

Scrutiny Committee – Audit of the 2023/24 Annual Accounts of Dundee City Council and the registered charities administered by the Council

25 September 2024

Independent auditor's report

1. Our audit work on the 2023/24 annual accounts of Dundee City Council and the registered charities administered by the Council is now substantially complete. Subject to the receipt of revised annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's reports on 25 September 2024. The proposed audit certificates are attached for Dundee City Council and its Group ([Appendix A](#)), Dundee City Council Charitable Trusts ([Appendix C](#)), the Lord Provost of Dundee Charity Fund ([Appendix D](#)), and Fleming Trust ([Appendix E](#)).

Winding up of Dundee Trust

2. During 2019/20 the funds held in the Dundee Trust were donated to the Lord Provost of Dundee Charity Fund leaving it with a nil balance since 31 March 2020. The trust also held no assets so has effectively been dormant since this date. As a result, the Office of the Scottish Charity Regulator (OSCR) removed it from its list of Scottish Charities as of 24 April 2024. Steps are being taken to formally wind up the trust in accordance with the Trust Deed. The Trustees have prepared revised accounts for the period 1 April 2023 to 24 April 2024 and these will be the last accounts produced for the Dundee Trust. The proposed audit certificate is attached for Dundee Trust ([Appendix G](#)).

Annual Audit Report

3. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the annual accounts to those charged with governance of an audited body in sufficient time to enable appropriate action. For Dundee City Council, the members of the Scrutiny Committee are those charged with governance. I present for the Scrutiny Committee's consideration our proposed annual report on the 2023/24 audit. Within this report, Exhibit 3 titled "Significant findings and key matters from the audit of the annual accounts" sets out the issues identified in respect of the Dundee City Council annual accounts. Our report also includes at Exhibit 7 the "Significant findings from the audits of the 2023/24 charitable trusts accounts".

4. The report also sets out our conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

5. Our Annual Audit Report will be issued in final form after the audited annual accounts have been certified by the appointed auditor.

Unadjusted misstatements

6. We are required to report to those charged with governance all unadjusted misstatements, other than those below our reporting threshold, and request that they be corrected. As detailed in our Annual Audit Report, reportable errors totalling £12.8 million were identified during the audit. Management corrected misstatements totalling £10.0 million in the audited 2023/24 annual accounts and chose not to adjust for one other issue (totalling £2.8 million). This unadjusted misstatement does not impact upon our audit opinion on the financial statements.

Fraud, subsequent events, and compliance with laws and regulations

7. In presenting this report to the Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Executive Director of Corporate Services, as Section 95 Officer, on aspects of the annual accounts including the judgements and estimates made.

9. Template letters of representation are attached for Dundee City Council ([Appendix B](#)), Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust ([Appendix F](#)) and Dundee Trust ([Appendix H](#)). The letters of representation for the council and the charitable trusts should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Acknowledgement

10. We would like to thank elected members, management and staff, particularly those in finance, for their cooperation and assistance during the audit.

Appendix A: Proposed Independent Auditor's Report for Dundee City Council and its Group

Independent auditor's report to the members of Dundee City Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dundee City Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council-only Expenditure and Funding Analysis, the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Council Tax Income Account, Non-Domestic Rate Income Account, Housing Revenue Account, Common Good Fund Account and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of

the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Executive Director of Corporate Services and the Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Executive Director of Corporate Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Corporate Services is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Executive Director of Corporate Services as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Executive Director of Corporate Services concerning the policies and procedures of the council and its group regarding compliance with the applicable legal and regulatory framework;

- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Annual Remuneration Report

I have audited the parts of the Annual Remuneration Report described as audited. In my opinion, the audited parts of the Annual Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Executive Director of Corporate Services is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities for the Annual Accounts and the unaudited parts of the Annual Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and

that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Annual Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Appendix B: Letter of Representation (ISA 580) for Dundee City Council

To be reproduced on Dundee City Council headed paper, signed by Section 95 Officer and provided to appointed auditor with signed 2023/24 Annual Accounts

Rachel Browne, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

25 September 2024

Dear Rachel

Dundee City Council Annual Accounts 2023/24

1. This representation letter is provided about your audit of the annual accounts of Dundee City Council and its group for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Annual Remuneration Report, Management Commentary, and Annual Governance Statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Council Management Team the following representations given to you in connection with your audit of Dundee City Council's annual accounts for the year ended 31 March 2024.

General

3. Dundee City Council and I have fulfilled our statutory responsibilities for the preparation of the 2023/24 annual accounts. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Dundee City Council have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (2023/24 accounting code), and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 Regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Dundee City Council and its Group at 31 March 2024 and the transactions for 2023/24.

Accounting Policies and Estimates

7. All material accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2023/24 accounting code where applicable. All accounting policies applied are appropriate to Dundee City Council's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Dundee City Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Dundee City Council's ability to continue to adopt the going concern basis of accounting.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2024 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2024 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2024.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2024 of which I am aware have been reported in the financial statements.

16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2024 of which I am aware where the conditions specified in the 2023/24 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2024. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2024 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

18. The accrual recognised in the financial statements for annual leave untaken by 31 March 2024 has been estimated on a reasonable basis.

19. The pension assumptions made by the actuary in the IAS 19 report for Dundee City Council have been reviewed and I confirm that they are consistent with management's own view.

20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent Liabilities

21. There are no significant contingent liabilities, other than those disclosed in the relevant note to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed in accordance with the 2023/24 accounting code and IAS 37.

22. With specific reference to equal pay claims I can confirm that it is not possible to quantify the contingent liability.

Litigation and Claims

23. All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2023/24 accounting code.

Fraud

24. I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

25. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

26. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

27. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2023/24 accounting code. I have made available to you the identity of all Dundee City Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

28. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

29. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

30. I confirm that Dundee City Council has undertaken a review of the system of internal control during 2023/24 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

31. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2024, which require to be reflected.

Group Accounts

32. I have identified all the other entities in which Dundee City Council has a material interest and have classified and accounted for them in accordance with the 2023/24 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common Good Fund

33. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good fund financial statements and where appropriate, common good assets in use by the Council have been assessed and accounted for in line with IAS 17.

Events Subsequent to the Date of the Balance Sheet

34. All events subsequent to 31 March 2024 for which the 2023/24 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Robert Emmott
Executive Director of Corporate Services

Appendix C: Proposed Independent Auditor's Report for Dundee City Council Charitable Trusts

Independent auditor's report to the trustees of Dundee City Council Charitable Trusts and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Dundee City Council Charitable Trusts for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2024 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Responsibilities, the trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charities, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT NO 264-2024

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charities;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charities;
- inquiring of the Trustees concerning the charities' policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

REPORT NO 264-2024

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Rachel Browne is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix D: Proposed Independent Auditor's Report for the Lord Provost of Dundee Charity Fund

Independent auditor's report to the trustees of the Lord Provost of Dundee Charity Fund and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Lord Provost of Dundee Charity Fund for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2024 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Responsibilities, the trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT NO 264-2024

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

REPORT NO 264-2024

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Rachel Browne is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix E: Proposed Independent Auditor's Report for Fleming Trust

Independent auditor's report to the trustees of the Fleming Trust and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Fleming Trust for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Fleming Trust as at 31 March 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of financial statements that give a true and fair view in

accordance with the financial reporting framework, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Rachel Browne is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix F: Letter of Representation (ISA 580) for Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust

To be reproduced on headed paper, signed by Section 95 Officer and provided to appointed auditor with signed sets of charitable trusts 2023/24 annual accounts

Rachel Browne, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

25 September 2024

Dear Rachel

Dundee City Council Charitable Trusts Lord Provost of Dundee Charity Fund Fleming Trust

Annual Accounts 2023/24

1. This representation letter is provided about your audit of the annual accounts of Dundee City Council Charitable Trusts, the Lord Provost of Dundee Charity Fund and Fleming Trust for the year ended 31 March 2024 (the Trusts) or the purpose of expressing an opinion as to whether the financial statements properly presents the financial position of the Trusts as at 31 March 2024 and their receipts and payments, or incoming resources and application of resources, for the year then ended.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees, the following representations given to you in connection with your audit for the year ended 31 March 2024.

General

3. I acknowledge my responsibility and that of the trustees for the preparation of the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Trusts have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

4. The information given in the Trustees' Reports present a balanced picture of the Trusts and is consistent with the financial statements.

5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

6. The financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and

REPORT NO 264-2024

Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

7. Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each charity for the year ended 31 March 2024.

Accounting policies

8. The financial statements have been prepared on a receipts and payments basis or an accruals basis in accordance with the applicable regulations and the founding documents of the Trusts.

Going Concern

9. The Trustees have assessed the ability of the Trusts to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related party transactions

10. There were no related party transactions with any party other than Dundee City Council as administering agent.

Events subsequent to the balance sheet date

11. There have been no material events since the date of the statement of balances which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.

12. Since the date of the statement of balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate governance

13. The business of the Trusts is recorded in the systems of Dundee City Council. As section 95 officer for Dundee City Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the Trusts.

Fraud

14. I have considered the risk that the financial statements may be materially misstated as a result of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of Dundee City Council that could affect the financial statements of the Trusts.

Assets

15. The assets shown in the statement of balances or balance sheet at 31 March 2024 were owned by the Trusts. Assets are free from any lien, encumbrance or charge. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Liabilities

16. All liabilities at 31 March 2024 of which I am aware have been reported in the financial statements.

Yours sincerely

Robert Emmott
Executive Director of Corporate Services, Dundee City Council, for and on behalf of the trustees of the Trusts administered by Dundee City Council

Appendix G: Proposed Independent Auditor's Report for the Dundee Trust

Independent auditor's report to the trustees of the Dundee Trust and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Dundee Trust for the period ended 24 April 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the period ended 24 April 2024 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Responsibilities, the trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT NO 264-2024

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

REPORT NO 264-2024

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Rachel Browne is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix H: Letter of Representation (ISA 580) for Dundee Trust

To be reproduced on headed paper, signed by Section 95 Officer and provided to appointed auditor with signed set of Dundee Trust 2023/24 annual accounts

Rachel Browne, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

25 September 2024

Dear Rachel

Dundee Trust

Annual Accounts 2023/24

17. This representation letter is provided about your audit of the annual accounts of the Dundee Trust for the period up to 24 April 2024 (the Trust) or the purpose of expressing an opinion as to whether the financial statements properly present the financial position of the Trust as at 24 April 2024 and the receipts and payments for the year then ended.

18. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees, the following representations given to you in connection with your audit for the period ended 24 April 2024.

General

19. I acknowledge my responsibility and that of the trustees, for the preparation of the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Trust have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

20. The information given in the Trustees' Report present a balanced picture of the Trust and is consistent with the financial statements.

21. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Winding up of Dundee Trust

22. During 2019/20 the funds held in the Dundee Trust were donated to the Lord Provost of Dundee Charity Fund leaving it with a nil balance since 31 March 2020. The trust also holds no assets so has been effectively dormant since this date. As a result, the Office of the Scottish Charity Regulator (OSCR) removed it from its list of Scottish Charities as of 24 April 2024. Steps are being taken to formally wind up the trust in accordance with the Trust Deed. The Trustees have prepared revised accounts for the period 1 April 2023 to 24 April 2024 and these will be the last accounts produced for the Dundee Trust.

Financial Reporting Framework

23. The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

24. Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each charity for the period ended 24 April 2024.

Accounting policies

25. The financial statements have been prepared on a receipts and payments basis in accordance with the applicable regulations and the founding documents of the Trust.

Related party transactions

26. There were no related party transactions with any party other than Dundee City Council as administering agent.

Events subsequent to the balance sheet date

27. There have been no material events since the date of the statement of balances which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.

