



City Chambers
DUNDEE
DD1 3BY

19th June, 2026

Membership

Bailie Kevin Keenan
Bailie Helen Wright
Bailie Fraser Macpherson
Bailie Derek Scott
Bailie Will Dawson
Councillor Jimmy Black
Councillor Stewart Hunter
Councillor Lynne Short

Dear Colleague

I refer to the agenda of business issued in relation to the MEETING of the **SCRUTINY AND AUDIT COMMITTEE** to be held remotely on Wednesday, 24th June, 2026 at 2.00 pm and now enclose the undernoted item of business which was not received at the time of issue.

Yours faithfully

GREGORY COLGAN

Chief Executive

(B) AUDIT REPORT ITEMS

13 DUNDEE CITY COUNCIL - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2026 - Page 1

(Report No 136-2026 by the Executive Director of Corporate Services, copy attached).

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: DUNDEE CITY COUNCIL - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 136-2026

1. PURPOSE OF REPORT

To provide some background and additional commentary on the Council's unaudited Annual Accounts for the year ended 31 March 2026 which are being submitted to the Scrutiny and Audit Committee along with this report.

2. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes the contents of this covering report;
- (ii) notes the unaudited Annual Accounts which have been submitted along with report;
- (iii) instructs the Executive Director of Corporate Services to arrange for the unaudited Annual Accounts to be signed as required and submitted to the Council's external auditor by 30 June 2026 at the latest;
- (iv) notes that the key assumptions underpinning the independent actuary's calculation of the Council's IAS 19 liability have been reviewed and accepted by the Council as administering authority for the Pension Fund; and
- (v) notes that a members' briefing on the Annual Accounts will be arranged.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this report.

4. BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Regulations 2014. Section 8 of these regulations requires that:

“(9) A local authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts as submitted to the auditor.

(10) The meeting referred to in paragraph (9) must be held no later than 31st August immediately following the financial year to which the Annual Accounts relate.”

- 4.2 As in previous years the Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code). There are no significant changes included within the 2025/2026 Code that impact upon the Council's Accounts.
- 4.3 The Annual Accounts already include a detailed management commentary on the figures contained therein and it is not intended to repeat this in this covering report.
- 4.4 An overall deficit on General Fund of £2.278m was generated during the 2025/2026 financial year. This excludes the Housing Revenue Account deficit of £1.331m which was transferred from the Renewal and Repair Fund. The main components of the net underspend are included within the tables set out on pages 3 to 5 of the Annual Accounts document.
- 4.5 The Council's 2025/2026 Movement in Reserves Statement shows that there was a decrease on General Fund services of £2.278m during the year. This gives a closing General Fund Balance of £64.753m as at 31 March 2026, of which £56.073m is earmarked for specific purposes. This can be analysed as follows:

	2025/26 £m	2024/25 £m
Earmarked carry-forwards	0.803	1.509
Social Housing	2.877	2.458
Children Services	-	1.033
Service change initiatives	4.851	5.000
Roof remedial works	0.741	1.875
Change fund	1.890	2.169
Income Cost Pressures	0.850	1.550
Statutory on-street car parking reserve	3.385	1.716
Other earmarked funds	0.903	1.774
Service Concession flexibility	39.773	39.773
Total Earmarked Funds	56.073	58.857
Unallocated Balance	8.680	8.174
Total General Fund Balance	64.753	67.031

Further details of the break-down of the overall General Fund balance are shown in note 10 on page 62 of the accounts.

- 4.6 The total value of overall usable revenue reserves has decreased over the year by £4.389m to £73.356m at 31 March 2026. Please refer to the table on page 14 of the accounts for a breakdown of usable reserves.
- 4.7 The Council's net pension liability (as calculated under IAS 19) has decreased over the year by £1.289m, to £27.102m at 31 March 2026. The decrease relates mainly to changes in actuarial assumptions. The key assumptions underpinning the independent actuary's calculation of the Council's IAS 19 asset have been reviewed and accepted by the Council as administering authority for the Pension Fund.
- 4.8 Copies of the enclosed Accounts will be sent to the Council's appointed external auditor (Pauline Gillen, Audit Director, Audit Services, Audit Scotland) by no later than 30 June 2026 to commence the audit of the Accounts. The audit completion deadline is 30 September 2026 but we anticipate the audit will be completed in time for reporting to the Scrutiny and Audit Committee on 23 September 2026. As with previous years, officers will arrange a briefing for all elected members in advance of this.

5. POLICY IMPLICATIONS

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

6. CONSULTATIONS

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

7. BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

DATE: 19 JUNE 2026

This page is intentionally left blank

Annual Accounts
As at 31 March 2026
Unaudited



This page is intentionally left blank

Dundee City Council

Annual Accounts 2025/26

Table of Contents`

All Written Statements

Management Commentary	2
Annual Governance Statement	21
Annual Remuneration Report	28
Statement of Responsibilities for the Annual Accounts	37

All Core Financial Statements & Their Notes:

Expenditure and Funding Analysis	38
Comprehensive Income & Expenditure Statement	41
Movement in Reserves Statement	42
Balance Sheet Statement	44
Cash Flow Statement	45
Notes to the Core Financial Statements - Index	46
Notes to the Core Financial Statements	47

All Supplementary Single Entity Financial Statements:

Council Tax Income Account	110
Non-Domestic Rate Income Account	111
Housing Revenue Account	112

The Group Account & Their Notes:

Group Comprehensive Income and Expenditure Statement	114
Group Movement in Reserves Statement	115
Group Balance Sheet	117
Group Cash Flow Statement	118
Notes to the Group Accounts	119

Common Good Fund Account	124
Independent Auditor's Report	1242
Glossary of Terms	126

