOR**                              **DATE: 29 MARCH 2024**

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**Appendix A**

| 2024/25 INTERNAL AUDIT PLAN | Proposed Coverage | Risk Code |
|---|---|---|
| *Governance Reviews* | | |
| Child Poverty and Fairness Action Plan | Review of the arrangements to implement and oversee the next phase of the Fairness and Local Child Poverty Action Plan, including measurement of progress towards Scottish Government targets. | DCC004a |
| Partnership Working - Dundee Alcohol and Drugs Partnership | Review of the arrangements which underpin the Council's delivery responsibilities under the Alcohol and Drugs Partnership's Strategic Framework, including delivery plans, progress monitoring, and engagement with other members of the Partnership. | DCC004a |
| Tay Cities Deal | The Grant Offer Letter provided to Dundee City Council as lead authority for the deal requires that the Authority's Internal Audit Service performs a review of arrangements to implement and oversee the deal at least every other year.<br><br>This year's audit will be a review of the benefits realisation processes including assessment of benefits towards delivering outcomes. | DCC004c<br>DCC010 |
| Risk Management | A review of the Council's risk management processes will be carried out by the Internal Audit contractor. | All |
| *ICT Reviews* | | |
| End User Computing – Cloud Migration | A critical friend review of the processes in place to manage end user device access to the Council's network and applications. There has been changes to how people work and the devices they use. From a security perspective, it is vital that only authorised devices are permitted access to Council systems and data. | CSIT |

| 2024/25 INTERNAL AUDIT PLAN | Proposed Coverage | Risk Code |
|---|---|---|
| User Access Management | The review will consider the adequacy of user access management controls for the Northgate application. This will include assessment of the processes for joiners, movers and leavers as well as access management arrangement to achieve segregation of duties, and monitoring of privileged accounts. | CSIT |
| *Financial Reviews* | | |
| Capital Planning and Monitoring | Review of the procedures to oversee the implementation of Capital Plans, in line with the Council's Capital Investment Strategy, and monitor and scrutinise Capital expenditure. | DCC001 DCC010 DCC015c |
| Payroll - Changes in Circumstances | Review of the processes by which information affecting individual's pay calculation is notified and actioned.  To include pension contributions and salary sacrifice schemes. | CSHB003 CSHB004 CSHB005 |
| Purchase to Pay | Review of expenditure processes following the implementation of purchase to pay.  To include consideration approaches to support continuous auditing of purchasing data. | DCC013 CSCF007 CSCF008 CSCF011 |
| *Systems Reviews* | | |
| Asset Management | Review of the processes which ensure that the Council's asset management databases are complete, accurate, and kept up to date.  To include processes for condition assessment. | DCC001 DCC010 DCC015a,b and c DCC017a |
| Housing - Planned and Reactive Maintenance | Review of the processes to plan and carry out maintenance on Council housing stock, including arrangements for reactive maintenance. | DCC015b |

| 2024/25 INTERNAL AUDIT PLAN | Proposed Coverage | Risk Code |
|---|---|---|
| Immigration Sponsorship and Visas | Review of the processes by which the Council considers and manages recruitment applications from individuals overseas and/or requiring visa sponsorship, including the update of these policies and procedures in line with changing legislation. | CSHB005 CSHB009 |
| Onboarding & Induction | Review of onboarding processes for all staff, and the guidance available to line management overseeing and recording the onboarding of new starts. | CSHB003 CSHB009 |
| Multi Agency Safeguarding Hub (MASH) Intake processes | Review of the administrative processes to support the Multi-Agency Safeguarding hub in taking timely, effective action on referrals in collaboration with Council Services and partner bodies. | DCC002 DCC009 CFCJ004 |
| Climate Strategy and Delivery Plans | Review to be conducted using a scope and audit programme being developed by SLACIAG for use across local authorities in Scotland. | DCC004b CDPE014 |
| Insurance | A review of Insurance processes will be carried out by the Internal Audit contractor. | CSCF008 CSHB006 |
| DHSCP Review | Review covering an aspect of DHSCP activity.  Scope to be confirmed in consultation with the internal auditors for the IJB. | DCC012 |
| *Other Work* | | |
| Follow Up | Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk. | All |

| 2024/25 INTERNAL AUDIT PLAN | Proposed Coverage | Risk Code |
|---|---|---|
| Prior Year Work | Finalisation of projects that are currently ongoing or nearing completion at June 2024. | N/A |
| Technical Development | Planning and Scoping work for review and update of the Council's Internal Audit Methodology, including the introduction of Continuous Auditing and Data Analytics and implementation of new Public Sector Internal Audit Standards expected late summer/early autumn 2024. | N/A |
| Advice and Guidance | Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of newly implemented systems and processes, or the revision and update of those processes. | N/A |
| PSIAS Quality Self-Assessment Process | Annual self-assessment for conformance with PSIAS. | CSCF008 |
| Specific Investigations | To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice. | DCC013 |