28. Since the date of the statement of balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate governance

29. The business of the Trust is recorded in the systems of Dundee City Council. As section 95 officer for Dundee City Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the Trust.

Fraud

30. I have considered the risk that the financial statements may be materially misstated as a result of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of Dundee City Council that could affect the financial statements of the Trust.

Yours sincerely

Robert Emmott

Executive Director of Corporate Services, Dundee City Council, for and on behalf of the trustees of the Dundee Trust

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Dundee City Council

2023/24 Annual Audit Report



Prepared for the Members of Dundee City Council and the Controller of Audit
25 September 2024

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Contents

Key messages	3
Introduction	5
1. Audit of 2023/24 annual accounts	6
2. Financial management	20
3. Financial sustainability	27
4. Best Value	34
5. Vision, leadership, governance and use of resources	38
Appendix 1. Action plan	45
Appendix 2. Summary of uncorrected misstatements	54

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Key messages

Audit of 2023/24 annual accounts

- 1 Audit opinions on Dundee City Council's 2023/24 annual accounts, and the statement of accounts of the four section 106 charities administered by the council, are unmodified.
- 2 The 2023/24 annual accounts were certified on 25 September 2024, in line with the agreed audit timetable.

Financial management

- 3 The council's budget setting and financial management arrangements operated effectively during 2023/24.
- 4 Excluding the one-off impact of Service Concession Flexibility, the council had an overspend on general fund services of £18 million (4%) for 2023/24, with City Development reporting a £5.2 million overspend for the year. An overspend of £4.1 million (7%) was reported against the annual HRA revenue budget due to higher than budgeted repairs and maintenance costs.
- 5 The council reported slippage of 36 per cent against its 2023/24 capital plan. This is an improvement on the delivery of the capital programme in recent years. However, management should review the project to increase the supply of council housing in the city to ensure it provides a realistic timetable for completions. Alongside this it should also look to identify ways to increase the number of new properties being completed each year.

Financial sustainability

- 6 The council's general fund reserve balance increased in the year due to the application of the service concession financial flexibility accounting arrangements. There is a clear plan to use the impact of this in a prudent manner.
- 7 The 2024/25 general fund revenue budget gap of £13.1 million is being met by additional Scottish Government funding and planned use of reserves. The council has also approved plans to reduce teacher numbers to achieve annual savings of around £2 million.
- 8 Future financial plans show a cumulative funding gap of £24 million for the period 2024-2027. The council still needs to produce a long-term financial

strategy to project costs for the next 10 years and to show how resources will be targeted towards priority areas.

- 9 The council is to commission a review of Leisure and Culture Dundee to ensure that sustainable services can be maintained in the longer term.

Best Value

- 10 The Accounts Commission noted the council's clear and effective leadership and commitment to community empowerment and engagement and was assured that action is being taken in response to long standing issues such as educational attainment and drug deaths.
- 11 Our Best Value thematic review of workforce innovation confirmed that the council has a workforce plan to support the delivery of its strategic objectives, but it needs to ensure this aligns with its service plans and digital strategy.

Vision, leadership, governance and use of resources

- 12 The council has an established performance framework which aligns with the Council Plan. Progress against the Council Plan priority areas is generally positive with 64 per cent of the performance indicators within 5 per cent of the target identified in the plan.
- 13 The council was in the top half of its family group for 49 per cent of the Local Government Benchmarking Framework indicators for 2022/23, a slight decrease from the prior year. Performance compared to other councils has remained similar over the last 5 years, with educational attainment measures generally remaining in the bottom quartile.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of Dundee City Council and will be published on Audit Scotland's website: www.audit-scotland.gov.uk.
2. The scope of the audit was set out in an annual audit plan presented to the April 2024 meeting of the Scrutiny Committee. This annual audit report comprises significant matters arising from the audit of Dundee City Council's 2023/24 annual accounts and conclusions on the wider scope areas set out in the [Code of Audit Practice](#).
3. We would like to thank elected members, management and staff, particularly those in finance, for their cooperation and assistance during the audit.

Responsibilities and reporting

4. Dundee City Council has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. Dundee City Council is also responsible for compliance with legislation and establishing appropriate arrangements for governance and propriety.
5. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice](#) and supplementary guidance and International Standards on Auditing in the UK.
6. This report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. Weaknesses or risks identified in this report are only those which have come to our attention during our audit work and may not be all that exist. Communicating these does not absolve management of its responsibility to address the issues raised and to maintain adequate systems of control.

Auditor Independence

7. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £451,860 (£444,360 for the council and £7,500 for the charitable trusts), as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity or independence.

1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

Audit opinions on Dundee City Council's 2023/24 annual accounts, and the statement of accounts of the four section 106 charities administered by the council, are unmodified.

The 2023/24 annual accounts were certified on 25 September 2024, in line with the agreed audit timetable.

Audit opinions on the annual accounts are unmodified

8. The independent auditor's report included the following audit opinions on the annual accounts:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

The 2023/24 annual accounts were certified on 25 September 2024, in line with the agreed audit timetable

9. We received the unaudited annual accounts on 26 June 2024, in line with the agreed audit timetable. The accounts and working papers presented for audit were of an adequate standard. We make two recommendations for improvement to the unaudited accounts in [Appendix 1](#). Management and finance staff provided good support to the team during the audit process. This enabled the final accounts audit to be completed in line with the agreed audit timetable and the 2023/24 annual accounts were certified on 25 September 2024.

Our audit approach and testing were informed by the overall materiality level of £19.6 million

10. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to

influence the economic decisions of users of the financial statements, and impact the opinion set out in the independent auditor’s report. Auditors set a monetary threshold when considering materiality although some issues may be considered material by their nature, and it is ultimately a matter of the auditor’s professional judgement.

11. Our initial assessment of materiality was carried out during the planning phase of the audit and was based on the group financial results reported in the council’s audited 2022/23 annual accounts. These materiality levels were reported in our annual audit plan to the April 2024 meeting of the Scrutiny Committee.

12. On receipt of the unaudited 2023/24 annual accounts we reviewed our materiality levels based on the financial results for the year ended 31 March 2024, and concluded that the materiality levels set at the planning stage were still appropriate. These are detailed in [Exhibit 1](#).

Exhibit 1
Materiality levels for the 2023/24 audit

Materiality level	Amount
Overall materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It 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.	£19.6 million
Performance materiality: This is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 50 per cent of overall materiality, reflecting the scale of previous year’s adjustments, the extent of estimation in the accounts and the planned testing in proportion to the scale of the organisation.	£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

Our audit identified and addressed the risks of material misstatement

13. [Exhibit 2](#) sets out the significant and non-significant risks of material misstatement to the financial statements. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant and non-significant risks of material misstatement

Nature of risk	Audit response	Conclusion
Significant risks of material misstatement		
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management’s ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Assess the design and implementation of controls over journal entry processing. • 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. • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments during the period. • Evaluate significant transactions outside the normal course of business. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Substantively test income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Test accounting accruals and prepayments focusing on significant risk areas. 	<p>The completion of the assurance procedures did not identify any evidence of management override of controls.</p>

Nature of risk	Audit response	Conclusion
<p>2. Estimation in the valuation of Other Land and Buildings (OLB)</p> <p>The valuations of OLB assets are significant estimates. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>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.</p>	<ul style="list-style-type: none"> • Review the information provided to the external valuer to assess for completeness. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Complete a walkthrough of the valuation process for OLB to obtain an understanding of the process, including the methodologies and assumptions applied. • Obtain an understanding of the management’s involvement in the valuation process to assess if appropriate oversight has occurred. • Test the asset register records against the annual valuation report to ensure asset valuations and useful lives are accurately reflected. • Sample testing of valuations and lives of individual assets revalued during 2023/24, and agreement of related accounting entries. • 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. 	<p>We reviewed and tested assets which were subject to a full revaluation process in 2023/24 (mainly schools) and did not find any errors in the valuation.</p> <p>The council undertook an indexation exercise on significant assets which were not formally revalued. We were satisfied that the methodology used was reasonable, however we identified a calculation error resulting in an overstatement.</p> <p>Refer to issue 3 in Exhibit 3.</p>

Nature of risk	Audit response	Conclusion
Other risks of material misstatement		
<p>3. Estimation in the valuation of Dwellings</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Review the information provided to the internal valuer to assess for completeness. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred. • Test the asset register records against the annual valuation report to ensure asset valuations and useful lives are accurately reflected. • Sample testing of valuations and lives of assets revalued during 2023/24, and agreement of related accounting entries. 	<p>Dwellings were subject to a full valuation process in 2023/24. We reviewed and tested this and did not identify any material issues, however we did note 2 misstatements.</p> <p>Refer to issue 4 in Exhibit 3.</p>
<p>4. Estimation in the valuation of pension assets and liabilities</p> <p>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).</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Assess the scope, independence and competence of the professionals engaged in providing estimates for pensions. • Review the appropriateness of actuarial assumptions and results including comparison with other councils and the pension fund as a whole. • Establish officers' arrangements for ensuring the reasonableness of professional estimations and the accuracy of information provided to the actuary by the council. 	<p>We did not identify any errors in the valuation of pension assets and liabilities.</p>

We reported the significant findings from the audit prior to the annual accounts being approved and certified

14. Under International Standard on Auditing (UK) 260, we are required to communicate significant findings from the audit, including our view about the qualitative aspects of the body’s accounting practices, to those charged with governance prior to the audited annual accounts being approved and certified.

15. The Code of Audit Practice also requires us to highlight key audit matters which are defined in ISA (UK) 701 as those matters judged to be of most significance.

16. The significant findings are summarised in [Exhibit 3](#).

Exhibit 3

Significant findings and key matters from the audit of the annual accounts

Issue	Resolution
<p>1. Application of financial flexibility for Service Concession Arrangements</p> <p>The Scottish Government introduced a series of enhanced financial flexibility arrangements to enable local authorities to vary proper accounting practice and help mitigate the financial impact of Covid-19. The council agreed to apply the flexibility permitted by Local government finance circular 10/2022 - finance leases and service concession arrangements: statutory guidance (PFI/PPP schemes) from 1 April 2023. This allows the associated debt to be repaid over the life of the asset rather than the contract period as per the previously mandated accounting practice.</p> <p>The council has 3 PPP schemes: the Education Services PFI scheme, the Baldrigon DBFM Project and the Waste Disposal Project. The retrospective application of financial flexibility accounting arrangements to these schemes resulted in a one-off cumulative saving of £39.8 million during 2023/24 which has been added to usable reserves.</p> <p>We comment further on the financial impact of this at paragraphs 62. to 65.</p>	<p>We are satisfied that the council has correctly accounted for the permitted financial flexibility for Service Concession Arrangements.</p> <p>This was judged to be a key audit matter.</p>