This page is intentionally left blank

PART 1 - INTRODUCTION AND PROFILE

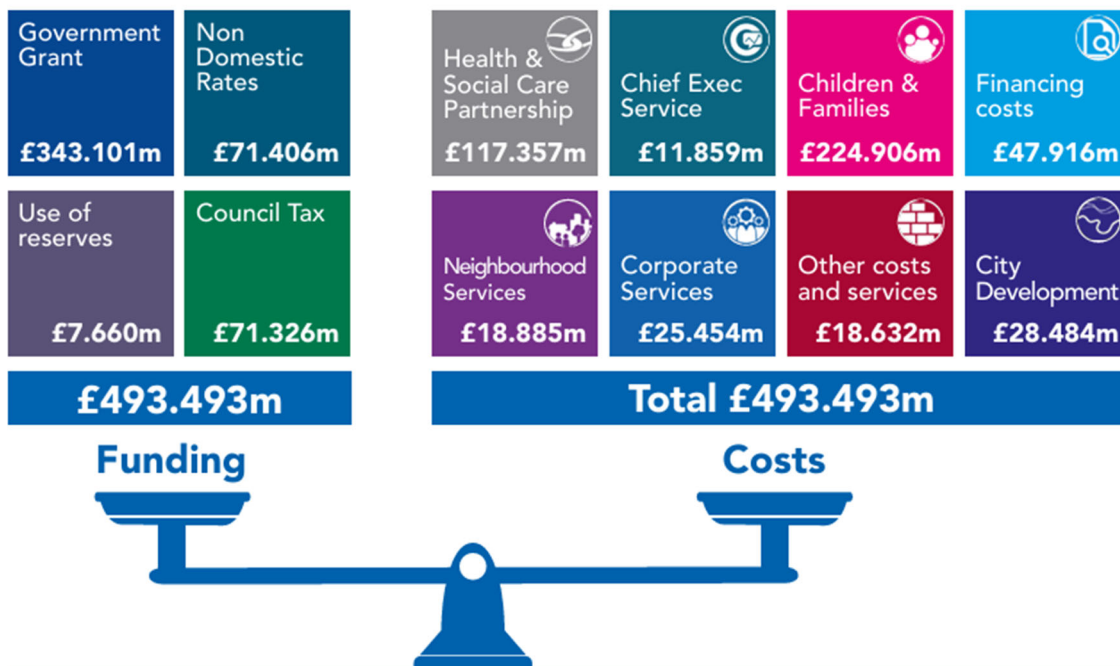
Introduction

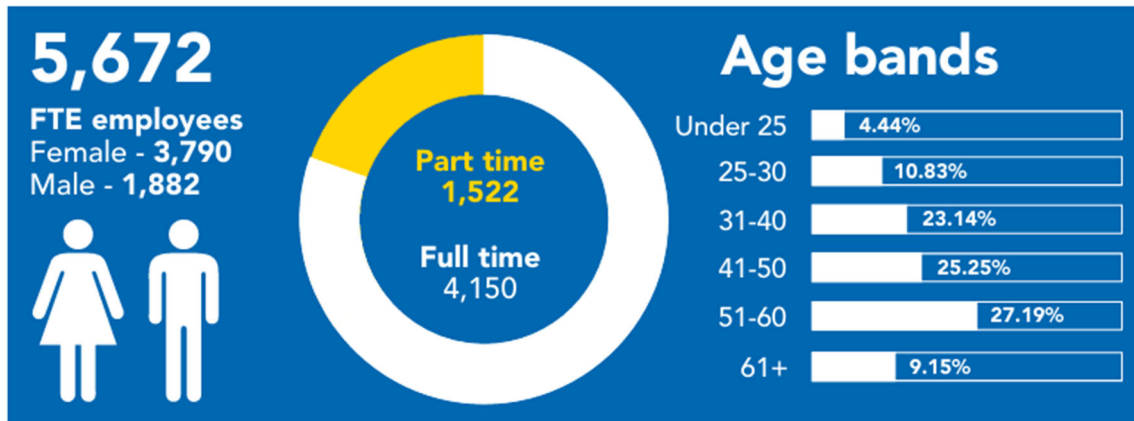
We are pleased to present the Unaudited Annual Accounts for Dundee City Council ("the Council") and its Group for the year ended 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/2026 ("the Code"). This management commentary provides context for the annual accounts, an analysis of financial and non-financial performance and an insight into the priorities and plans of the Council and the key developments during the period. The principal financial risks and uncertainties facing the Council are identified, together with the potential impact and actions being taken.

Profile

Dundee is Scotland's fourth largest city, situated on the north coast of the Tay Estuary. The Dundee City Council area covers 60 square kilometres and is, geographically, the smallest local authority area in Scotland. Dundee is home to 149,880 people and is bordered by Perth and Kinross Council to the west and Angus Council to the north and east. Dundee continues to serve as the regional centre for this area and North-East Fife, with an estimated catchment population of some 500,000 people. Dundee has a sizeable student population, and is home to the University of Dundee, Abertay University and Dundee & Angus College. Dundee was Scotland's first Fair Trade City and the UK's first Living Wage City. and the UK's first UNESCO City of Design.

Dundee City Council has 29 elected Members and its political Administration during financial year 2025/26 was formed of the Scottish National Party group. Full details of the elected members of Dundee City Council can be found at [Councillors | Dundee City Council](#).





The Council is organised to deliver essential services through direct service provision, arms-length external organisations (ALEOs) and various partnership arrangements. The Council has structured its services into 5 main Directorates, Dundee Health & Social Care Partnership and Leisure & Culture Dundee (a subsidiary organisation).

The Council's Head of Paid services is the Chief Executive, who is responsible for ensuring the Council delivers high quality services to Dundee residents. Full details of the ALEOs, joint arrangements and non-material interests can be found in the Council's group accounts on pages 111 to 120.

	Children and Families	The Children and Families Service is responsible for Nursery, Primary and Secondary Education, Community Justice Services and Integrated Children's Services
	City Development	City Development Services is responsible for the promotion of jobs, the city's road network, transportation facilities and Council properties and the control of development and building operations.
	Dundee Health & Social Care Partnership	The Dundee Health and Social Care Partnership brings together adult health and social care services.
	Neighbourhood Services	Neighbourhood Services is responsible for the management and maintenance of housing and the environment, waste management, supporting people to develop their communities and keeping people safe and healthy.
	Leisure & Culture Dundee	Leisure and Culture Dundee is a Scottish Charitable Incorporated Organization responsible for Leisure and Sport, Libraries and Culture.
	Corporate Services	Corporate Services is responsible for Corporate Finance, Customer Services, IT, Democratic and Legal Services, Human Resources and Business Support.
	Chief Executive's Services	The Chief Executive's Service is responsible for the efficient and effective management of the Council and its resources and for Community Planning, Transformation and Performance, Communications and National Entitlement Card for Scotland.

PART 2 – PLANS, PRIORITIES AND RISKS

Strategic Planning

The shared vision for our city set out in the Dundee Partnership's City Plan 2022 – 2032, reflects a consensus in the city which we can all work towards and is set out as follows:



The new [City Plan for Dundee 2022-32](#) (Dundee's Local Outcome Improvement Plan) agreed in September 2022, built on the work that was undertaken through the collective efforts of our communities, private, public and third sector partners.

It was created after listening to the people of the city, and focuses on three key priorities:

1. Reduce child poverty and inequalities in incomes, education and health
2. Deliver Inclusive Economic Growth
3. Tackle Climate Change and reach Net Zero emissions by 2045

For the next five years, the Council's focus will be on ensuring that social transformation in Dundee is as positive and measurable as its economic progress. The city faces significant social challenges, which have been intensified by the pandemic and the ongoing cost-of-living crisis. Addressing these issues will be central to the Council's efforts moving forward.

The [Council Plan 2022–2027](#) is Dundee City Council's strategic plan, setting out its main priorities, actions, and approaches for public accountability. It aligns with the City Plan by adopting three strategic priorities and explains how the Council will contribute to achieving the city's vision.

The plan also defines organisational priorities, key actions, and measures of progress. While the targets are bold and ambitious, they reflect the scale of the challenges ahead.



The five strategic priorities in the Council Plan are:



The Council has a vital role in enabling transformational change to meet the needs of the city and at the same time maintain the financial sustainability of local services. Over the next five years, the Council will continue to work with partners, businesses, citizens, and communities to tackle challenges and grasp opportunities.

Challenges remain from the impact of Brexit and the cost-of-living crisis, which affects Dundee's economy, funding for employability and regeneration, and the work of universities and colleges. The Council is steadfast in its commitment to delivering best value and adapting for the future. This will require redesigning services, budgets, and workforce planning to ensure efficiency and innovation while meeting the priorities set out in the Council Plan.

Council staff, partner organisations, and community groups have shown resilience and creativity, for example during the Covid 19 pandemic, and the Council aims to harness this spirit and positive approach. The City Plan and Council Plan are supported by Committee-approved Service Plans covering all strategic service areas.

Management of Risk

The Council has a well-established and structured approach to risk management underpinned by its Risk Management Policy and Strategy. This framework is designed to ensure that risks are systematically identified, assessed, managed and monitored in support of strategic objectives, service delivery and statutory compliance. Governance arrangements include regular oversight by the Risk and Assurance Board, Council Leadership Team and City Governance Committee, embedding risk awareness into decision-making and organisational culture.

During 2025/26, risk management activity included ongoing review of the Corporate Risk Register and a facilitated workshop with the extended Leadership Team to reassess the Council's risk landscape. This process identified emerging and evolving risks. Following this review, the Council transitioned from a Corporate Risk Register to a refreshed Strategic Risk Register, ensuring stronger alignment with strategic priorities set out in the Council Plan and City Plan.

The revised Strategic Risk Register contains nine key risks considered most significant to achieving Council objectives. These include financial sustainability, cyber security, climate change, workforce resilience, service demand, public protection, housing and homelessness, emergency planning and infrastructure, and legislative compliance. Risks are assessed using a structured methodology combining impact and likelihood, enabling prioritisation and evaluation. A report on the revised Strategic Risk Register was submitted to the City Governance Committee on 8th June 2026.

The framework distinguishes between inherent risk (before controls) and current risk (after mitigation), demonstrating how management actions reduce exposure, although some risks, particularly financial sustainability, service demand and public protection remain high.

At an operational level, risk management is supported by defined control measures, continuous monitoring and ongoing improvement activity. Further enhancements are underway, including updating risk registers, strengthening internal controls and implementing internal audit recommendations ensuring the Council continues to improve its risk management effectiveness.

PART 3 – PERFORMANCE REPORTING

Performance measurement

The Council's Performance Management Framework 2025-28 was approved by the City Governance Committee on 21st April 2025. This framework outlines how accountability is distributed throughout the Council, and establishes the standards required for balanced and effective public performance reporting and which underpins continuous improvement.

The Performance Management Framework incorporates new requirements from the Statutory Performance Information Direction 2024 and recommendations from an internal audit. A key addition is the introduction of formal standards for strategic plans, including the City Plan, Council Plan, and Service Plans. It sets out how the performance management system will monitor and analyse data, track progress, and ensure reports include clear data tables showing progress on actions and performance indicators, as well as improvement plans where needed. This framework continues to support the Council in delivering its vision, priorities, and outcomes effectively.

Regular reporting at City, Corporate and Service level keeps our key stakeholders, including our communities, elected members, and partners up to date on our performance. This is key to ensuring informed judgements are made about our services, to support effective decision making and to challenge performance.