**Key:**

| Risk Code | Risk Register |
|-----------|---------------|
| **DCC** | Council Corporate Risk Register |
| **CDPE** | City Development, Planning and Economic Development |
| **CFCJ** | Children & Families, Community Justice & Integrated Children's Services |
| **CSCF** | Corporate Services, Corporate Finance |
| **CSHB** | Corporate Services, Human Resources and Business Support (People) |

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**REPORT TO:**     SCRUTINY COMMITTEE – 24 APRIL 2024

**REPORT ON:**     OTHER REPORTS RELEVANT TO THE REMIT OF THE SCRUTINY COMMITTEE

**REPORT BY:**     CHIEF INTERNAL AUDITOR

**REPORT NO:**     110-2024


## 1.0     PURPOSE OF REPORT

This report advises members of reports submitted to Tayside Contracts, Tayside Valuation Joint Board, Tay Road Bridge Joint Board, and Tay Cities Region Deal Joint Committee that are relevant to the work of the Scrutiny Committee.


## 2.0     RECOMMENDATION

Members of the Committee are asked to review the reports listed at Appendix 1 and determine whether any of the reports should be the subject of a more detailed discussion by this Committee.


## 3.0     FINANCIAL IMPLICATIONS

None.


## 4.0     MAIN TEXT

This report summarises reports that have been reported to the Tayside Contracts Joint Committee, Tay Cities Region Deal Joint Committee and the Tayside Valuation and Tay Road Bridge Joint Boards from June 2023 to March 2024.


## 5.0     POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment.  An appropriate senior manager has reviewed and agreed with this assessment.


## 6.0     CONSULTATIONS

The Council's Leadership Team have been consulted in the preparation of this report.


## 7.0     BACKGROUND PAPERS

None.


**CATHIE WYLLIE**
**CHIEF INTERNAL AUDITOR**                                                                    **DATE: 29 MARCH 2024**

| Committee | Report Title/Summary |
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| **Tayside Contracts Joint Committee 9 June 2023** | Agenda and reports are available at: https://www.tayside-contracts.co.uk/tc-document?dsid=2118&frm=728<br><br>Including the minute of the meeting on 13 March 2023.<br><br>**Reports of particular interest:**<br>JC10/2023 Annual Report & Accounts<br>JC12/2023 Internal Audit: Outcomes from Reviews 2022/23, and Future Workplans<br>JC14/2023 Business Plan – Update<br>JC15/2023 Local Code of Corporate Governance<br>JC16/2023 Request to Establish a Scrutiny/Performance/Audit Sub-Committee |
| **Tayside Contracts Joint Committee 28 August 2023** | Agenda and reports are available at: https://www.tayside-contracts.co.uk/tc-document?dsid=2136&frm=728<br><br>Including the minute of the meeting on 19 June 2023.<br><br>**Reports of particular interest:**<br>JC24/2023 Risk Register for Tayside Contracts<br>JC26/2023 Annual Sickness Absence Management and Health Surveillance Report 2022/2023<br>JC29/2023 Annual Health & Safety Report |
| **Tayside Contracts Joint Committee 20 November 2023** | Agenda and reports are available at: https://www.tayside-contracts.co.uk/tc-document?dsid=2151&frm=728<br><br>Including the minute of the meeting on 28 August 2023.<br><br>**Reports of particular interest:**<br>JC35/2023 Supported Self-Assessment of Tayside Contracts - Outcome<br>JC36/2023 External Audit Annual Report and Final Accounts<br>JC37/2023 Annual Performance Report 2022/23<br>JC39/2023 Review of Joint Committee Governance (includes a recommendation to delay decision about establishing a Scrutiny Sub-Committee pending implementation of the rest of the recommendations in this report). |
| **Tayside Contracts Joint Committee 22 January 2024** | Agenda and reports are available at: https://www.tayside-contracts.co.uk/tc-document?dsid=2223&frm=728<br><br>No reports of particular interest. |
| **Tayside Contracts Joint Committee 11 March 2024** | Agenda and reports are available at: https://www.tayside-contracts.co.uk/tc-document?dsid=2234&frm=728<br><br>Including the minute of the meeting on 20 November 2023 and 22 January 2024.<br><br>**Reports of particular interest:**<br>JC06/2024 External Audit Plan (for 2023/24)<br>JC07/2024 Internal Audit Plan for 2024/25 – new three year appointment of Internal Auditors for 2023/24 to 2025/26.  Report includes a three year internal audit plan for these years.<br>JC08/2024 Scrutiny Role of Joint Committee.  The report includes options for referring issues for further scrutiny. |