Issue	Resolution
<p>2. Disclosure and classification errors in accounts presented for audit</p> <p>The accounts presented for audit were complete but our audit identified a number of disclosure and classification errors within the notes to the financial statements that had to be corrected in the audited accounts. These impacted upon the figures presented in a range of notes including <i>Note 31. Short Term Debtors</i>, <i>Note 32. Short Term Creditors</i> and <i>Note 37. Financial Instruments</i>. However, as these errors only related to disclosures in the notes to the financial statements, these corrections did not impact on either the ‘Deficit on Provision of Service’ for the year ended 31 March 2024 reported in the <i>Comprehensive Income and Expenditure Statement</i> or the ‘Net Assets’ as at 31 March 2024 reported in the <i>Balance Sheet</i>.</p>	<p>Management corrected these misstatements in the audited 2023/24 annual accounts and agreed to review the accounts preparation timetable for 2024/25 to enable a detailed check of the annual accounts to be undertaken prior to them being presented for audit next year.</p> <p>Recommendation 1 at Appendix 1</p>
<p>3. Revaluation of Other Land and Buildings</p> <p>The carrying amount of an item of property, plant and equipment should reflect its current value. However, the Code of Practice on Local Authority Accounting (the Code) does not explicitly require an annual revaluation. Instead, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from the current value. The Code permits a maximum interval of five years between valuations but that is only appropriate where the change in value in the intervening period is not significant. Therefore, more frequent valuations are required for assets that experience significant annual changes in value.</p> <p>The unaudited annual accounts reported an overall carrying value for other land and buildings of £1.050 billion, of which £709 million of assets were formally revalued during 2023/24. Of the remaining £341 million of assets, some elements had not been valued for up to 4 years, in accordance with the accounting policy of the council. We considered the council’s approach to ensuring that the carrying value of these assets was not materially mis-stated.</p> <p>An indexation exercise was carried out on 22 major assets with a valuation of £160 million which are valued using the depreciated replacement cost methodology. Whilst we were satisfied that the council’s approach was based on a reasonable indexation factor and other inputs, we identified an error in the final calculation. This resulted in the valuation being overstated by £6.7 million.</p> <p>For assets which are valued using the open market valuation approach (mainly offices, industrial units and off street car parks), the council discussed with the Valuer the potential for market movements and identified that there would have been no material valuation movement. We reviewed this assumption and we were satisfied that it was reasonable.</p>	<p>Management corrected the audited 2023/24 annual accounts to reflect the current valuations of land and buildings.</p>

Issue	Resolution
<p>4. Revaluation of Council Dwellings</p> <p>As part of the council’s rolling 5-year valuation programme for property, the council’s housing stock was revalued during the year. The net book value at 31 March 2024 was £509 million, a decrease of £32 million on the value of £541 million at 31 March 2023.</p> <p>In accordance with the Code of Practice on Local Authority Accounting, the basis of the valuation was existing use value for social housing (EUV-SH). In line with recommended practice, a beacon approach was adopted by the council’s internal valuers as the basis for the valuation process.</p> <p>To calculate the discount to be applied to EUV to reflect social housing values, the council compared the average difference in monthly rent for former council properties now available for private rental to the monthly rental charged by the council for similar properties in similar areas of the city. This identified that private rents were on average 50 per cent higher than those charged by the council. A discount factor of 50 per cent was therefore applied to the values calculated using the beacon approach to calculate the existing use value for social housing of these properties.</p> <p>While we were content with the overall valuation methodology and results, our review of the valuation process identified the following issues:</p> <ul style="list-style-type: none"> • A discrepancy was identified in the number of properties included in the revaluation exercise and the number of properties held by the council’s housing service. This resulted in an understatement of the valuation of £0.6 million. • The basis for the valuation used for new build properties at the Derby Street development used an insurance valuation rather than that prepared by the council’s Valuer. This resulted in the valuation being overstated by £2.076 million. 	<p>Management corrected the audited 2023/24 annual accounts to reflect the current valuations of dwellings.</p>

Issue	Resolution
<p>5. Grant income unspent at year end</p> <p>Grants and other contributions received should be recognised as income in the financial year they are received, unless any conditions that could lead to the fund having to be returned have not been satisfied by the year end. Where there is reasonable assurance that the body will comply with any such conditions, recognition should be in the Grants Received in Advance Account. Only where there is no certainty that the conditions of the grant will be complied with, and the funds will need to be returned, should a liability be recognised.</p> <p>Our review of Short Term Creditors identified an entry for £0.6 million relating to 'Carry forward of HEEPs (Home Energy Efficiency Programme) Grant into 2024/25'. However, there are no conditions attached to this grant and therefore this should have been accounted for as income during the year.</p> <p>As a result of this misstatement, we reviewed short term creditors for other similar balances and identified a further £2.2m of grant income which should also have been recognised as income during the year. Therefore, a total of £2.8m of grant income had been included as short term creditors in the unaudited accounts which should have been recognised as income.</p>	<p>As this is below our performance materiality level, management opted not to amend the accounts for this total and this is reported as an unadjusted error in the audited 2023/24 annual accounts.</p> <p>Management has agreed to put year end procedures in place to ensure that all unspent grants are correctly accounted for the 2024/25 annual accounts.</p> <p>Recommendation 2 at Appendix 1</p>
<p>6. Group Accounts</p> <p>Group financial statements are those in which the assets, liabilities, reserves, income, expenses and cash flows of a parent body and its subsidiaries, plus its investments in associates and interests in joint ventures, are presented as those of a single economic entity. The council consolidates its material group components in group accounts included in the financial statements.</p> <p>Similar to point 2 above, our review of the group accounts in the unaudited accounts identified a number of disclosure and classification errors. For example, Total Reserves per the <i>Movement in Reserves Statement</i> did not agree to Total reserves per the <i>Balance Sheet</i> and there were addition errors within the <i>Group Comprehensive Income and Expenditure Statement</i> and <i>Balance Sheet</i>.</p> <p>We also considered the presentation of the Group Accounts and made suggestions to the council as to how this could be improved.</p>	<p>Management corrected the misstatements identified, and made the suggested revisions to the presentation of the group statements, for the audited 2023/24 annual accounts.</p> <p>As with Point 2 above, management agreed to review the accounts preparation timetable for 2024/25 to enable a detailed check of the annual accounts to be undertaken prior to them being presented for audit next year.</p> <p>Recommendation 1 at Appendix 1</p>

Issue	Resolution
<p>7. Low emission zone (LEZ) accounting requirements</p> <p>The Low Emission Zones (Scotland) Regulations 2021 require local authorities who operate a LEZ to maintain proper accounting records of the costs of setting up and operating the scheme, any related funding, and the income generated through the scheme. The regulations also require the local authority to publish a LEZ statement of account as a disclosure note within the annual accounts each year.</p> <p>2023/24 is the first year that Dundee City Council was required to prepare this disclosure note but it was not included within the annual accounts presented for audit.</p>	<p>Management has now prepared the required disclosure note and included this at <i>Note 50. Low Emissions Zone Statement of Account</i> within the audited 2023/24 annual accounts.</p> <p>For information, as the council's LEZ only came into operation on 1 June 2024, there were no operating costs or income raised through penalties during the 2023/24 financial year. The disclosure note only reflects the costs incurred in setting up the scheme, and the related funding received up to 31 March 2024.</p>
<p>8. Remuneration report - Trade Union (Facility Time Publication Requirements) Regulations 2017 disclosures</p> <p>The Trade Union (Facility Time Publication Requirements) Regulations 2017 require a range of information in relation to the time and costs of employee involvement in trade union activity to be published by the council each year. Guidance from the Cabinet Office indicates that this should be disclosed in the remuneration report.</p> <p>These disclosures have been required since 2020/21 but the council current processes rely on the provision of information by its Trade Unions in time for inclusion in the current year accounts (i.e. latest data published in remuneration report in 2023/24 annual accounts is incomplete and relates to 2022/23).</p>	<p>Management has agreed to put arrangements in place to ensure the required information is collated and disclosed in the remuneration report in the 2024/25 annual accounts.</p> <p>Recommendation 3 at Appendix 1</p>

Source: Audit Scotland

Total misstatements identified during the audit were £13.1 million, including unadjusted misstatements of £2.8 million

17. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

18. Total misstatements identified were £13.1 million which exceeds our performance materiality threshold. We considered whether further audit procedures were required and reviewed the nature and causes of these misstatements, which mainly related to non-current asset adjustments (£9.4 million relates to issues 3 and 4 in [Exhibit 3](#)). We have concluded that these arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. We considered whether other misstatements presented material risks of misstatement in the relevant account area and concluded they did not.

19. We also identified one misstatement which was not corrected by management in the audited accounts. Further details of the uncorrected misstatement is included in [Appendix 2](#). The net impact of this would have been to decrease net expenditure in the comprehensive income and expenditure statement for the year ended 31 March 2024 by £2.8 million, with a corresponding increase in net assets at 31 March 2024 of £2.8 million in the balance sheet.

Good progress was made on prior year recommendations

20. Our [2022/23 annual audit report](#) included 8 recommendations for improvement, which included 3 recommendations from our [Best Value thematic review of Leadership in the development of the council's strategic priorities](#) which was undertaken last year. The council has made good progress in implementing these but 3 have still to be fully addressed. For actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Audit opinions on the statement of accounts of the four section 106 charities administered by the council are unmodified

21. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity administered by the council, irrespective of the size of the charity.

22. The council administers seven charities registered under section 106 but is only required to produce four sets of accounts covering these. The Dundee City Council Charitable Trusts (incorporating four trust funds), the Dundee Trust and the Lord Provost of Dundee Charity Fund accounts were all prepared on a receipts and payments basis. The Fleming Trust accounts were required to be prepared on an accruals basis due to the size and asset base of the trust. The movement in the funds held by these charities during the year is shown in [Exhibit 4](#).

Exhibit 4

Movement in funds held by charities administered by Dundee City Council

Charitable Trust Fund	Scottish Charity Number	Opening balance at 1 April 2023 £	Closing balance at 31 March 2024 £
Belmont Trust Estate	SC018900	185,495	185,495
Camperdown Estate	SC018899	2,534	2,534
William Dawson Estate Trust	SC018920	6,645	6,930
Hospital Fund	SC018896	766,741	814,750
Total funds of Dundee City Council Charitable Trusts		961,415	1,009,709
The Dundee Trust	SC046260	Nil	Nil
Lord Provost of Dundee Charity Fund	SC027022	41,836	39,956
Fleming Trust	SC052182	8,489,587	8,738,171

Source: Trustees report and accounts for the year ended 31 March 2024

23. Our duties as auditors of the charities administered by Dundee City Council are to:

- express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR).

We updated the materiality levels for the charities audits

24. On receipt of the unaudited 2023/24 annual accounts for each of the charities we reviewed our materiality levels based on the financial results for the year ended 31 March 2024, and concluded that due to some changes in income and expenditure levels our materiality levels set at the planning stage were required to be updated. These are detailed in [Exhibit 5](#).

Exhibit 5

2023/24 Revised materiality levels for charitable trusts

Materiality	Dundee City Council Charitable Trusts	Lord Provost Charity Fund	Fleming Trust
Planning materiality: 2 per cent of net assets	£135,000	£835	£175,000
Performance materiality: 75 per cent of planning materiality	£100,000	£625	£131,250
Reporting threshold: 5 per cent of planning materiality	£6,750	£42	£8,750

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement for the charities

25. Other than the presumed significant risk of fraud due to management override of controls, which was also identified as a significant risk in respect of the council's annual accounts, no specific risks of material misstatement were identified in respect of the 2023/24 charitable trusts annual accounts. [Exhibit](#) confirms that the further audit procedures we performed during the year to obtain assurances over this risk did not identify any evidence of management override of controls for any of the charitable trusts.

Exhibit 6

Significant risk of material misstatement for 2023/24 charitable trusts annual accounts

Nature of risk	Audit response	Conclusion
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments during the period. • Evaluate significant transactions outside the normal course of business. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Substantively test income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Test accounting accruals and prepayments focusing on significant risk areas 	<p>The completion of the assurance procedures did not identify any evidence of management override of controls.</p>

Source: Audit Scotland

26. We have given unqualified audit opinions on the financial statements of the Section 106 charities administered by the council. The significant findings from the audits are summarised in [Exhibit 7](#).

Exhibit 7

Significant findings from the audits of the 2023/24 charitable trusts annual accounts

Issue	Resolution
<p>1. Winding up of Dundee Trust</p> <p>During 2019/20 the funds held in the Dundee Trust were donated to the Lord Provost of Dundee Charity Fund leaving it with a nil balance since 31 March 2020, as shown in Exhibit 4 above. The trust also holds no assets so has effectively been dormant since this date. As a result, the Office of the Scottish Charity Regulator (OSCR) removed it from its list of Scottish Charities as of 24 April 2024. Steps are being taken to formally wind up the trust in accordance with the Trust Deed.</p> <p>This was not disclosed or accounted for within the Draft Accounts.</p>	<p>The Trustees have prepared revised accounts for the period 1 April 2023 to 24 April 2024 and these will be the last accounts produced for the Dundee Trust.</p>

Source: Audit Scotland

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

The council's budget setting and financial management arrangements operated effectively during 2023/24.