The Council Plan 2022-2027 has 22 Key Performance Indicators (KPIs). The 2025/26 mid-year [progress report](#) was reported to City Governance Committee on 17th November 2025. This showed that 73% of the performance indicators improved compared to the previous year's data and 82% have improved since the first year of the current Council Plan, with 64% reaching or within 5% of the target set for the current year. The report highlighted the good progress that is being made in relation to Council Plan objectives, including, increasing the proportion of under 22s with NEC bus travel and the take up of free school meals, showing a measurable impact on reducing everyday costs for children and families. Council Advice Services in Dundee successfully helped secure over £17 million in financial gains for people across the city. Compared to the previous year, there has been a 37% increase in the total amount of money put back into people's pockets. Dundee's Local Fairness Initiatives (LFIs) are also delivering excellent results. The work of the LFIs was recognised at a national level and gained a COSLA Excellence Award at the end of 2025. The climate change fund initiative saw Dundee City Council act as the first local authority in Scotland to use a community choices participatory budgeting model to identify and involve citizens to decide directly on local climate change spend. Drumgeith Campus is now open and operational, a key milestone of a large and ambitious project. Greenfield Academy was opened in August 2025, and work continues to deliver the campus to its full potential as a state-of-the-art community facility.

The third annual progress report on the City Plan for Dundee 2022-2032 went to the City Governance Committee on the 27th October 2025. The summary of the City Plan performance showed that 73% of the performance indicators have improved when compared to the previous year. The 'reduce child poverty and inequality' theme has achieved improvement in 83% of its performance measures, 'deliver inclusive economic growth' has achieved 73%, and 'tackle climate change and reach net zero emissions by 2045' continues to be a challenge with 33% of indicators improving since last year. The Plan contains ambitious targets, and 14 of the 30 indicators met or are within 5% of the target.

Within the annual update, indicators which have shown most improvement include Youth Unemployment rate (16-24) showing a 9% decrease, the percentage of care experienced school leavers entering positive destinations showing a 41% increase, the number of Business Gateway start-ups per 10,000 population, which shows a 19% increase, the percentage point gap in numeracy in P1-7 between pupils living in the most and least deprived areas has shown a 29% decrease, while the gap in literacy in P1-7 between pupils living in those areas has gone down by 11%.

Benchmarking is an important part of the Council's Performance Management Framework and supports continuous improvement and Best Value. The Local Government Benchmarking Framework (LGBF) provides data for all 32 Scottish councils, including trend data back to 2011, offering valuable insights and comparisons. The [latest report](#) with 2024/25 data compares Dundee's performance with similar authorities and across Scotland using 40 indicators most closely aligned to the five priorities in the Council Plan. Dundee performed better or equal to the family group average in 43% of these measures. The strongest results were seen in reducing child poverty and inequalities (7 out of 14 indicators) and delivering inclusive growth and community wealth building (6 out of 10), showing Dundee performs well on these priorities compared to similar local authorities.

This summary compares Dundee with its Family Group and shows where Dundee compares better than the family group average.

PRIORITY	On Target	Total Measures	%
Reduce Child Poverty and Inequalities in Incomes, Health, and Education*	7	14	50%
Deliver Inclusive Growth and Community Wealth Building	6	10	60%
Tackle Climate Change and Achieve Net Zero by 2045**	1	3	33%
Build Resilient and Empowered Communities	0	4	0%
Design a Modern Council	3	9	33%
TOTAL	17	40	43%

*One indicator within this priority is 2023/24. One indicator is 2022/23.

**One indicator within this priority is 2023/24.

[Dundee Performs](#) on the Council's website is kept up to date with the latest performance and progress reports on the Council and includes easy to use graphs on a wide range of the [key performance indicators](#) and [benchmarking data](#) to compare Dundee with the other Councils in Scotland.

An update on Council Plan performance is being reported to the City Governance Committee on 22nd June 2026.

Progress towards objectives

During the past year, the Council continued to make good progress in implementing the City Plan, Council Plan and Service Plans, which are built around three key strategic priorities:

- to reduce child poverty and inequalities in incomes, education and health
- to deliver inclusive economic growth, and
- to tackle climate change and reach Net Zero emissions by 2045

The Council made significant progress in reducing poverty and tackling inequalities during 2025/2026 through a range of initiatives:

- Investment in Social Support: £500,000 was allocated to projects addressing social inequality, including advice services, food provision and more, supported by a successful cost-of-living awareness campaign.
- Housing: Almost £10m of work to tackle fuel poverty in council houses got under way in the Linlathen area of the city. The new Local Housing Strategy sets out a coordinated, long-term approach to ensure that Dundee's housing system is equitable, sustainable, and capable of meeting the needs of current and future residents.
- Education & Skills: encouraging progress is being made to close the attainment gap in primary schools, with higher levels of literacy and numeracy attainment compared with the Scottish average.
- Communities: Engagement began with communities in the East End and North East wards to develop a Whole Family Support approach which aims to ensure that families can get the help they need, where and when they need it.
- Schools and Communities: The £100m Drumgeith Community Campus and Greenfield Academy opened, built to Passivhaus standards and providing state-of-the art education and community facilities for the east end of the city.

- **Neighbourhoods:** the Neighbourhood Capital Fund allocated £600,000 across six wards. Over 6,800 residents voted online and at pop-up events across the city, choosing which community projects should receive funding.
- **Income Maximisation:** A Pension Credit campaign put over £4 million into the pockets of older people in the city, with an average annual increase of nearly £4,000 per household. More widely, Council Advice Services in Dundee successfully helped secure over £17 million in financial gains for people across the city.
- **Community Wealth Building:** Under the Council's community benefits programme, the first Community Wishes have been supported, providing funding for small projects and community-driven requests in city localities.
- **Awards and Recognition:** Two Dundee City Council projects were named winners at COSLA's 2025 Excellence Awards. The Local Fairness Initiative project won the 'SOLACE Best Team' award while the Family Empowerment initiative was successful in COSLA's 'Strengthening Communities and Local Democracy' section.
- **Fair Work:** Dundee maintained a strong Living Wage movement, marking seven years as a Living Wage city with 118 accredited employers.
- **Support for Vulnerable Groups:** Initiatives like the Dundee Promise and the Carer Involvement Framework strengthened support for children, young people, and carers.

The Council advanced inclusive economic growth through several key initiatives:

- **Waterfront Development:** The opening of James Thomson House, a £26m Grade A office project within the Dundee Waterfront Masterplan, which has already delivered major assets like V&A Dundee and Slessor Gardens.
- **Tourism:** The industry generated £333 million for the Dundee economy. Visitor numbers increased by 4.6% year-on-year, and the number of FTE jobs supported by tourism grew 2.7% to more than three-and-a-half thousand.
- **Events:** Staged the Dundee Hooley and supported a festive programme which significantly increased footfall in the city centre over the festive period.
- **Employability:** Through a range of interventions, over 1400 people were assisted by the city's Employability Pathway, with almost 600 entering a positive destination and three-quarters sustaining a positive destination for at least twelve months.

The Council advanced its climate change commitments through multiple initiatives:

- **Green Transport & Active Travel:** The completion of Bell Street car park's transformation into a green transport hub. Design work continues on Sustainable Transport Corridors in both Lochee and Arbroath Road as well as Eden Connections, connecting the Eden site with the city centre, Waterfront and neighbouring areas.
- **Waste and Recycling:** Towards a Waste Free Dundee sets out plans to improve Dundee's recycling performance and promote sustainable waste management practices across the city. A new campaign, Recycling: Let's Sort It, was launched.
- **Biodiversity:** A draft Nature Network has been proposed to address biodiversity loss which can be caused by changes in land use and fragmentation of habitats over time, as well as the effects of climate change.
- **Net Zero:** Over the last year, the council's total emissions decreased by around 4%, primarily due to reductions in natural gas use and waste-related emissions. Further reductions have been achieved in transport, which accounts for around 10% of the Council's overall emissions and has seen a year-on-year decrease of approximately 1%.
- **Air Quality:** The 2025 Air Quality Update shows that pollution levels recorded across the city in 2024 were within safe legal limits. A new action plan has set out priorities to continue improving air quality in Dundee.
- **Awards & Recognition:** Dundee has been recognised for the fourth year in a row for its environmental leadership and transparency, with global charity CDP awarding Dundee City Council with its highest possible ranking an 'A rating' for 2025.
- **Nature Restoration:** Trees for Cities funding enabled the planting of over 2,200 native trees in Templeton Woods and 20 standard trees in Baxter Park. Enhancements at Stobsmuir Ponds were also supported.
- **Waste & Recycling:** Continued the *Take Pride in Your City* campaign, conducted 61 litter picks involving an estimated 1,389 participants.