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| **Tayside Valuation Joint Board 19 June 2023** | Agenda and reports are available at: [Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk)](Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk))<br><br>**Reports of particular interest**:<br>TVJB 8-2023 Internal Audit<br><br>    • **Report 2023/05 – Procurement and Creditors/Purchasing** Satisfactory Assurance – System meets control objectives with some weaknesses present. One Priority 2 action to address a significant risk was agreed.<br><br>    • **Report 2023/06 – Health, Safety and Wellbeing** Good Assurance – system meets control objectives. Two priority 3 actions to address minor weaknesses or enhance efficiency and effectiveness.<br><br>    • **Report 2023/07 – Annual Report Opinion** "In our opinion, the Board has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money."<br><br>TVJB 9-2023 Risk Management/Business Continuity. The Assessor's Annual Report on Risk Management and Business Continuity arrangements. |
| **Tayside Valuation Joint Board 28 August 2023** | Agenda and reports are available at: [Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk)](Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk))<br><br>**Reports of particular interest:**<br>TVJB19-2023 Internal Audit. The Internal Audit Annual Plan for 2023/24. The plan includes three areas assessed as medium risk: Non-Domestic Rates; Payroll and Corporate Governance. |
| **Tayside Valuation Joint Board 20 November 2023** | Agenda and reports are available at: [Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk)](Minutes & Agendas 2023 - Tayside Valuation Joint Board (tayside-vjb.gov.uk))<br><br>**Reports of particular interest:**<br>TVJB 23-2023 Internal Audit Report 2024/02 Payroll. The level of assurance is satisfactory - the system meets the control objectives with some weaknesses present. Two Priority 3 recommendations have been made to address minor risk or enhance efficiency or effectiveness.<br>TVJB 27-2023 External Auditor's report on 2022-2023 Audit. Draft report to be finalised after audit sign off. Proposing that "the Board's Financial Statements give a true and fair view of its financial position to 31 March 2023" and "The audited part of the remuneration report, the management commentary and the annual governance statement were all consistent with the financial statements and prepared in accordance with the applicable requirements". The report concluded positively regarding budget monitoring and reporting arrangements, and arrangements to secure Best Value. Three recommendations were made regarding a review of future financial plans, review and update of Standing Orders and Financial Regulations, and review of the Fraud Guidelines and Whistleblowing Policy. Three of four actions from the previous year were assessed as complete and one related to the reserves strategy was on-going. |
| **Tayside Valuation Joint Board 22 January 2024** | Agenda and reports are available at: [Minutes & Agendas 2024 - Tayside Valuation Joint Board (tayside-vjb.gov.uk)](Minutes & Agendas 2024 - Tayside Valuation Joint Board (tayside-vjb.gov.uk))<br><br>**Reports of particular interest:**<br>TVJB 3-2024 Internal Audit. The report presented the Internal Audit review schedule for the remainder of the 2023/24 plan, to be carried out in February and March 2024. |