Excluding the one-off impact of Service Concession Flexibility, the council had an overspend on general fund services of £18 million (4%) for 2023/24, with City Development reporting a £5.2 million overspend for the year. An overspend of £4.1 million (7%) was reported against the annual HRA revenue budget due to higher than budgeted repairs and maintenance costs.

The council reported slippage of 36 per cent against its 2023/24 capital plan. This is an improvement on the delivery of the capital programme in recent years. However, management should review the project to increase the supply of council housing in the city to ensure it provides a realistic timetable for completions. Alongside this it should also look to identify ways to increase the number of new properties being completed each year.

The council's budget setting and financial management arrangements operated effectively during 2023/24

27. The council has a well-established budget setting process that supports councillors to develop and scrutinise savings plans and understand the impact of proposed service changes. The annual budget setting process is informed by a public consultation exercise and is focussed on the council's priorities.

28. In February 2023 the council approved a general fund revenue budget for 2023/24 of £410 million. This was based on raising council tax by 4.75 per cent, the achievement of budget savings of £4.9 million, extra income generated from a review of charges of £0.6 million and the release of existing inflationary pressure reserves of £3.8 million, to meet an identified budget gap of £8.4 million and fund additional spending commitments during the year.

29. The council is required by legislation to maintain a separate Housing Revenue Account (HRA) and to ensure that rents are set to a level which will at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. In January 2023 the council approved a 3 per cent increase in the average weekly rent levels for tenants for 2023/24. The rent level set reflected the income required to fund the annual HRA budget of £58.9 million.

30. The council operates a rolling five-year capital programme. The 2023-2028 Capital Plan was approved in November 2022. The plan detailed a £381 million programme of work split between £259 million of general fund projects and £122 million of housing revenue account projects. Expenditure of £133 million (£103 million for general fund projects and £30 million for HRA projects) was scheduled for 2023/24.

31. Revenue, HRA and Capital monitoring reports were taken to each meeting of the City Governance Committee during 2023/24. The reports provided members with a good level of information on the current and forecast year end budget positions along with narrative explaining the key variances and actions being taken to address these.

Excluding the one-off impact of Service Concession Flexibility, the council had an overspend on general fund services of £18 million (4%) for 2023/24, with City Development reporting a £5.2 million overspend for the year

32. The council reported a £21.9 million underspend on general fund services during 2023/24. However, this underspend position arose largely as a result of the one-off impact of the application of the Service Concession Flexibility of £39.8 million as discussed at paragraphs [62.](#) to [65.](#). Excluding this there was a deficit on the provision of services of £17.9 million (4%) which was funded by the planned use of reserves. Within this, there were a number of significant overspends and underspends on general fund services as detailed in [Exhibit 8](#) on page [22](#).

A 7 per cent overspend of £4.1 million was reported against the annual HRA revenue budget due to higher than budgeted repairs and maintenance costs

33. The council reported a £4.1 million (7 per cent) overspend against the annual HRA budget for 2023/24. This was mainly attributable to additional expenditure for repairs and maintenance due to higher volume and cost of repairs and additional work undertaken on relets during the year.

Exhibit 8

Summary of most significant underspends and overspends against budget

Service area	Main reasons for underspend / overspend
Overspends	
Children and Family Services	£1.7 million overspend Additional staffing costs for teachers. This was mainly as a result of providing cover for absence and maternity leave, and the additional costs incurred due to a higher than anticipated number of children being placed into secure care over the year.
City Development	£5.2 million overspend This was due to a range of factors including: higher than anticipated reactive property maintenance costs; overspend on vehicle parts, materials, fuel and hire costs in relation to the provision of the council's Corporate Fleet portfolio; an under recovery of fee income; reduction in Building Warrants income; and a shortfall in off street parking income. This was partly offset by additional income from the council's commercial property portfolio.
Underspends	
Corporate Services	£2.2 million underspend Mainly attributable to savings from unfilled posts during the year.
Council Tax	£2.3 million underspend This was due to higher than anticipated council tax income collected compared to budget estimates.

Source: Dundee City Council 2023/24 Annual Accounts and revenue monitoring reports to City Governance Committee

The council reported slippage of 36 per cent against its 2023/24 capital plan

34. As detailed at paragraph [30.](#), the council approved a capital programme of £133 million (£103 million for general fund projects and £30 million for HRA projects) for 2023/24.

35. Capital works amounting to £85.6 million were completed during 2023/24. This included expenditure of £27.1 million on the East End Community Campus; £10.0 million on the Broughty Ferry to Monifieth active travel improvements project; £3.6 million to increase the supply of Council Dwellings and £2.9 million on roads construction and recycling works.

36. The final outturn represented slippage of 36 per cent against the approved programme for the year. However, this represents an improving position compared to previous years (46 per cent in 2022/23, 51 per cent in 2021/22). The main areas of project slippage are detailed in in [Exhibit 9](#) on page [23](#).

37. As shown in [Exhibit 9](#), during 2023/24 there was slippage of 69 per cent in the council's programme to increase the supply of council housing in the city. This followed slippage of 75 per cent in 2022/23 and 92 per cent in 2021/22.

Over that 3-year period the council expected to complete 222 new properties but only 57 (26 per cent) were completed. This presents a risk to the council achieving its aim to “Build homes to meet community needs” through building homes to increase the supply of new housing, including affordable housing, across the city; and to the City Plan target to build 480 new homes across all tenures annually.

Recommendation 4

Management should review the project to increase the supply of council housing in the city to ensure it provides a realistic timetable for completions. Alongside this it should also look to identify ways to increase the number of new properties being completed each year.

38. The council’s Capital Plan 2024-29 was revised and approved in February 2024 in response to budgetary pressures. Budget reductions were identified to enable the reprioritisation of the existing budget in line with the strategic priorities included in the Council Plan 2022-27.

Exhibit 9

Main areas of slippage in the 2023/24 capital programme

Project	Slippage		Main reasons for slippage
	£m	%	
East End Community Campus	5.5	17	Weather has been the major factor causing delays for the contractor against original projections. However, the project is still forecast to be delivered on budget and within anticipated timescales.
Baldovie Development	5.0	100	Issues in identifying a suitable site have led to significant delays progressing the project. A site has now been identified and the tender should be approved during 2024/25 with works starting thereafter.
Energy efficient	7.7	90	Changes to the availability of procurement frameworks and ongoing contract negotiations have impacted expenditure for this year.
Increased supply of council housing	8.0	69	For 2023/24 the council planned to complete 82 council houses but actual completions for the year were 46. The slippage in the new build programme was mainly due to challenging sites, construction inflation, and reductions to the affordable housing budget by Scottish Government have all affected the delivery of new-build housing.
Site 6 south development	8.6	61	The tender was approved by the council in June 2023 and work has since commenced.

Source: Dundee City Council 2023/24 Annual Accounts and capital expenditure monitoring reports to City Governance Committee

The council is reviewing the decision to close Kirkton Community Centre

39. In October 2023 the City Governance Committee approved a proposal for the closure of Kirkton Community Centre by the end of 2024, with a 'community hub' model being introduced in its place, with St Paul's and Baldragon academies being opened to the public for use as community facilities.

40. In response to this decision, two clients lodged a petition for Judicial Review with the Court of Session in January 2024. This claimed that Dundee City council had failed to carry out a formative consultation to gauge what impact the closure would have on local people with disabilities and that the decision discriminated against the petitioners as disabled service users and was therefore unlawful under the 2010 Equality Act.

41. The council has confirmed that the centre will remain open pending further consideration. The legal challenge has been placed on hold as a result.

The council's external debt levels increased by £62 million over the last 12 months to fund increased capital expenditure

42. During 2023/24 the council's external debt levels increased by £62 million, from £681 million at 31 March 2023 to £743 million at 31 March 2024. The increase was mainly attributable to the increase of £32.3 million in the level of capital expenditure compared with 2022/23 with more shorter-term borrowing used due to the higher costs of long-term borrowing following base rate increases.

Key financial controls operated effectively during 2023/24

43. As required by Audit Scotland's Code of Audit Practice, as part of our audit we identified and evaluated the key internal controls in the accounting systems. Our objective was to gain assurance that it has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements. We concluded that the key controls in the main financial systems were operating as specified.

Internal audit provided reasonable assurance on the council's framework of governance, risk management and control

44. We considered internal audit's annual report, presented to the June 2024 Scrutiny Committee, as part of our review of the Annual Governance Statement included within the 2023/24 annual accounts. This disclosed internal audit's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the council's framework of governance, risk management and control for the year to 31 March 2024.

45. Internal Audit identified 3 areas that were assessed as providing 'limited assurance': General Ledger, Adaptions for People with Disabilities, and Financial Sustainability at Leisure and Culture Dundee. Reference to these was not included in the Annual Governance Statement included in the accounts

presented for audit, but details of the issues and the council's response to these has been included in the statement in the audited accounts.

46. We considered internal audit's findings in these areas and concluded that these did not require us to change our planned audit approach. In particular, issues raised for the General Ledger related to documentation and timetables for reporting, and our own testing of controls over authorisation of data input were found to be operating satisfactorily.

Dundee City Council and Angus Council are considering a long-term arrangement to share a Chief Internal Auditor

47. In October 2022 the council entered into a partnership with Angus Council to share its Chief Internal Auditor on a part-time basis, with 40 per cent of their time spent on Dundee City Council and 60 per cent of their time spent on Angus Council. This pilot arrangement commenced in October 2022 and was initially for a 12-month period.

48. The pilot arrangement proved effective and the councils are now considering entering into a long-term arrangement to share this resource on a 50:50 basis, with an ongoing commitment for both teams to share information, work more closely together, and undertake joint audits where practical in the future.

The Internal Audit Team is now at establishment level and an external contractor has been appointed to provide further support

49. The Internal Audit section has been operating under capacity for a period of time, but 2 vacant posts were filled in March 2024 and this returns the team to full establishment level. Following a joint procurement exercise with Angus Council, an external contractor, Azets, was appointed in December 2023 to provide internal audit support for specific IT related audits, and general support as required.

Management should look to streamline the process for clearing internal audit reports to ensure recommendations are agreed and actioned within an appropriate timescale

50. We reported in our 2022/23 Annual Audit Report that services were often slow to respond to draft internal audit reports which led to delays in actions to address recommendations for improvement being agreed, and the reports being issued for consideration by elected members. We also recommended that management should ensure that draft internal reports are cleared and reported in a timely manner so that recommendations for improvement can also be actioned within an appropriate timescale.

51. We again noted delays in the issue of internal reports during 2023/24, including a protracted process for the clearance and issue of many reports, even after services had agreed the findings and accepted the related recommendations.

Recommendation 5

Management should look to streamline the process for clearing internal audit reports to ensure recommendations are agreed and actioned within an appropriate timescale.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

52. The council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy, anti-bribery policy and codes of conduct for councillors and officers.

53. The council's Corporate Fraud Team (CFT) provide reports on its activity to the Scrutiny Committee. In addition to investigative work carried out, the CFT also provides advice, guidance and support to the council's strategic services – for example delivering corporate fraud awareness training to staff – and manages the council's whistleblowing arrangements. The council also has a Corporate Integrity Group which was set up to improve the council's resilience to crime, fraud and corruption.

54. We assessed these arrangements to ensure that they were appropriate and that documents are readily available to staff and regularly reviewed to ensure they remain relevant and current. Overall, we concluded that the council's arrangements are appropriate.