The Capital Plan 2026–2031, approved in February 2026, commits nearly £300 million of investment over five years, focusing on:

- Education: Survey work got under way on the site of the new Western Gateway primary school.
- Climate Action: £74m has been dedicated to tackling climate change and supporting Net Zero ambitions.
- Modernising Services: £53m for IT and property upgrades, waste depot replacement, and improvements to the Ice Arena.
- Economic Growth: Funding for commercial office development at the central waterfront, and for the demolition of properties and remediation works.
- Housing: Long-term investment to ensure Council homes meet government Energy Efficiency Standards, benefiting tenants and the environment.

The Council continues to work with partners to drive regeneration, stimulate growth, and leverage opportunities from the Tay Cities Region Deal and major projects such as Eden Project Dundee, the Life Sciences Innovation District, and Abertay cyberQuarter.

Best Value

A new approach to auditing and reporting on councils' performance against their duty of Best Value is underway. This new approach requires reporting on Best Value thematic areas directed by the Accounts Commission within the Annual Audit Reports each year of the 5-year audit appointment.

Year 1 of the new audit programme, started with a Best Value Review of the effectiveness of the Council's Leadership in developing new local strategic priorities following the elections in May 2022. This review was reported in September 2023 (report No [241-2023](#)) with notable findings including:

- Effective leadership provided by officers and elected members is an area of strength for the Council. The Commission noted clarity and coherence of the Council's vision and planning, its alignment of resources with priorities, and its fair and balanced public performance reporting.
- A commitment to community empowerment and engagement comes through strongly in the Council Plan and in the evidence of how this is being delivered in practice.
- Financial management and planning is sound. Challenges remain around delivery of the capital programme, but this is also showing signs of progress.
- The Council has a commitment to continuous improvement, and the Commission encouraged elected members and officers to share their approach to this with other councils.

In Year 2, a Best Value Thematic Review assessed how councils are addressing workforce challenges through innovation, capacity building, and productivity improvements. This review was reported in September 2024 (Report No [258-2024](#)) confirming the council has a workforce plan to maintain a skilled, flexible, and high-performing workforce aligned with strategic objectives, supported by detailed service-level data for planning. However, the report highlighted the need to better align the Workforce Plan with service plans and the council's digital strategy. As part of the review, 7 recommendations were agreed and are being implemented and monitored by colleagues in Corporate Services via their service plan.

In Year 3, the Accounts Commission directed auditors to report on Transformation: How councils are redesigning services to deliver services more efficiently. This review was reported in June 2025 (Report No [202-2025](#)) confirming the Council has a long standing approach to transformation, robust officer-led governance arrangements, good examples of partnership working aimed at improving outcomes and generating savings and has consulted with its communities and conducted formal assessments of the impact of planned service changes. As part of the review, 3 recommendations were agreed and are being implemented and monitored by colleagues in the Chief Executive's Services via their service plan.

Citizen engagement

The Council actively engaged citizens in shaping services and spending priorities during 2025/26. Nearly 4,000 people and organisations participated in the annual [budget consultation](#), a 10% increase from the previous year. Citizen engagement is strong, through locality-based working, including targeted outreach, multi-agency drop-ins and co-production with communities in priority neighbourhoods. Participatory budgeting continues to be used for specific initiatives, most notably during 2025/26, the Dundee Climate Fund.

In 2025, the Council's work as part of the What Matters 2 U Partnership won a COSLA Excellence Award in the Strengthening Communities and Local Democracy category.

Climate Change and Sustainability

The Climate Change (Scotland) Act 2009 requires Dundee City Council to reduce carbon emissions, adapt to climate change, and act sustainably. Tackling climate change and achieving Net Zero is a key strategic priority in the Council Plan and Dundee Partnership's City Plan.

- **Climate Emergency & Action Plan:**
Declared a climate emergency in 2019 and created a plan to reach Net Zero by 2045, focusing on energy, transport, waste, and resilience.
- **Council Net Zero Plan:**
Approved in 2023, aiming for Net Zero by 2038, with actions on emissions reduction, circular economy, resilience, and fair transition, supported by governance and annual reporting.
- **Energy Planning:**
Ongoing work on LHEES and the Local Area Energy Plan (LAEP), using GIS tools to guide energy efficiency and decarbonisation projects.
- **Climate Reporting:**
Continued statutory climate reporting with improved data, metrics, and governance to increase transparency and compliance.
- **ClimateView Dashboard:**
Relaunched in March 2026 to provide a public view of emissions data, targets, and actions, improving clarity on progress to Net Zero.
- **Integrated Energy Planning:**
Stronger alignment between LHEES and LAEP to coordinate building heat decarbonisation with wider energy and transport planning.
- **Social Housing Collaboration:**
Ongoing work with housing partners to coordinate retrofit, clean heat, and funding, aligned with energy plans.
- **LENZA Tool Use:**
Applied geospatial analysis to identify priority areas for energy projects and support early planning.
- **Council Operations:**
Continued delivery of the Net Zero Plan with stronger governance, clearer actions, and improved tracking and reporting.
- **Public Buildings Upgrade:**
Developing funding bids to install energy management systems in 10 buildings.
- **National Energy Engagement:**
Working with SSEN and NESO to ensure local priorities are reflected in regional and national energy planning.
- **Partnership Working:**
Used the Dundee Climate Leadership Group to coordinate partners and guide delivery of energy plans.
- **Climate Adaptation (Tayside):**
Leading regional collaboration on climate resilience, including risk assessment, shared planning, and improved communication.
- **Engagement & Transparency:**
Improved public access to climate data, held events, and launched a Net Zero learning site for staff.
- **Recognition:**
Maintained strong external ratings (e.g. CDP) for climate leadership and transparency.

Awards

During 2025/26 Dundee City Council was successful in securing a number of local and national awards.

- **Urban development:**
Derby Street development has been named a winner at the Dundee Civic Trust Awards.
- **Procurement:**
Dundee City Council won the “Excellence in Social Value Award” category at the GO Awards Scotland.
- **Education Excellence:**
Our Lady’s RC Primary School and St Mary’s RC Primary School achieved UNICEF Gold Rights Respecting School Awards.

Rosebank Primary School has become the first primary school in Dundee to achieve the Education Scotland’s STEM Nation Award.
- **Fairness, Communities and Local Democracy:**
The Local Fairness Initiative was the winner of the COSLA Excellence award in the SOLACE Best Team Award category.

The Family Empowerment initiative was also successful in the COSLA Excellence awards in the Strengthening Communities and Local Democracy category.#

PART 4 - FINANCIAL MATTERS

Review of the Financial Year - Revenue Budget

During 2025/26, the Council approved a balanced General Services Revenue Budget at the City Governance Committee meeting on 27 February 2025, setting Council Tax for Band D at £1,605.34, an 8.0% increase on 2024/25. In setting the Council Tax at this level, budget and base savings of £10.096m as well as the use of £4.376m of earmarked General Fund balances was required.

The Housing Revenue Account Budget, agreed on 20 January 2026, included an average rent increase of 4.5%.

Regular revenue monitoring reports were provided throughout the year to ensure elected members remained informed of the financial position.

The Consolidated Income and Expenditure Statement reports an accounting deficit of £115.987m, which, after statutory adjustments of £111.598m, results in a net decrease in usable reserves of £4.389m. For further details please see the section on Management of Reserves below.

On a funding basis, the Expenditure and Funding Analysis shows a £3.284m reduction in General Fund and HRA balances, comprising a £1.952m decrease in the General Fund and a £1.332m deficit on the HRA, before transfers from other reserves of (£1.006m). After transfers, the General Fund decreased by £2.278m during the year. Performance against budget was as follows:

2025/26 Funding basis	Approved Revenue Budget £m	Adjusted Revenue Budget £m	Actual Net expenditure £m	Over/ (under) spend £m
Children & Families	233.620	229.605	224.906	(4.699)
Dundee Health & Social Care Partnership	114.842	115.497	117.357	1.860
City Development	18.250	22.689	27.062	4.373
Neighbourhood Services	23.603	19.067	18.885	(0.182)
Chief Executive	14.320	14.886	14.715	(0.171)
Corporate Services	35.318	35.313	33.927	(1.386)
Construction Services*	0.000	(0.603)	(0.421)	0.182

Discretionary Non-Domestic Rates (NDR) Relief	0.392	0.392	0.191	(0.201)
Tayside Valuation Joint Board	1.149	1.174	1.174	0.000
Miscellaneous items and contingencies	8.361	4.828	3.380	(1.448)
Extended Producer Responsibility funding	(3.395)	(3.395)	(3.070)	0.325
Corporate Fleet	3.982	3.425	4.739	1.314
On-street car parking and LEZ	0.000	0.000	(1.669)	(1.669)
Housing Revenue Account*	0.000	0.000	1.331	1.331
Cost of services	450.442	442.878	442.507	(0.371)
Financing and Investment Income and Expenditure	28.674	48.523	47.917	(0.607)
Total expenditure	479.116	491.401	490.424	(0.978)
<i>Funded by:</i>				
General Revenue Funding	(333.085)	(340.031)	(340.031)	0.000
Contribution from National Non-Domestic Rates (NNDR) Pool	(71.406)	(71.406)	(71.406)	0.000
Council Tax	(70.249)	(70.416)	(71.326)	(0.909)
Deficit/ (surplus) on provision of services	4.376	9.548	7.661	(1.887)
Use of earmarked reserves	(4.376)	(9.548)	(5.383)	4.165
Decrease/ (increase) in General Fund and HRA	0.000	0.000	2.278	2.278