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| **Tay Road Bridge Joint Board 19 June 2023** | Agenda and reports are available at: trbjb190623ag.pdf (tayroadbridge.co.uk) <br><br> **Reports of particular interest:** <br> TRB17-2023 Response to the Internal Auditor's Annual Report to Members. The Annual Report included the following opinion "In our opinion, the Board has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money." |
| **Tay Road Bridge Joint Board 11 September 2023** | Agenda and reports are available at: Tay Road Bridge Joint Board - Style Letter <br><br> **Reports of particular interest:** <br> Item 7 External Auditor's Annual Report. Draft report to be finalised after audit sign off. Proposing that "Tay Road Bridge's Board's Financial Statements give a true and fair view of its financial position to 31 March 2023" and "The audited part of the remuneration report, the management commentary and the annual governance statement were all consistent with the financial statements and prepared in accordance with the applicable requirements". The report concluded positively regarding budget monitoring and reporting arrangements. One recommendation was made regarding engaging with Transport Scotland to obtain clarity over the likely level of funding in future years. One of two actions from the previous year was assessed as complete and the other, assessed as ongoing, related to reporting to the Board about the uncertainty over future funding levels and the risk to long-term financial stability of the Board. |
| **Tay Road Bridge Joint Board 4 December 2023** | Agenda and reports are available at: TRBJB041223.pdf (tayroadbridge.co.uk) <br><br> No reports of particular interest. |
| **Tay Road Bridge Joint Board 4 March 2024** | Agenda and reports are available at: trb040324ag.pdf (tayroadbridge.co.uk) <br><br> **Reports of particular interest:** <br> TRB7-2024 Response to Internal Auditor's report on Contract Management. Satisfactory Assurance – System meets control objectives with some weaknesses present. Three Priority 3 actions were agreed to address minor risk or enhance efficiency and effectiveness. |

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| **Tay Cities Region Deal Joint Committee 23 June 2023** | Agenda and reports are available at:<br>23 June 2023 - Tay Cities Region Joint Committee - Agenda & Papers \| Tay Cities Deal<br><br>**Reports of particular interest:**<br>**PMO update for Joint Committee June 2023.** This includes updates on a number of areas related to timetables, revenue and capital spending, project approval, inflation, and the Risk Register. In particular the report notes the following related to assurance:<br><br>• the Statement of Compliance, confirming that any grant claimed from the Scottish Government in the previous financial year (2022/23) was properly due and was used for its intended purposes in line with the terms and conditions was submitted to the Scottish Government on 28 April 2023 prior to the 30 April 2023 deadline. All projects provided Statements of Compliance to provide assurance to the S95 Officer.<br><br>• The 2023/24 Grant Offer letter has new clauses that include one about internal Audit. "In relation to Internal Audit - It is for the «Region_Deal_Name» Local Authority partners to allocate Internal Audit resources for «Region_Deal_Name» activities. The Accountable Body shall determine which of the «Region_Deal_Name» Local Authority partners Internal Audit functions should conduct specific audits for «Region_Deal_Name» activities. The results of the audit will be submitted by the Accountable Body to DGEFinanceUnit@gov.scot upon completion of the audit." |
| **Tay Cities Region Deal Joint Committee 22 September 2023** | Agenda and reports are available at:<br>22 September 2023 - Tay Cities Region Joint Committee - Agenda & Papers \| Tay Cities Deal<br><br>**Reports of particular interest:**<br>**PMO update for Joint Committee September 2023**<br>This includes updates on a range of issues similar to the June 2023 report. It includes that the Internal Audit carried out by the Accountable Bodies Internal Audit service was presented to the management committee in August, and that it would be presented to the Dundee City Council Scrutiny Committee in September 2023. |
| **Tay Cities Region Deal Joint Committee 23 October 2023** | This meeting dealt with one item re Dundee Airport Investment Project Business Justification Case, which was taken in private. |
| **Tay Cities Region Deal Joint Committee 8 December 2023** | Agenda and reports are available at:<br>8 December 2023 - Tay Cities Region Deal Joint Committee - Agenda & Papers \| Tay Cities Deal<br><br>**Reports of particular interest:**<br>**PMO update for Joint Committee December 2023**<br>In addition to the range of items covered similar to the June 2023 report this one includes the Annual Performance Report and Benefits Realisation Plan, covering the period October 2022 to September 2023. A draft of both documents is submitted to both Governments by 15 December 2023 and informs the Annual Conversation scheduled for February. The final versions will be presented to the Joint Committee in March 2023 for approval. |

| Tay Cities Region Deal Joint Committee 28 March 2024 | Agenda and reports are available at: [28 March 2024 - Tay Cities Region Joint Committee - Agenda, Papers & Presentations | Tay Cities Deal](#) |
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| | **Reports of particular interest:** |
| | **Joint Committee PMO update presentation -28 March 2024** |
| | In addition to the usual updates on progress this report includes a section on the Annual Conversation 2024.  This notes that "The Partnership were complimented by both Governments on their on going ambition and drive and the progress that they have made in delivering their commitments." |
| | **Annual Performance Report & Benefits Realisation Plan Update** |
| | This presents the Partnership's third Annual Report and Benefits Realisation Plan covering October 2022 to September 2023, and notes highlights from both. |