The council has well-established arrangements for investigating and reporting data matches identified by the NFI

55. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland which aims to prevent and detect fraud. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

56. The current NFI exercise ran over 2022/23 and 2023/24 and participating bodies began to receive matches for investigation in January 2023. These matches are categorised by risk and all recommended matches, plus any further matches based on findings, should be investigated.

57. The council has participated in the initiative for a number of years and has well-established processes in place for investigating the data matches identified by the NFI and reporting the results to the Scrutiny Committee. Owing to capacity issues within the council's payments section, review of Creditors matches (for example, potential duplicate payments) was limited, with only high risk matches being considered. High risk matches made up 5% of total creditors matches, with 98% of high risk creditors matches being concluded. The final overall results of the NFI exercise will be reported to the Scrutiny Committee in autumn 2024. The next NFI exercise will take place for 2024/25.

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

The council's general fund balance increased in the year due to the application of the service concession financial flexibility accounting arrangements. There is a clear plan to use the impact of this in a prudent manner.

The 2024/25 general fund revenue budget gap of £13.1 million, is being funded from additional Scottish Government funding and planned use of reserves. The council has also approved plans to reduce teacher numbers to achieve annual savings of around £2 million.

Future financial plans show a cumulative funding gap of £24 million for the period 2024-2027. The council still needs to produce a long-term financial strategy to project costs for the next 10 years and to show how resources will be targeted towards priority areas.

The council is to commission a review of Leisure and Culture Dundee to ensure that sustainable services can be maintained in the longer-term.

The council's general fund balance increased in the year due to the application of the service concession financial flexibility accounting arrangements

58. As shown in [Exhibit 10](#) on page [28](#), the level of total usable reserves held by Dundee City Council increased by £16 million during 2023/24, from £76 million at 31 March 2023 to £92 million at 31 March 2024.

59. The Scottish Government introduced a series of enhanced financial flexibility arrangements to enable local authorities to vary proper accounting practice and help mitigate the financial impact of Covid-19. The council agreed to apply the flexibility permitted by [Local government finance circular 10/2022 - finance leases and service concession arrangements: statutory guidance](#) (PFI/PPP schemes) from 1 April 2023. This allows the associated debt to be repaid over the life of the asset rather than the contract period as per the previously mandated accounting practice.

60. The council has 3 PPP schemes: the Education Services PFI scheme, the Baldragon DBFM Project and the Waste Disposal Project. The retrospective application of financial flexibility accounting arrangements to these schemes resulted in a one-off cumulative saving of £39.8 million during 2023/24 which

has been added to usable reserves. This resulted in the general fund balance increasing by £21 million during 2023/24, from £57 million at 31 March 2023 to £78 million at 31 March 2024. The impact on the general fund balance was partly offset by the planned use of around £19 million of ear-marked reserves to support the revenue budget position during the year.

61. Of the total balance of usable reserves, £68 million (87 per cent) has been earmarked by the council for specific areas of future spending including: £5 million to support service change initiatives and £7 million for future budget pressures. The unallocated general fund balance at 31 March 2024 was £9.8 million and is in line with the reserves strategy.

Exhibit 10 Dundee City Council usable reserves

Reserve	31 March 2022 (£m)	31 March 2023 (£m)	31 March 2024 (£m)
General fund – uncommitted	9.3	9.2	9.8
General fund – Service Concession flexibility	0.0	0.0	39.8
General fund – other ear-marked reserves	52.0	47.4	28.1
Total General fund balance	61.3	56.6	77.7
Repairs and renewal fund	13.2	14.8	10.8
Insurance fund	1.5	0.7	1.2
Capital grants and receipts unapplied account	1.7	1.4	0.4
Capital fund	3.6	2.7	2.2
Total usable reserves	81.3	76.1	92.3

Source: Dundee City Council Annual Accounts

The council has a clear plan to use the impact of the service concession flexibility in a prudent manner

62. As noted at paragraphs [59.](#) and [60.](#) above, the council agreed to apply the service concession financial flexibility accounting arrangements from 1 April 2023 which resulted in a one-off cumulative saving of £39.8 million during 2023/24, reflecting the retrospective impact of the change in accounting treatment (i.e. the change in debt repayments that would have been made up to 1 April 2023 had the revised accounting treatment been applied to the 3 PPP schemes from the start).

63. In addition to the retrospective impact of the new accounting treatment, an in-year saving of £3.6 million was also achieved in scheduled debt repayments during 2023/24 due to the extended repayment period for the borrowing taken for the 3 PPP schemes. Annual debt repayment savings will also be generated each year until the service concession arrangement contracts have been repaid. However, statutory charges will then be made over the remaining lives

of the assets which would not have been required had the original accounting treatment continued to be applied as this would have resulted in the borrowing being fully repaid by the end of the contracts. Over the full lives of the service concession arrangement the total capital repayments for the debt liability remains the same under both approaches, but the council will incur greater total interest charges due to repaying the borrowing over a longer period under the new approach.

64. In order to ensure that the financial flexibility is being applied in a prudent, sustainable, and affordable way over the life of the assets, the council agreed to create an earmarked reserve to ensure a sustainable profile for budget-setting and long-term financial planning purposes.

65. It is important to note that this change in accounting treatment does not in any way affect the existing contracts or any financial arrangements with the parties operating these assets on behalf of the council. Charges will continue to be paid as per contractual obligations over the agreed contract terms which includes annual inflationary increases. Service concession assets will also continue to be included on the council's Balance Sheet.

The 2024/25 general fund revenue budget gap of £13.1 million is being funded from reserves and additional Scottish Government funding

66. On 29 February 2024, the council approved a general fund revenue budget for 2024/25 of £464 million. To achieve a balanced budget at this level a budget gap of £13.1 million was required to be met. Measures agreed by the council to close the identified budget gap included:

- additional funding of £3.4million received from the Scottish Government to support the Council Tax freeze
- assumed funding of £2.3m from the Scottish Government to meet the increased cost of teachers pensions of £5.7 million
- release of existing inflationary pressure reserves of £6.6 million
- savings plans of £0.4 million
- extra income generated from a review of charges of £0.3 million.

The council approved plans to reduce teacher numbers to achieve annual savings of around £2 million

67. The 2024/25 revenue budget was developed to reflect budget growth items, cost pressures and savings that had been identified through the 2023/24 revenue monitoring process, together with additional income or new cost pressures that are expected to emerge in 2024/25. As part of this process, a proposal to reduce teacher numbers by 32.7 full-time equivalent (FTE) posts was approved. This is anticipated to result in annual savings of around £2 million. The reduction is to be achieved by natural turnover and is intended to maintain teachers at the 2022 census level.

68. Primary and secondary teacher staffing allocations are issued to schools based on staffing formulas which is a collaborative process involving consultation with Head Teachers and led by the Primary and Secondary Staffing Review Groups. Officers will monitor and manage teaching staffing across the service to seek to ensure that whilst savings are achieved the council continues to meet its obligations including in relation to teacher numbers. Primary and Secondary Head Teachers continue to have discretion over how to utilise Pupil Equity Funding to support additional teaching and support staff within their own establishments.

The council approved a 3.5 per cent increase in rent levels for 2024/25 to fund the annual HRA budget of £61 million

69. In January 2024 the council approved a 3.5 per cent increase in the average weekly rent levels for tenants for 2024/25. The rent level set reflected the income required to fund the annual HRA budget of £60.7 million.

70. The approved budget included an allowance for public sector pay increases of 3.5 per cent for 2024/25 and increased Property Costs to reflect increased inflationary pressures in providing responsive repairs and relets service and open space maintenance. Capital Financing Costs have also increased to support delivery of the HRA Capital Plan.

Future financial plans show a cumulative funding gap of £24 million for the period 2024-2027

71. A Budget Strategy 2024/25 paper was presented to the City Governance Committee on 4 September 2023. This provided members with updated medium-term financial projections and set out a strategy to address the projected budget shortfall for 2024/25. This showed an estimated budget gap for 2024/25 of £19.5 million with a cumulative budget gap over the three years 2024-27 of £38 million.

72. During development of the 2024/25 revenue budget, this position was revised and as reported in the budget papers of February 2024, the projected cumulative budget gap for the period to 2027 has improved and is now predicted as £24 million. The council also provided a longer-term forecast of the budget gap up to 2034 of around £53 million, which equates to 11 per cent of the total 2024/25 revenue budget.

73. Actions to address the 2025/26 budget gap, and longer-term budget challenges, will be considered as part of the annual budget setting process with the intention to approve the 2025/26 general fund budget and council tax levels in February 2025.

The council is to commission a review of Leisure and Culture Dundee to ensure that sustainable services can be maintained in the longer term

74. Leisure and Culture Dundee (LACD) is a subsidiary of the council that was established to manage the leisure and cultural facilities owned by the council

and has been in operation since 1 July 2011. The council provided an annual management fee of £9.2 million to LACD in 2023/24.

75. In February 2024, the City Governance Committee agreed proposals from the board of LACD to undertake consultations regarding the future of Caird Park golf course, Mills Observatory and Broughty Ferry Castle, and a review of library services to identify ways of ensuring the service delivers a sustainable model across the city for the longer term.

76. An internal audit report on Financial Sustainability of LACD was presented to the Scrutiny Committee in June 2024. This concluded the assurance level was 'Limited' for the following reasons:

- LACD remains in a period of transition following the Covid-19 pandemic. Services and facilities have reopened; however, visitor numbers are still stabilising, and their distribution across services and facilities has changed. This altered profile of demand is still developing, meaning that the services required, and their mode of delivery may differ now.
- The current economic landscape that the council and LACD are operating in impacts what services can be delivered for the available budget. Since the period of the pandemic the council have provided LACD an additional £4.236 million of Covid support mainly to address income shortfalls.

77. Internal audit made a number of recommendations for both the council and LACD to address this. Given the issues raised in the report, the Convenor of the Scrutiny Committee agreed to refer the report to the City Governance Committee for review by all members.

78. In August 2024, the City Governance Committee agreed to a fuller review of agreements, priorities, funding and options for leisure and culture to ensure that sustainable services can be maintained in the longer term. External support to undertake this review is to be sought and reported back to committee in due course.

The council still needs to produce a long-term financial strategy to project costs for the next 10 years and to show how resources will be targeted towards priority areas

79. In September 2023 the council produced a medium-term financial outlook that set out the high-level implications of different levels of income, spending and activity over the next three years. This included a sensitivity analysis which shows the potential financial impact of variations against the council's current key budget assumptions (income and expenditure) which underpin the council's ten-year revenue budget projections.

80. We noted in our 2023/24 Annual Audit Report that the council recognised that its long-term financial strategy still needed to be updated to reflect the new Council Plan, with management highlighting that this would need to reflect the uncertainty associated with single year budget settlements and the financial challenges set out by the Scottish Government in its Medium-Term Financial Strategy.

81. The council still needs to produce a long-term financial strategy to project costs for the next 10 years and to show how resources will be targeted towards priority areas. However, management has advised that this will be done during 2024/25 and it will also look to develop long-term revenue projections once there is sufficient certainty over levels of local government funding beyond the current year.

The Capital Plan sets out a £388 million programme of expenditure to help deliver the key priorities in the Council Plan

82. The council prepares a 5-year Capital Plan which is revised and updated annually. The Capital Plan 2024-29 was approved in February 2024. Due to reducing resources available, the council has decided that, from 2027/28, no new borrowing can be incurred unless revenue budget is identified to meet the resulting capital financing costs. Following detailed review by officers, savings of £3.8 million were identified in areas that would have the least impact on core services to ensure a balanced budget for general fund projects could be delivered.