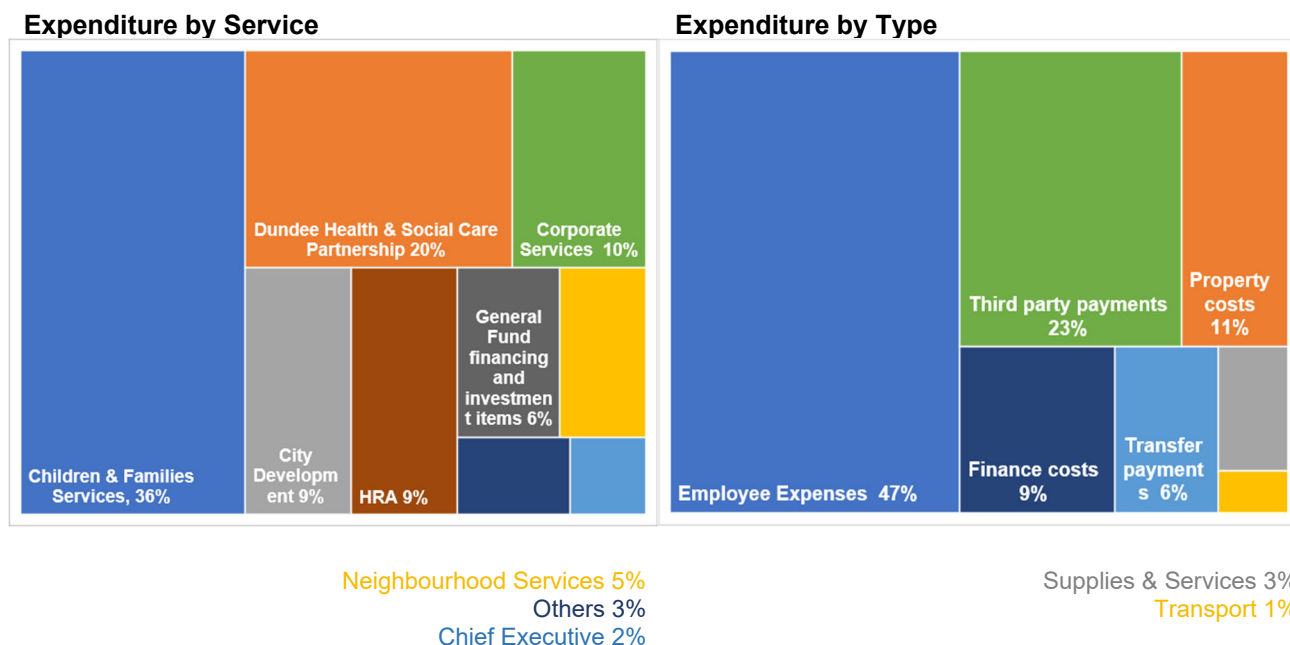
*Construction Services and the Housing Revenue Account are budgeted to break even

The most significant factors contributing towards the decrease to the General Fund and deficit on the HRA were:

- Children & Families reported a (£4.699m) underspend, driven by savings of £3.165m in staff costs. There were also underspends within property costs totalling £1.397m, due to rates rebates and underspends in energy across all sectors.
- Dundee Health & Social Care Partnership overspend of £1.860m relates to the Council's share of the Dundee Integrated Joint Board's financial deficit for 2025/2026.
- City Development reported a £4.373m overspend. Contributing factors included overspends in corporate property of £3.435m, mainly due to costs of health and safety-related repairs and property security. Rental income shortfalls of £1.222m and winter maintenance and public safety overspends of £0.572m were partly offset by savings in staff costs of (£0.661m).
- Corporate Services reported a (£1.386m) underspend, due mainly to staff cost savings arising from unfilled posts during the year. The savings were offset by overspends in transfer payments, primarily due to the use of hotels for housing homeless individuals.
- Miscellaneous items and contingencies reported a total underspend of (£1.448m), mainly relating to corporate provisions set aside for pay and cost pressures which were not fully required.
- Corporate Fleet reported an overspend of £1.314m, mainly due to increased repairs and materials costs and reduced income from external customers.
- On-street car parking and LEZ reported (£1.669m) net income because penalty charge notices more than covered staffing and other direct costs.
- The Housing Revenue Account reported an overspend of £1.331m, mainly due to overspends of £3.869m in property costs, largely due to increased recharges from Construction Services for repairs and relets. The overspends in property costs were partly offset by various underspends, mainly savings on loan charges due to rescheduling of debt, as well as savings in staff costs, reflecting unfilled posts during the year.
- Financing and Investment Income and Expenditure underspend of (£0.607m) is attributed mainly to one-off debt repayment gains during the year, offset by additional Capital Financed from Current Revenue (CFCR) costs at year end. The one-off saving related to a restructuring exercise to replace current loan agreements with short-term local authority borrowing until longer-dated interest rates fall, when appropriate replacement borrowing will be undertaken.

- Council Tax underspend of (£0.909m) is largely due to year-end provision movements that favourably compared to budget.
- The Use of earmarked reserves variance of £4.165m relates to the difference between budgeted and actual use of earmarked and usable reserves. This equates to budget virements from General Fund to services, which is higher than actual contributions by General Fund to other usable reserves.

Revenue expenditure is graphically presented by Service and Type below:



The overall General Fund balance has decreased by £2.278m over the year, to £64.753m at 31 March 2026 of which £56.073m is earmarked for specific purposes. This can be analysed as follows:

	2024/25 £m	2025/26 £m
Earmarked carry-forwards	1.509	0.803
Social Housing	2.458	2.877
Children Services	1.033	-
Service change initiatives	5.000	4.851
Roof remedial works	1.875	0.741
Change fund	2.169	1.890
Income Cost Pressures	1.550	0.850
Statutory on-street car parking reserve	1.716	3.385
Other earmarked funds	1.774	0.903
Service Concession flexibility	39.773	39.773
Total Earmarked Funds	58.857	56.073
Unallocated Balance	8.174	8.680
Total General Fund Balance	67.031	64.753

Further details on the General Fund balance are provided in Note 10 (page 62).

The Council's Balance Sheet shows net assets of £874.0m at 31 March 2026, a decrease of £116.0m from the previous year. This largely reflects accounting entries and adjustments to fixed assets, required to comply with proper accounting practice, notably depreciation and asset revaluations. As part of our ongoing review of the asset portfolio, technical adjustments to asset carrying values were required, reflecting categorisation changes in some cases and resulting in downward revaluations. These were largely technical revaluation adjustments required to notional asset carrying values, following reclassification from one asset category to another.

Figures in the Comprehensive Income and Expenditure Statement (page 40) are presented on an accounting basis, while the figures and variances in the Management Commentary use the funding basis. The Expenditure and Funding Analysis (page 37) explains how the accounts reconcile between these two bases.

The Cash Flow Statement (page 44) shows that cash and cash equivalents have improved by £9.007m over the period, with a closing cash and cash equivalents position of £2.650m.

Management of Reserves

Under the Council's Standing Orders and Schemes of Administration, the Executive Director of Corporate Services has delegated powers to:

- manage the Council's various reserves and balances in accordance with the agreed protocol and any other relevant guidance, and
- transfer funds between reserves as part of the Council's overall financial management arrangements.

The agreed protocol for the operation of the Council's Reserves states that the Executive Director of Corporate Services shall include a statement showing the movements in the Council's Reserves in the Annual Accounts. The following table shows the movements in the Council's available usable reserves during 2025/26:

The planned, earmarked, usage of the General Fund is set out in Note 10 on page 62.

This table analyses the movement in the Council's usable reserves over the year:

	General Fund £m	HRA Balance £m	Renewal & Repair Fund £m	Insurance Fund £m	Capital Grants & Receipts Unapplied Account £m	Capital Fund £m	Total usable reserves £m
Opening Balance 1 April 2025	67.031	-	6.295	1.360	0.341	2.718	77.745
Surplus / (Deficit) for the Year	(1.952)	(1.332)	-	-	(0.050)	(1.055)	(4.389)
Transfer of HRA Surplus	-	1.332	(1.332)	-	-	-	0.000
Transfers Under Delegated Powers	(0.326)	-	0.314	(0.079)	-	0.091	0.000
Closing Balance 31 March 2026	64.753	0.000	5.277	1.281	0.291	1.754	73.356

HRA surpluses and deficits are transferred to the Renewal & Repair Fund. At 31 March 2026, £1.861m of the Renewal & Repair Fund balance related to the HRA (31 March 2025: £3.193m).

Review of the Financial Year - Capital Budget

On 17 February 2025, the City Governance Committee approved a combined five-year Capital Plan for General Services and Housing HRA totalling £299.1m over the period 2025 to 2030. The gross capital budget for 2025/26 totalled £90.482m. The City Governance Committee received capital monitoring reports during 2025/26 to keep elected members appraised of project cost to date, the projected outturn position and projected completion dates. Actual gross capital expenditure for the year was £68.696m. The following table compares the actual outturn position with budget for capital expenditure and the associated funding. The underspend against the original capital budget was due to slippage across a range of projects for a number of different reasons since the original capital budgets were prepared.

	Budget £m	Actual £m	Variance £m
Gross Capital Expenditure	90.482	68.696	(21.786)
<i>Funded by:</i>			
Borrowing	59.531	32.991	(26.540)

Capital Grants & Receipts	25.801	32.355	6.554
Capital Fund	0.000	1.054	1.054
CFCR	0.450	2.296	1.846
Slippage Allowance	4.700	0.000	(4.700)
	90.482	68.696	(21.786)

The main elements of slippage in the 2025/2026 capital programme were as follows:

Project	Budget £000	Actual £000	Overspend/ (Underspend) £000	Explanation
HRA - Energy Efficient - External Insulation and Cavity Fill	7,110	695	(6,415)	Delayed tender award for Linlathen resulting in slippage to 2026/27.
HRA - Free from Serious Disrepair - Windows	6,248	2,106	(4,142)	Slippage of some projects to next financial year (Happyhillock and Maitland Street).
HRA - Increased Supply of Council Housing	4,430	1,237	(3,193)	Mainly due to the Blackness Road development where anticipated spend re-evaluated. Some slippage due to a combination of adverse weather, design revision and unforeseen site conditions.
HRA - Free from Serious Disrepair - Roofs	3,860	1,733	(2,127)	Slippage of some projects to next financial year (Happyhillock and Maitland Street).
Property Development & Improvement Programme	5,232	3,340	(1,892)	Projects reprofiled due to delays in project development/procurement process and need to re programme to hit available dates of school holidays and non-heating season etc.
HRA - Smoke Detector Programme	1,800	9	(1,791)	Slippage to 2026/27 now specification agreed.
Site 6 South Development	2,615	1,484	(1,131)	Progress on the site was impacted by contractor design development particularly in relation to fire protection in the partition specification and associated Building Control comments relating to Fire strategy. Tenant's additional work requirements for floor openings also affected the project's spend profile. Delayed lift component replacements prolonged final approvals and handover.
HRA - Water Pumps and Tanks	1,100	37	(1,063)	Further examination of tender prices delayed the award in 2025/26.
HRA - MSD thin wall carbon steel pipework replacement	1,000	0	(1,000)	Programme rephased due to the option appraisal process. Expenditure phasing aligned with the timelines for the options appraisal to conclude before design and tendering processes can commence which impact delivery timescales.

Project	Budget £000	Actual £000	Overspend/ (Underspend) £000	Explanation
Low Carbon Transport - Green Transport Hub & Spokes - Bell Street	6,414	8,427	2,013	Project is now complete to approved budget. Variance is due to contractor's adjusted programme.
School Estate Investment - East End Community Campus	12,992	14,821	1,829	Progress on site impacted by design development, inclement weather and delays to establishing electrical power on Scottish and Southern Electricity Networks. Post completion additional works have been a contributing factor relating to ongoing spend being undertaken to minimise disruption to the operation of the campus. The project was delivered within the anticipated timescales.
HRA - Free from Serious Disrepair - Urgent Roofs	1,050	2,400	1,350	Slippage of some projects to next financial year (Happyhillock and Maitland Street).

Capital Funding / Treasury Management

Borrowing to fund capital expenditure increases the Council's overall debt and future repayment obligations, while funding from revenue (CFCR) impacts the current year's expenditure without adding debt. The Council uses a mix of these methods as part of its capital financing strategy, with borrowing primarily from the Debt Management Office, and options including bonds, money markets, and the European Investment Bank. In 2025/26, the Capital Financing Requirement (CFR) rose by £6.5m to £997.7m, reflecting historic capital expenditure yet to be financed. More details can be found in Note 28. External debt stood at £956.1m, below the CFR, confirming no borrowing for revenue purposes and partial funding from existing resources.

The Council's Treasury Policy Statement outlines objectives and practices for treasury management, supported by a dedicated Risk Register that is monitored continuously and reported to the City Governance Committee every six months.

During the year, £30m of long-term borrowing was undertaken, with £10m in loan repayments. This position was managed through phased borrowing, use of cash reserves, short-term borrowing, and capital programme slippage.

Pension Asset / (Liability) (International Accounting Standard 19)

Under International Accounting Standard 19 (Employee Benefits) the Council is required to include figures in its Annual Accounts relating to the assets, liabilities, income and expenditure of the pension scheme for its employees. It has been estimated that the Council had a net pension liability of £27.1m as at 31 March 2026 (net pension liability of £28.4m at 31 March 2025). The net liability reduced due to changes in various actuarial estimates and assumptions.

Material Assets, Liabilities, Charges and Credits

There were no material transactions in relation to assets, liabilities, charges or credits out with the normal scale of activities of the Council during the 2025/26 financial year, other than those already separately disclosed in the Accounts.

Accounting Policies (see note 1 to the Core Annual Accounts)

The Annual Accounts follow the stated Accounting Policies, with no major changes in 2025/26.

Public Finance Initiatives

The Council previously entered into three Public Finance Initiative (PFI) agreements:

- 2007/08 was the first year of a 30-year PFI contract with Discovery Education PLC to construct, maintain and facilities-manage six new primary schools and two new secondary schools in the city
- 2017/18 was the first year of a 25-year Design, Build, Finance and Maintain contract, commonly referred to as DBFM, with Hub East Central (Baldragon) Ltd to design, construct, maintain and facilities-manage a new secondary school in the city.
- 20 January 2022 was the starting point of a 25-year contract with MVV Environment Baldovie Limited (MEB) for the operation of a waste-to-energy plant and the disposal of residual waste. MEB designed and constructed the plant prior to that date.

In line with Finance Circular 10/2022, the Council applied permitted flexibility to its three PFI Service Concession Arrangements (SCAs) on a retrospective annuity basis in 2023/24. This resulted in a one-off saving of £39.773m, added to earmarked reserves, and cumulative scheduled debt repayment savings of £12.231m up to 2025/26. Savings will continue until SCA contracts are fully repaid, after which statutory charges will apply. The total debt repayment over the life of the assets remains unchanged, and the Council will manage this flexibility through a dedicated earmarked reserve. Please refer to Note 10 for more details.

Financial Indicators

The following financial indicators are intended to support interpretation of the Annual Accounts and the Council's financial position and performance. They present a picture of the financial sustainability and affordability of the Council's financial plans. They also indicate how effective financial management is within the Council.

Category / Financial Indicator	2024/25	2025/26
<i>Reserves</i>		
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	1.6%	1.7%
Movement in the Uncommitted General Fund Balance	(£1.641m)	£0.506m
<i>Council Tax</i>		
In-year collection rate	93.5%	93.2%
Ratio of Council Tax Income to Overall Level of Funding	13.7%	13.8%
<i>Financial Management</i>		
Actual Outturn Net Service Expenditure compared to Budgeted Net Service Expenditure	101.2%	99.8%
Actual contribution to / (from) Unallocated General Fund Balance compared to Budget	£4.999m	£0.506m
<i>Debt / Long Term Borrowing</i>		
Capital Financing Requirement for the current year	£991.2m	£997.8m
External Debt Levels for the current year	£922.1m	£948.2m
Ratio of financing costs to net revenue stream – General Services	9.5%	10.4%
Ratio of financing costs to net revenue stream – HRA	36.7%	33.3%
Impact of Capital Investment on Weekly Rents	£0.35	£0.18

PART 5 - LOOKING TO THE FUTURE

Impact of the Current Economic Climate – Key Financial Risks and Uncertainties

At the 2026/27 budget-setting meeting on 5 March 2026, City Governance Committee members were advised of the long term (10 year) financial outlook facing the Council, including the key assumptions used and main risk factors considered.