83. The approved capital programme for 2024/25 to 2028/29 totals £388 million, split between £255 million of general fund projects and £133 million of housing revenue account projects, with expenditure of £162 million (£136 million general fund projects and £26 million HRA projects) scheduled for 2024/25. It identifies projects that contribute to the 5 key priorities in the Council Plan 2022-27 as shown below:

- £99 million on general fund projects to “Reduce child poverty and inequalities in income, education and health”, with £72 million of this spend on the East End Community Campus and £21m on the Western Gateway project.
- £114 million on projects to “Build resilient and empowered communities”, which includes £13 million on roads and £22 million to increase the supply of council housing.
- £88 million on projects to “Tackle climate change and reach Net Zero carbon emissions by 2045”, including £44m to improve energy efficiency in the HRA housing stock.
- £58 million on general fund projects to “Design a modern council”.
- £29 million on general fund projects to “Deliver inclusive economic growth (including Community Wealth Building)”.

The council has identified that RAAC is present in roof structures in 2 schools and a number of council owned dwellings, but this is in an acceptable condition and can be managed or remediated as part of a planned strategy

84. Reinforced autoclaved aerated concrete (RAAC) is a lightweight construction material that was used in the construction of some public buildings

like schools and hospitals between the 1950s and 1990s. It was used mostly in flat roofing, but also in some pitched roofs, floors and walls.

85. The council had previously identified the use of RAAC in the roof structure of two school buildings: St Fergus Primary School and Ardler Primary School. These roofs have been, and continue to be, inspected regularly by experts. The RAAC at each school is described as being in good condition currently with no structural issues apparent. Specialist inspectors are therefore satisfied that both schools can safely operate as normal. Detailed inspections of the roof areas will continue to be carried out at least every six months in line with national guidelines.

86. During 2023/24, the council undertook a survey of its full portfolio of domestic properties. This identified 79 blocks of flats with council tenants and 162 cottages with council tenants that contained RAAC. From this the council also identified a further 2 blocks of flats and 131 cottages, all fully owner occupied, which also contain RAAC. The survey concluded that in general terms, across the portfolio, RAAC is in an acceptable condition and can be managed or remediated as part of a planned strategy. The surveys undertaken do not highlight any current need for wholesale decants. A report is currently being prepared by the City Engineer, outlining recommendations for short-term and long-term actions, including remediation options.

The council is still evaluating a collective equal pay claim received in February 2021

87. In February 2021, the trade unions submitted a collective equal pay claim on behalf of their members under the Equality Act 2010. The claim is for the full 5 year back-pay period and / or from their date of employment, if such a date is less than 5 years ago. The claimants are employed in predominantly female jobs groups (and / or groups of which the proportion of female workers is far greater than that in the comparator groups). Around 500 claims are presently being considered by the Employment Tribunal and the timescale for concluding these cases remains uncertain. At this stage, it is not possible to quantify the council's financial liability, if any.

88. While it is not possible to establish at this stage whether any cash outflow will result from the equal pay claim, this presents a potential liability to the council for future years. A contingent liability has therefore been disclosed in the 2023/24 annual accounts to reflect this.

4. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

The Accounts Commission noted the council's clear and effective leadership and commitment to community empowerment and engagement, and was assured that action is being taken in response to long standing issues such as educational attainment and drug deaths.

Our Best Value thematic review of workforce innovation confirmed that the council has a workforce plan to support the delivery of its strategic objectives but it needs to ensure this aligns with its service plans and digital strategy.

The Accounts Commission noted the council's clear and effective leadership and commitment to community empowerment and engagement, and was assured that action is being taken in response to long standing issues such as educational attainment and drug deaths

89. Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions. Expectations are laid out in the [Best Value Revised Statutory Guidance 2020](#).

90. As set out in the [Code of Audit Practice](#), Best Value audit is integrated within our annual audit work and will be assessed comprehensively over the period of the audit appointment. This will include an annual evaluation of the council's approach to demonstrating improvement in its services and public performance reporting. We will also follow up findings reported previously on Best Value to assess the pace and depth of improvement.

91. As part of the new reporting arrangements, the Controller of Audit will also report to the Accounts Commission on a council's performance in meeting its Best Value duties at least once every five years.

92. The Controller of Audit reported on Dundee City Council to the Accounts Commission in November 2023. The Commission commended the council for the progress it had made since the [Best Value Assurance Report \(September 2020\)](#). It also noted the clear and effective leadership and commitment to community empowerment and engagement and was assured that the council is taking action in response to long standing issues such as educational attainment and drug deaths.

Officers and elected members should continue to work together to provide effective leadership for the council and to address the challenges faced by the city

93. Our [Best Value thematic review of Leadership in the development of the council's strategic priorities](#) published in April 2023 concluded that the Chief Executive and leadership team had worked together with elected members to provide effective leadership for the council over the last 3 years. The report also highlighted that there is a good degree of cooperation and consensus between members on the vision and priorities for the council and the city, and members continue to have a clear focus on working in the interests of the residents of Dundee.

94. John Alexander announced on 9 August that he would be stepping down as a local councillor on 29 August following 7 years as the Leader of Dundee City Council. Councillor Mark Flynn has been appointed as the new Leader of the Council and it will be important that officers and elected members continue to work together to provide effective leadership for the council and to address the challenges faced by the city.

For 2023/24 the Accounts Commission directed auditors to conduct a Best Value thematic review of workforce innovation and how councils are responding to workforce challenges

95. For 2023/24 the Accounts Commission directed auditors to conduct a Best Value thematic review of workforce innovation and how councils are responding to workforce challenges through building capacity, increasing productivity and innovation. In carrying out the thematic work auditors considered the following questions:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the council using hybrid and remote working and other innovative working practices such as a four-day week to achieve service and staff benefits?
- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the council measuring the impact of its workforce planning approach?

Our review confirmed that the council has a workforce plan to support the delivery of its strategic objectives but it needs to ensure this aligns with its service plans and digital strategy

96. We issued our report on the *Best Value Thematic Review 2023/24: Workforce Innovation – How councils are responding to workforce challenges* to the Council in August 2024, and it was considered by the Scrutiny Committee at the meeting on 25 September 2024. The key messages in the report highlighted the following:

- (1) The Strategic Workforce Plan 2023-28 sets out the council's approach to ensuring it has a skilled, flexible, high performing, motivated and well-managed workforce. Detailed service-level workforce data is provided to services to assist with workforce planning. However, better alignment is required between the Strategic Workforce Plan 2023-28 and service plans to ensure service level workforce actions are supporting the delivery of the council's strategic priorities.
- (2) The council should continue to engage with Trade Unions and other consultative staff forums and use the information gathered through these discussions, and the results of the staff survey, to monitor the impact of service changes.
- (3) The Digital Strategy 2023-27 sets out how the council aims to maximise the potential of digital technologies to improve outcomes and services for its citizens and employees. However, the projected impact of the greater use of digital technology on the council's future workforce requirements is not yet fully considered and embedded within service plans.
- (4) Although the digital strategy 2023-27 was approved in May 2023, the Digital Leadership Board, responsible for leading on the delivery of the strategy, is still being set up.
- (5) The council has implemented hybrid working, categorising staff across six different workstyles, and the latest employee survey results suggest that staff are generally positive about hybrid working. The council is currently reviewing its hybrid working policy and senior management has identified a number of workforce benefits of hybrid working.
- (6) The workforce planning and talent management action plan is designed to support the council to deliver its key workforce planning priorities over the next 5 years. Recruiting and developing more young people offers one route to the council expanding its overall workforce capacity.
- (7) Joint working with other bodies has delivered workforce benefits for Dundee City Council. The council should continue to explore opportunities to work together with partners to utilise staff resources more efficiently or effectively in the future.
- (8) The council needs to develop smart measures and targets to monitor and report on progress against the Strategic Workforce Plan 2023-28. This should include reporting to elected members on the delivery of workforce priorities at both a corporate and service level.

97. The report also included seven recommendations for improvement which are replicated in [Appendix 1](#) of this report along with the council's planned response, responsible officers and dates for implementation. We will report on the council's progress in implementing these actions as part of our 2024/25 audit.

5. Vision, leadership, governance and use of resources

Public sector bodies must have a clear vision and strategy and set priorities for improvement. Through effective planning, they work with partners and communities to improve outcomes, make best use of resources and foster a culture of innovation.

The council has an established performance framework which aligns with the Council Plan. Progress against the Council Plan priority areas is generally positive with 64 per cent of the performance indicators within 5 per cent of the target identified in the plan.

The council was in the top half of its family group for 49 per cent of the Local Government Benchmarking Framework indicators for 2022/23, a slight decrease from the prior year. Performance compared to other councils has remained similar over the last 5 years, with educational attainment measures generally remaining in the bottom quartile.

In June 2023 the council revised its committee structure to better reflect the needs and priorities of the city

98. At the meeting of the Policy and Resources committee on 26 June 2023, the council approved a proposal from the Leader of the Council to introduce a new committee structure to better reflect the needs and priorities of the city. The new structure consists of a City Governance Committee and four strategic service area committees:

- Children, Families and Communities Committee
- Climate, Environment and Biodiversity Committee
- Fair Work, Economic Growth and Infrastructure Committee
- Neighbourhood Regeneration, Housing and Estate Management Committee.

99. The powers and responsibilities of the new committees were approved at the meeting of the Recess Sub-Committee on 10 July. No changes were made

to the remits of the existing Planning Committee, Scrutiny Committee or Licensing Committee.

100. As with the previous committee structure, all 29 councillors sit on all committees, other than the Scrutiny and Licensing committees. The strategic service area and City Governance committee meetings are generally held the same day, and are preceded by a meeting of the full council, with the conveners and depute conveners switching over between each committee meeting. Based on our observation of meetings, and discussions with members and officers, we believe these meeting arrangements continue to work well for the council.

The council had appropriate and effective governance arrangements in place during 2023/24

101. We have reviewed and monitored the operation of the governance arrangements during the course of the year and concluded that they are effective and support good governance and transparency.

102. All meetings of the full council and other committees were held remotely via Microsoft Teams throughout 2023/24. However, we have not noted any adverse impact on the level of scrutiny due to these meetings being held remotely.

The council is open and transparent

103. There is evidence from several sources which demonstrate the council's commitment to openness and transparency:

- Members of the public can attend the virtual meetings of the full council and other committees. Recordings of these meetings, and the minutes and supporting papers, are also available on the council's website.
- The council's website allows the public access to a wide range of information including the register of councillors' interests, current consultations and surveys and service performance data. In addition, the home page provides updates on recent developments and links to useful information, including how to access cost of living support and advice.
- The council makes its annual accounts available on its website. These include a management commentary which adequately explains the council's financial performance for the year.

An independent investigation into the closure of the Olympia Centre is to be carried out

104. The Olympia Centre and Swimming Pool is owned by the council and managed and operated by Leisure and Culture Dundee. The centre was closed between 2021 and 2023 to allow extensive maintenance and refurbishment works to be undertaken, the cost of which amounted to £6.1 million. The centre was then closed again between March and May 2024 due to issues with the flumes structure.

105. In April 2024, the City Governance Committee agreed that an independent investigation into the closure of the Olympia Centre should be carried out with a view to identifying the key issues that led to the further closure and providing clear actions for the future. The council is currently in the process of identifying a reviewer with the relevant knowledge and experience to conduct this review.

A Joint Inspection of Adult Support and Protection in Dundee concluded that the partnership's key processes for adult support and protection were effective but with areas for improvement

106. A Joint Inspection of Adult Support and Protection in Dundee was undertaken during 2023. The Care Inspectorate lead the inspection in collaboration with Healthcare Improvement Scotland and His Majesty's Inspectorate of Constabulary in Scotland and focussed on two key questions:

- (1)** How good were the partnership's key processes for adult support and protection?
- (2)** How good was the partnership's strategic leadership for adult support and protection?

107. The inspection methodology included five scrutiny activities:

- The analysis of supporting documentary evidence and a position statement submitted by the partnership.
- The scrutiny of social work records of adults at risk of harm.
- The scrutiny of the health, police, and social work records of adults of risk of harm.
- A survey of staff from across the partnership including health and social work staff, the police and staff from provider organisations.
- Staff focus groups with members of staff from across the partnership to discuss adult support and protection practice and adults at risk of harm.

108. The findings of the inspection were published in December 2023: [Joint Inspection of Adult Support and Protection: Dundee Partnership](#). This concluded that the partnership's key processes for adult support and protection were effective with areas for improvement. It noted that there were clear strengths supporting positive experiences and outcomes for adults at risk of harm, which collectively outweighed the areas for improvement.

The council has an established performance framework which aligns with the Council Plan

109. The [Best Value: Revised Statutory Guidance 2020](#) sets out that councils should be able to demonstrate a trend of improvement over time in delivering its strategic priorities. The guidance also sets out that performance management

arrangements should be in place to promote the effective use of the local authority's resource, which includes effective performance reporting.

110. As we reported last year, the Council Plan clearly sets out the key actions to be taken in response to each priority and provides KPIs with 1, 3 and 10-year targets that the council has committed to achieve. Each action has a lead service area that will take responsibility for delivering the action.

111. The council has established a clear reporting framework which aligns to the Council Plan and its priorities. There are 22 overall priority indicators in the plan, with a focus which is appropriate to the size of the council and the key challenges it faces.

Progress against the Council Plan priority areas is generally positive with 64 per cent of the performance indicators within 5 per cent of the target identified in the plan

112. The council publishes performance information showing progress against the 22 indicators included in the Council Plan every 6 months. A mid-year progress report was presented to the City Governance Committee in December 2023 and the council's Annual Performance Report 2023/24 was published in June 2024. These reports are very clear and present a fair and balanced assessment of performance.

113. As shown in [Exhibit 11](#), performance against the Council Plan is generally positive with 12 (77 per cent) of measures showing improvement on the previous year and 14 (64 per cent) within 5 per cent of the target identified in the plan. Least progress has been achieved against the priority theme to "Reduce Child Poverty and inequalities in incomes, education, and health".

114. Areas where the council is performing well compared to the benchmark include the 'Proportion of Scottish Welfare Fund budget spent' and the 'Percentage of Council Dwelling meeting Scottish Housing Standards'. Areas where the council is performing less well include the 'Percentage of pupils living in the 20 per cent most deprived areas gaining 5+ awards at Level 6' and the 'Percentage of total household waste that is recycled'.

Exhibit 11

Progress against the Council Plan priority areas is generally positive

Council Plan Priority	Within 5% of target	Improved over previous year	Total Indicators
Reduce Child Poverty and inequalities in incomes, education, and health.	3 (50%)	4 (67%)	6
Create Inclusive Economic Growth including Community Wealth Building	4 (100%)	3 (75%)	4
Tackle Climate Change and achieve net zero carbon emissions by 2045	2 (50%)	3 (75%)	4
Build Resilient and Empowered Communities	3 (60%)	4 (80%)	5
Design a Modern Council	2 (67%)	3 (100%)	3
Total	14 (64%)	17 (77%)	22

Source: Dundee City Council Annual Performance Report 2023/24 (June 2024)

The council was in the top half of its family group for 49 per cent of the Local Government Benchmarking Framework indicators for 2022/23, a slight decrease from the prior year

115. In addition to the annual performance report, the council also prepares an annual performance benchmarking report based on the Local Government Benchmarking Framework (LGBF) data which enables comparison between Scottish councils. The latest benchmarking report was presented to the City Governance Committee in June 2024 and was based on 2022/23 performance. The report included comparison with the family group median for 8 councils (including Dundee), for 39 indicators that are “most closely aligned with the Council Plan priorities”. This found that Dundee City Council rates in the top half of its family group for 19 out of 39 Indicators (49 per cent). This is a slight decrease from the prior year when the council reported that it was in the top half of 19 out of 36 indicators (53 per cent).

116. The council is performing best against the priority theme “Create Inclusive Economic Growth including Community Wealth Building” with 70 per cent of indicators in the top half, and worst in the “Build Resilient and Empowered Communities” where only 25 per cent of indicators are in the top half.

Performance compared to other councils has remained similar over the last 5 years, with educational attainment measures generally remaining in the bottom quartile

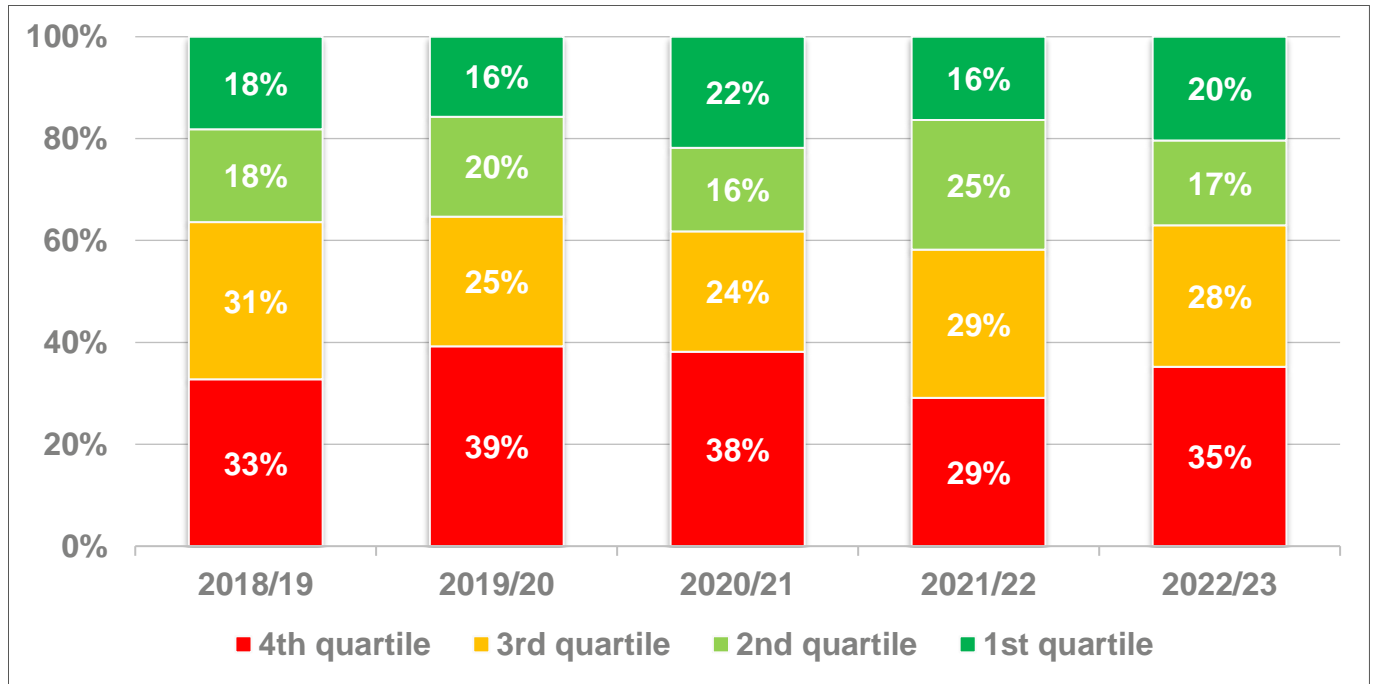
117. We reviewed the 54 LGBF outcomes based indicators to compare the council’s performance over a 5 year period in comparison with the other 31 Scottish councils. As shown in [Exhibit 12](#), after a slight improvement in

performance in 2021/22, the council has fallen back in 2022/23 with only 37 per cent of indicators in the top 2 quartiles. The council’s comparative performance is now back to similar levels to 2018/19.

Exhibit 12

LGBF data comparison across all 32 Scottish councils

Performance compared to other councils has remained similar over the last 5 years



Source: Audit Scotland analysis of LGBF data available at August 2024

118. There have been some significant changes over the 5 years in relative performance against individual indicators. Areas where the council’s ranking has moved up include:

- **Children’s Services Indicator 11:** Proportion of Pupils Entering Positive Destinations. The council has improved 10 places since 2018/19 and is now the 14th ranked council in Scotland.
- **Children’s Services Indicator 22:** Percentage of child protection re-registrations within 18 months. This has improved by 22 places, with the council now the highest ranked.
- **Corporate Indicator 6a:** Sickness absence days per teacher has improved by 18 places.

119. Areas where the council’s ranking has moved down include:

- **Children’s Services Indicator 23:** Percentage of Looked After Children with more than 1 placement in the last year (August-July). The council has fallen from Quartile 1 to Quartile 4.
- **Environmental Services Indicator 3c:** The Street Cleanliness Score has declined and the council is now in the bottom quartile.

- **Housing Services Indicator 1b:** Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year. The council has fallen by 8 places.

120. We also noted that of the 17 Education Attainment LGBF measures, the council has improved in 7 of these over the 5 year period, with a further 8 indicators remaining broadly the same. Despite this, the council remains in the bottom 2 quartiles for 11 of the 17 indicators. However, the council performs in the top half for both Literacy and Numeracy Attainment Gaps (Children's Services Indicators 14a and 14b).

The council demonstrates good compliance with the SPI direction

121. The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)
- own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value and how it has responded to these assessments (SPI 2).

122. As detailed within this section of the report, the council has demonstrated good compliance with the SPI direction, with clear and focused improvement targets based on council priorities and clear and balanced reporting of performance with easily accessible reports on its website. The assessments cover the whole of the council and provide an overall view of strengths and weaknesses.

123. The comparisons include trend information and comparisons to other councils, including reporting of performance and key priorities of the council against its family group. The Improvement Service website provides further data analysis for any interested users and a direct link to the [My Local Council LGBF data](#) is provided via the Dundee Performs section of the council website.

Appendix 1. Action plan

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Disclosure and classification errors in accounts presented for audit</p> <p>Our audit identified a number of disclosure and classification errors in the notes to the financial statements that had to be corrected in the audited accounts. These included errors and inconsistencies in the group statements.</p> <p>Risk: The notes to the financial statements do not agree to the corresponding figures in the primary statements, or accurately reflect the underlying information.</p>	<p>Management should undertake a detailed check of the annual accounts prior to them being presented for audit.</p> <p>Point 2 in Exhibit 3</p>	<p>Agreed</p> <p>Responsible officer: Service Manager – Accounting Strategy</p> <p>Agreed date: June 2025</p>
<p>2. Grant income unspent at year end</p> <p>We identified unspent grant income which had not been correctly accounted for in the unaudited accounts.</p> <p>Risk: Grant income received during the year is not correctly accounted for in the annual accounts resulting in income being understated.</p>	<p>Management should review all unspent grant income at the year end to ensure it is correctly accounted for in the annual accounts.</p>	<p>Agreed</p> <p>Responsible officer: Service Manager – Accounting Strategy</p> <p>Agreed date: June 2025</p>
<p>3. Remuneration report - Trade Union (Facility Time Publication Requirements) Regulations 2017 disclosures</p> <p>The regulations require a range of information in relation to the time and costs of employee involvement in trade union activity to be published by the council each year.</p> <p>These disclosures have been required since 2020/21 but the council does not yet have processes in place to collate current year data, or information on the time spent on paid trade union activities, for publication in the annual accounts each year.</p> <p>Risk: The time and costs associated with staff involvement in trade union activity is not reported.</p>	<p>Management should put arrangements in place to ensure the required information is collated and disclosed in the remuneration report in the 2024/25 annual accounts.</p> <p>Point 8 in Exhibit 3</p>	<p>Agreed</p> <p>Responsible officer: Head of People</p> <p>Agreed date: June 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>4. Council house completions</p> <p>Between 2021/22 to 2023/24 the council expected to complete 222 new properties but only 57 (26 per cent) of those were actually completed.</p> <p>Risk: This presents a risk to the council achieving its aim to “Build homes to meet community needs” and to the City Plan target to build 480 new homes across all tenures annually.</p>	<p>Management should review the project to increase the supply of council housing in the city to ensure it provides a realistic timetable for completions. Alongside this it should also look to identify ways to increase the number of new properties being completed each year.</p> <p>Paragraph 37.</p>	<p>Agreed</p> <p>Responsible officer: Executive Director of Neighbourhood Services</p> <p>Agreed date: March 2025</p>
<p>5. Clearance of internal audit reports</p> <p>We reported in our 2022/23 Annual Audit Report that services were often slow to respond to draft internal audit reports and we again noted delays in the issue of internal reports during 2023/24, including a protracted process for the clearance and issue of many reports.</p> <p>Risk: This presents a risk to the adequacy and effectiveness of the council’s framework of governance, risk management and control.</p>	<p>Management should look to streamline the process for clearing internal audit reports to ensure recommendations are agreed and actioned within an appropriate timescale.</p> <p>Paragraphs 50. and 51.</p>	<p>Agreed</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: March 2025</p>