This was an update on the Medium-Term Financial Strategy presented to the City Governance Committee on 4 September 2023, 28 October 2024 and again on 22 September 2025. The following approach to Medium-Term Financial planning was agreed:

- (a) the Council will set a balanced budget each year;
- (b) savings and efficiencies will be driven by transformation and service prioritisation;
- (c) resources will be prioritised to improve outcomes;
- (d) the Council will seek to achieve an overall outturn in-line with or below budget;
- (e) usable balances will be retained at the higher of 2% of revenue budget or £8m;
- (f) reserves will only be used for earmarked purposes and to support the revenue budget through transformation and / or spend to save initiatives;
- (g) demand and demographic change will be managed through prioritisation within services;
- (h) the contingency budget will only be used for one off expenditure which is not recurring;

- (i) Joint bodies and boards will bear their share of any General Revenue Grant reduction;
- (j) a planning assumption that fees and charges will increase by at least 3% annually;
- (k) a planning assumption that Council Tax will increase by at least 3% annually;
- (l) budget provision will be made for pay awards (with incremental drift managed by services) and unavoidable inflation; and
- (m) the Council will evaluate the risks and benefits of all financial flexibilities made available to local authorities.

The 2026/27 Revenue Budget and Council Tax was agreed by the City Governance Committee on 5 March 2026. A three-year Revenue Budget was presented, as part of the Council's continuing commitment to improving medium and longer-term financial planning. The covering budget report identified the following savings requirements over the period 2026/27 to 2029/30, based on assumed flat cash grant settlements and no adjustment for the impact of distributional changes within the grant settlement process:

	Cumulative £m
2026/27	5.04
2027/28	13.90
2028/29	19.87
2029/30	30.01

The most significant factors that influence budget projections are levels of Scottish Government funding and inflation, especially in relation to pay. The Council's budget is constrained by its statutory duties, Government policy, and contractual obligations. In recent years the Local Government Settlement has required Council's to maintain the level of funding for Health and Social and to protect teacher numbers. Taken with the statutory obligations in relation to Children's Services and the commitments the Council has in relation to loan charges and PFI contracts, some 64% of the Council's net budget is fixed (i.e. budget reductions are not possible).

This means that savings require to be made from the remaining 36% of the budget, or alternatively, through raising fees, charges and Council Tax.

In setting the 2026/27 Revenue Budget savings totalling £0.778m were agreed with a review of charges resulting in additional income of £0.243m. The Council Tax was increased by 7.75% with Band D at £1,729.69 after agreeing a provision of 2.9% for Council Tax non-collection.

In the context of the Council having delivered savings of the order of £181m since 2008, further budget reductions on the scale anticipated will be challenging. The scope for savings will necessarily be limited to those areas of the budget where the Council has discretion to implement changes.

The Scottish Government most recently published "Scotland's Fiscal Outlook: The Scottish Government's Medium-Term Financial Strategy" on 25 June 2025. This sets out how the gap between projected funding and estimated spending on public services in Scotland is expected to grow from a balanced budget in 2025/26 to £2.6 billion by 2029/30.

The following points from the document are highlighted for noting:

- While Scotland is not currently expected to enter recession, economic growth is weak and remains subdued;
- labour market remains relatively robust, with unemployment at 4.2%;
- inflationary pressure is continuing, and the outlook is still uncertain;
- funding is expected to grow by an average of 2.6% a year in nominal terms over the period 2025-26 to 2029-30, 0.7% a year in real terms;
- the medium-term outlook is volatile and the two key components, block grant and net income tax, remain uncertain;
- high inflation will have a long term impact on public service spending in Scotland;
- spending could exceed resources by 2% (£1bn) in 2026/27 rising to 4% (£2.6bn) in 2029/30;
- resource spending makes up almost 90% of the budget, with Health and Social Care, Local Government, and public sector pay being the largest components of spending, as well as some of the main drivers of the expected growth in future spending;
- capital is also under pressure and a real terms fall of 1.1% expected between 2025/26/ and 2029/30. Higher costs also exacerbate this with a 15% gap projected in 2026/27; and

- Social Security spend is projected to rise from £6.8bn in 2025/26 to around £8.8bn by 2029/30.

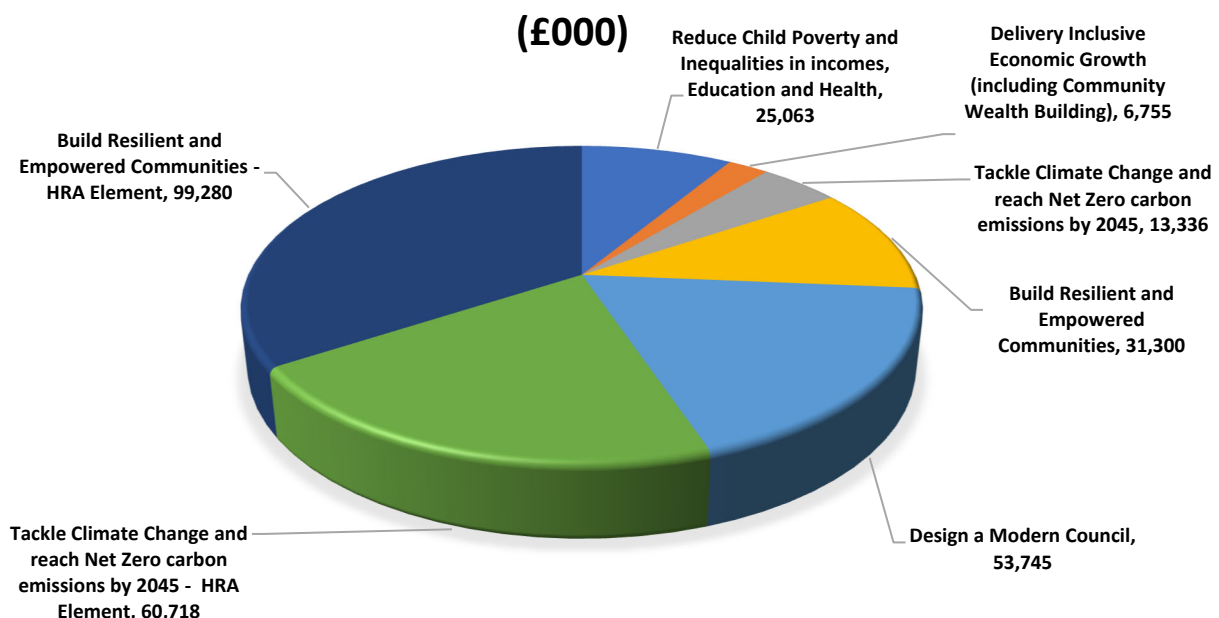
Officers will be exploring opportunities for savings over the summer period and will consider options including income generation, service redesign, partnership working and service reduction. As part of this process, it is recommended that Officers engage with partners that work with Council on delivering services for the City to ensure that all opportunities for collaboration and service change or reduction are examined and any consequences fully understood.

A report on Transformation published by the Accounts Commission on 1 October 2024 ([Transformation in councils | Audit Scotland](#)) highlights the need for faster reform and the need for collaborative work across the public sector if Councils are to remain financially sustainable.

Future Developments – Capital Plan

In February 2026, the City Governance Committee approved a combined five-year Capital Plan for General Services and Housing totalling £290.2m over the period 2026 to 2031. In developing the five-year Capital Plan, there has again been a focus on a thematic approach which highlights the Council's strategic priorities.

PLANNED CAPITAL EXPENDITURE 2026-2031 BY THEME



Our Capital Plan for 2026-2031 sets out a £290 million building programme for the next five years for General Services & Housing HRA. The Capital Plan 2026-31 has been prepared in the context of decreasing resources. Sustainability is a key focus for the Council with the investment of £74m in tackling climate change to help deliver the Council's Net Zero ambitions making up over a quarter of the Capital Plan. This includes, Energy efficiency measures in Council Housing and DCA Lifecycle Plant Replacement Programme.

The HRA Capital Plan is committed to tackling climate change and reaching Net Zero carbon emissions by 2045. The plan aims to deliver larger area-based projects, improving multiple measures within the asset so that it improves energy efficiency and reduces fuel poverty for our tenants.

In respect of other planned investments, the Council will ensure these take cognisance of our net zero ambitions by ensuring that these works are completed using sustainable materials and low or zero carbon heating solutions wherever possible. Whilst recognising the longer-term benefits this can offer this will need to be balanced with affordability.

Transformation

Delivery of the sixth phase of the Council's transformational programme (**Design a Modern Council**) will support future financial plans and long-term sustainability, better services to citizens and improving outcomes for all.

The key themes within scope for this phase of our transformation programme are set out in the Council Plan 2022-2027 as follows:

- Property Rationalisation,
- Digital Council,
- Service Re-design,
- Payments and Income Generation

The Council's transformation programme needs to be bold and ambitious and outline how the Council is continuing its journey, responding to a changing world by embracing new technology and ways of working, and meeting the needs of customers and communities.