Recommendations from Best Value Thematic Review 2023/24

Issue/risk	Recommendation	Agreed management action/timing
<p>BV1. Alignment of Strategic Workforce Plan 2023-28 and service plans</p> <p>Each of the council’s service plans links to the Council Plan and includes workforce planning actions. However, these are set out in different ways and in differing levels of detail in each service plan, so there is no consistent or direct read across between the action plan in the Strategic Workforce Plan 2023-28 and the workforce actions identified in the service plans.</p> <p>Risk: Workforce planning arrangements across services do not support the delivery of the Strategic Workforce Plan 2023-28, and the council’s strategic priorities.</p>	<p>The council should review workforce planning arrangements across services to ensure these support the delivery of the Strategic Workforce Plan 2023-28, and the council’s strategic priorities.</p>	<p>Workforce planning arrangements will be reviewed and a consistent approach adopted across service plans.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>
<p>BV2. Impact of greater use of digital technology</p> <p>The impact of the greater use of digital technology on the council’s future workforce requirements is not yet fully considered and embedded within the Strategic Workforce Plan 2023-28 and service plans.</p> <p>Risk: Service plans do not accurately reflect the projected impact of the greater use of digital technology on the council’s future workforce requirements.</p>	<p>The council should review service plans to ensure they reflect the projected impact of the greater use of digital technology on the council’s future workforce requirements.</p>	<p>Agreed</p> <p>Responsible officer: Head of Digital and Customer Services</p> <p>Agreed date: March 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>BV3. Establishment of Digital Leadership Board</p> <p>The Digital Leadership Board, responsible for leading on the delivery of the digital strategy, is still being set up.</p> <p>Risk: There is a lack of oversight, governance and direction for the delivery of the digital strategy.</p>	<p>The council should establish the Digital Leadership Board as a matter of priority to ensure there is appropriate oversight, governance and direction for the delivery of the digital strategy.</p>	<p>Agreed</p> <p>Responsible officer: Head of Digital and Community Services</p> <p>Agreed date: September 2024</p>
<p>BV4. Digital skills survey</p> <p>The council has not undertaken a digital skills survey since 2018.</p> <p>Risk: The council lacks up-to-date information to inform the development of its digital skills plan.</p>	<p>The council should complete a digital skills survey to assess the current digital capabilities of its workforce and to identify areas for additional training and development.</p>	<p>Agreed</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>
<p>BV5. Reliance on casual workers</p> <p>Over 7 per cent of the council's staff are employed as casual workers.</p> <p>Risk: The council's current reliance on casual workers may present business continuity risks for services.</p>	<p>The council needs to review its use of casual workers to ensure this does not present a business continuity risk for the organisation.</p>	<p>The Council will review its use of casual workers and consider whether policies and practices should be reviewed.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>
<p>BV6. Joint working with partners</p> <p>The council has embraced joint workforce arrangements with other bodies in a range of areas. However, there may be further opportunities for the council to work with other partners to tackle shared workforce challenges in the future.</p> <p>Risk: The council may not be utilising its staff</p>	<p>The council should look to identify further opportunities to work together with partners to tackle shared workforce challenges in the future.</p>	<p>The Council will continue to explore opportunities for partnership working.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>resources as efficiently and effectively as possible.</p> <hr/> <p>BV7. Measuring the impact of workforce planning</p> <p>The council has still to develop smart measures and targets to monitor and report on progress against the Strategic Workforce Plan 2023-28.</p> <p>Risk: Workforce planning arrangements may not be supporting the delivery of the strategic priorities in within the Council Plan.</p>	<p>The council needs to develop smart measures and targets to monitor and report on progress against the Strategic Workforce Plan 2023-28. This should include reporting to elected members on the delivery of workforce priorities.</p>	<p>The council will develop appropriate reporting for both Elected Members and the Corporate Leadership Team.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>

Follow-up of prior year recommendations

Recommendation	Agreed management action / timing	Progress
2022/23 recommendations		
<p>PY1. Non-current asset valuations</p> <p>We recommended that the council reviews its approach to the rolling programme of asset valuations and embeds a process to consider the current valuation of assets not subject to a full valuation process at each year end.</p>	<p>Officers will review arrangements for asset valuations and those not included in the rolling programme to provide a robust position for the 2023/24 accounts.</p> <p>Responsible officer: Head of Corporate Finance</p> <p>Agreed date: April 2024</p>	<p>Complete.</p> <p>The council have undertaken an Indexation exercise to identify any significant movement in valuation of DRC Assets.</p>
<p>PY2. Delivery of capital plan</p> <p>Management should continue to monitor the affordability and deliverability of the 5-year capital plan and clearly report to members on emerging overspends, or slippage against key milestones and completion dates.</p>	<p>The Capital Governance Group will scrutinise the Capital Plan ahead of the 2024-29 revision, with a focus on deliverability.</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: March 2024</p>	<p>Complete</p> <p>The council's Capital Plan 2024-29 was revised and approved in February 2024 in response to budgetary pressures. Budget reductions were identified to enable the reprioritisation of the existing budget in line with the strategic priorities included in the Council Plan 2022-27.</p>
<p>PY3. Procedures for updating PPP/DBFM/SCA financial models</p> <p>Management should evidence the control check on annual unitary charge increases, to ensure these are in line with the contract terms and prepare procedural instructions for updating each financial model annually to reflect actual payments and interest rate assumptions.</p>	<p>Appropriate documentation and evidence will be implemented.</p> <p>Responsible officer: Head of Corporate Finance</p> <p>Agreed date: March 2024</p>	<p>Complete</p> <p>Revised procedures have been prepared for use by officers.</p>

Recommendation	Agreed management action / timing	Progress
<p>PY4. Clearance of internal audit reports</p> <p>Management should ensure that draft internal reports are cleared and reported in a timely manner so that recommendations for improvement can also be actioned within an appropriate timescale.</p>	<p>Internal Audit progress will be monitored through the Risk and Assurance Board and if necessary escalated to the Council Leadership Team.</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: November 2023</p>	<p>Ongoing</p> <p>We again noted delays in the issue of internal reports during 2023/24, including a protracted process for the clearance and issue of many reports, even after services had agreed the findings and accepted the related recommendations.</p> <p>See Recommendation 5 above</p>

Recommendations from Best Value Thematic Review 2022/23

<p>PY-BV1. Community asset transfers</p> <p>The council should establish what else can be done to encourage and support community groups to manage and own facilities and deliver against its aim to increase community ownership of council-owned assets.</p>	<p>Replace the current asset transfer scheme with a community land and asset strategy as part of Community Wealth Building – Land and property pillar. This will simplify the process and expand the range of options open to community groups to manage and own facilities.</p> <p>Responsible officer: Community Learning and Development Manager</p> <p>Agreed date: March 2024</p>	<p>Ongoing</p> <p>This work has been embedded in the Land and Asset Pillar of Community Wealth Building. Officers are now working through the detail of a process to increase the speed and transparency of decision making. A trial “quick win” process has resulted in two recommendations for asset transfer during a period of months as opposed to zero transfers in the previous three years.</p>
<p>PY- BV2. Participatory budgeting</p> <p>The council should identify further areas where participatory budgeting can be used effectively to allocate resources based on the priorities of local residents.</p>	<p>Council leadership team to review current position by October 2023 and consider further options to embed participatory budgeting in mainstream budgets based on local needs.</p> <p>Responsible officer: Executive Director of Corporate Services and Service Manager – Communities</p> <p>Agreed date: March 2024</p>	<p>Complete</p> <p>The council is using a number of methods for engaging with residents to ensure there is widespread citizen involvement in setting priorities across all service areas and influencing decisions on spend. These methods of engagement include online, face to face, focus groups and workshops, as well as large scale</p>

Recommendation	Agreed management action / timing	Progress
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community consultations. Recent areas of note include:

- Community involvement in the allocation of the Community Regeneration Fund. This process is testing the use of the digital platform Consult to support wider citizen involvement.
- Decisions on key areas such as the city centre and streets around schools, as well as a wide programme of community involvement and influence around environmental and green space.
- The Drugs and Alcohol partnership tested the allocation of a devolved locality budget to each of the 8-ward based Local Community Planning Partnerships to look at community led and influenced spend.
- Dundee’s Voice is developing into one of the main channels for open dialogue with citizens and community involvement that will influence and shape what developments in Dundee.
- The Dundee Climate Fund 3.0 is now open for applications and awards will be made to successful projects after citizens cast their votes in Dundee’s Voice.

Recommendation	Agreed management action / timing	Progress
<p>PY-BV3. Long-Term Financial Strategy</p> <p>The council's Long-Term Financial Strategy needs to be updated to show how resources will be targeted towards priority areas over the next 10 years.</p>	<p>The Long-Term Financial Strategy will be updated to reflect new Council Plan priorities.</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: March 2024</p>	<p>Ongoing</p> <p>The council still needs to produce a long-term financial strategy to project costs for the next 10 years and to show how resources will be targeted towards priority areas. However, management has advised that this will be done during 2024/25 and it will also look to develop long-term revenue projections once there is sufficient certainty over levels of local government funding beyond the current year.</p> <p>Paragraphs 79. to 81.</p>

Follow-up of prior year recommendations for the section 106 Charitable Trusts financial statements

Recommendation	Agreed management action / timing	Progress
<p>PY-C1. Future of Dundee Trust (Carried forward from 2020/21)</p> <p>The trustees of the Dundee Trust should consider the future of the trust and make a decision as to how this will be used going forward. This would include consideration of whether steps should now be taken, in coordination with the Office of the Scottish Charity Regulator, to wind it up.</p>	<p>This will be reviewed as part of next year's account preparation process.</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: March 2024</p>	<p>Complete</p> <p>The Office of the Scottish Charity Regulator (OSCR) removed the Dundee Trust from its list of Scottish Charities as of 24 April 2024. Dundee Trust has now been wound up and the 2023/24 Annual Accounts will be the last accounts produced for the trust.</p> <p>Exhibit 7</p>

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual accounts that are individually greater than our reporting threshold of £500,000.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements.

Cumulatively these errors are below our performance materiality level as shown in [Exhibit 1](#). We are satisfied that these errors do not have a material impact on the financial statements.

Nature of misstatement	Transactions / balances impacted	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Debit £000	Credit £000	Debit £000	Credit £000
Unspent grant income incorrectly treated as a short term creditor rather than income	Net Cost of Services		2,753		
	Short Term Creditors			2,753	

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Dundee City Council

2023/24 Annual Audit Report

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