The current five-year programme will need to radically redesign services to meet changing demographics and demands, environment and technology, community empowerment and embracing new ways of working to address this challenge.

The Council will know it has delivered on its vision of a **Modern Council** for the future, as it will:

- be lean and efficient with a clear set of priorities that deliver for Dundee citizens and communities, focusing resources where they can make the biggest difference.
- have a clear purpose and understanding about what the Council is best placed to deliver.
- have a structured approach to designing services with people and local communities.
- have adaptable and flexible structures which promote working across organisational boundaries with greater employee empowerment, integrated teams and agile workforce.
- help communities become more self-reliant and resilient doing more for themselves.
- work in collaboration more to moving partnership working across the city from good to great.
- have a values-based culture that will unlock and develop the skills and potential of our workforce.

PART 6 - CONCLUSION AND ACKNOWLEDGMENTS

Conclusion

Throughout 2025/26 the Council continued to deliver quality services to the people of Dundee and demonstrated sound governance and prudent financial management. Where pressures emerge, as with services corrective action is taken. This is achieved through effective collaborative working within the Council and across Partnerships. Significant challenges continue to be faced due to the high levels of deprivation in our communities, economic and demographic pressures, legislative and regulatory changes, increasing demands and expectations from our communities.

However, these challenges are compounded by the effects of the cost-of-living crisis and funding pressures. Whilst the Council continues to be ambitious, innovative, and committed to delivering the best possible services with the resources it has, the financial and wider impacts of cost-of-living are being felt as the City plans for the future.

Acknowledgements

We would like to thank Bailie Willie Sawers, the Senior Councillor with responsibility for Finance, all other elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during another challenging year. Finally, we would conclude this report by thanking the Corporate Finance Team who contributed to the management and control of the Council's finances and to the finalisation of the Council's 2025/26 Annual Accounts.

Paul Thomson CPFA
Executive Director of Corporate
Services
Dundee City Council
23 September 2026

Gregory Colgan BAcc (Hons),
ACMA, CGMA
Chief Executive
Dundee City Council
23 September 2026

Councillor Mark Flynn
Leader of the Council
Dundee City Council
23 September 2026

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Dundee City Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right?, Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

The Council's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads the local community. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:-

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.
- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers.
- A Monitoring Officer to ensure compliance with laws and regulations.
- A Scrutiny and Audit Committee and individual Service Committees.
- Approved Corporate Fraud and Corruption Policy including "whistleblowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.
- Council Leadership Team and each Service's Senior Management Teams.

- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020-2030.
- Medium-term Financial Strategy.
- Longer-term Revenue Budget Model.
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Strategic and Service Risk Registers.
- Corporate Risk and Assurance Board, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic Information Governance Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.

Review of Effectiveness

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and take into account comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2025/2026 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% (2024/2025: 99%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 78-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 94% for 2025/2026 (2024/2025: 93%).

The Internal Audit service provides independent and objective assurance on the adequacy and effectiveness of the Council's governance, risk management and control processes. The service operates in accordance with the Global Internal Audit Standards as applicable to the UK public sector and reports functionally to the Scrutiny and Audit Committee.

The Chief Internal Auditor provides an annual conclusion encompassing the Council's governance, risk management and control, drawing on audit work undertaken during the year. This conclusion informs the annual review of governance and supports the assurance provided in this Statement.

The Corporate Fraud Team investigates allegations of fraud and corruption and reports outcomes and trends to the Scrutiny and Audit Committee. No fraud identified during 2025/2026 was material to the Council's financial position.

The Council has undertaken a comprehensive self-assessment of its internal audit arrangements against the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025), and concludes that it generally conforms with the requirements of the Code, with robust governance, oversight and organisational arrangements in place to support effective internal audit. The Scrutiny and Audit Committee operates under Terms of Reference that align with CIPFA best practice. Internal audit operates under a formally approved mandate and charter aligned to regulatory requirements. There are clear reporting lines to

the Scrutiny and Audit Committee, which provides effective oversight through approval of audit plans, monitoring of performance, and review of the Chief Audit Executive's annual conclusion and Global Internal Audit (UK Public Sector) conformance assessment. Arrangements are in place to safeguard independence, including unrestricted access to information and direct engagement with elected members, supported by appropriately qualified leadership and defined quality assurance processes, including external review.

Overall, the Council is satisfied that internal audit is operating effectively and continues to provide independent and objective assurance on governance, risk management and internal control, in line with the principles of the Global Internal Audit Standards as applicable in UK Local Authorities, which include the Code.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

Continuous Improvement Agenda

The Council's progress against the Continuous Improvement Agenda items for 2025/2026 is detailed at Appendix 1. One item is still in progress and have been carried forward to be actioned in 2026/2027. Additional areas for improvement have also been identified by the Council's Corporate Governance Assurance Statement Group, and these are included, along with the areas for improvement carried forward, at Appendix 2 and form the Continuous Improvement Action Plan for 2026/2027. These were identified by Executive Directors and Heads of Services in the self-assessment checklists that were completed as part of the Council's assurance gathering process. The Council's Governance structure is shown at Appendix 3.

Group Entities

In respect of the Joint Boards, Joint Committee, Charities and Companies that fall within the Council's group boundary, the review of their governance, risk management and control framework is informed by: -

- Annual Governance Statements included in the respective financial statements of the Joint Boards and Tayside Contracts Joint Committee.
- Assurances from company directors and/or the other senior company officials.
- The work of the relevant bodies' respective external auditors (and where relevant internal audit function) and other interim reports.
- Completion of self-assessment checklists.

The Dundee City Integration Joint Board (DCIJB) and Dundee Health and Social Care Partnership (DHSCP) were formed in April 2016, at which time an approved Strategic and Commissioning Plan was in place and proper due diligence had been carried out in respect of the financial contributions transferred to the DCIJB at the outset. The Scottish Government, Integrated Resources Advisory Group, Finance Guidance includes a section on Following the Public Pound which details the requirement to put in place arrangements to maintain control and clear public accountability over public funds. More specifically, these arrangements should cover the resources delegated to the DCIJB by the Council and NHS Tayside as well as the resources allocated to the Council and NHS Tayside by the DCIJB to be used as directed and set out in the Strategic and Commissioning Plan. In terms of Council resources, projected outturns against budgets have been and will continue to be monitored and reviewed on a continuous basis with corresponding reports being presented to the DCIJB at regular intervals. In addition, the Council's City Governance Committee is responsible for the scrutiny of integrated health and social care. The Section 95 Officers from the Council and the DCIJB have worked, and will continue to work, together closely. Over time, the format and focus of monitoring will change as budgets and services become more integrated and aligned with the priorities set out in the Strategic and Commissioning Plan.

DCIJB comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the DCIJB. During 2025/2026 financial year, formal DCIJB meetings have moved from online-only to hybrid with option to attend either in-person or online.

Conclusion

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects for 2025/2026. It is proposed over 2026/2027 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.

Gregory Colgan BAcc (Hons), ACMA, CGMA
Chief Executive
Dundee City Council

23 September 2026

Councillor Mark Flynn
Leader of the Council
Dundee City Council

23 September 2026

This page is intentionally left blank

CONTINUOUS IMPROVEMENT AGENDA FOR 2024/2025 - WITH PROGRESS UPDATES

APPENDIX 1

The Council's Corporate Governance working group identified the following areas for improvement to be taken forward during 2025/2026. Full details are included in the Council's Local Code of Corporate Governance ([168-2025](#)) and the 2024/2025 Annual Governance Statement ([181-2025](#)) updated for final version in 2024/2025 Audited Accounts to Scrutiny and Audit Committee on 24 September 2025 ([274-2025](#)).

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). Report 223-2017	Completed	Service Manager - Community Safety and Resilience	31/03/2026
2	Replace Construction Services' Costing System.		Carried forward from 2024/2025. In progress.	Head of Construction and Head of Customer Services and IT	30/06/2026
3	Implementation of Corporate Property Management system.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2024/2025. In progress.	Head of Design and Property Services	31/03/2027
4	Review the Council's Standing Orders.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Completed	Head of Democratic and Legal Services	30/06/2025
5	Roll-out advanced risk management training module for senior officers.	Corporate Governance Assurance Statement Group.	Completed	Head of Corporate Finance	31/10/2025
6	Ensure basic financial ledger mandatory training for all budget holders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026
7	Procurement Strategy - Implementation of Sourcing Strategies in respect of procurement thresholds and any other changes includes in the review of Standing Orders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026

* Carried forward items have been included in Appendix 2 with new target completion dates

This page is intentionally left blank

CONTINUOUS IMPROVEMENT AGENDA FOR 2026/2027

APPENDIX 2

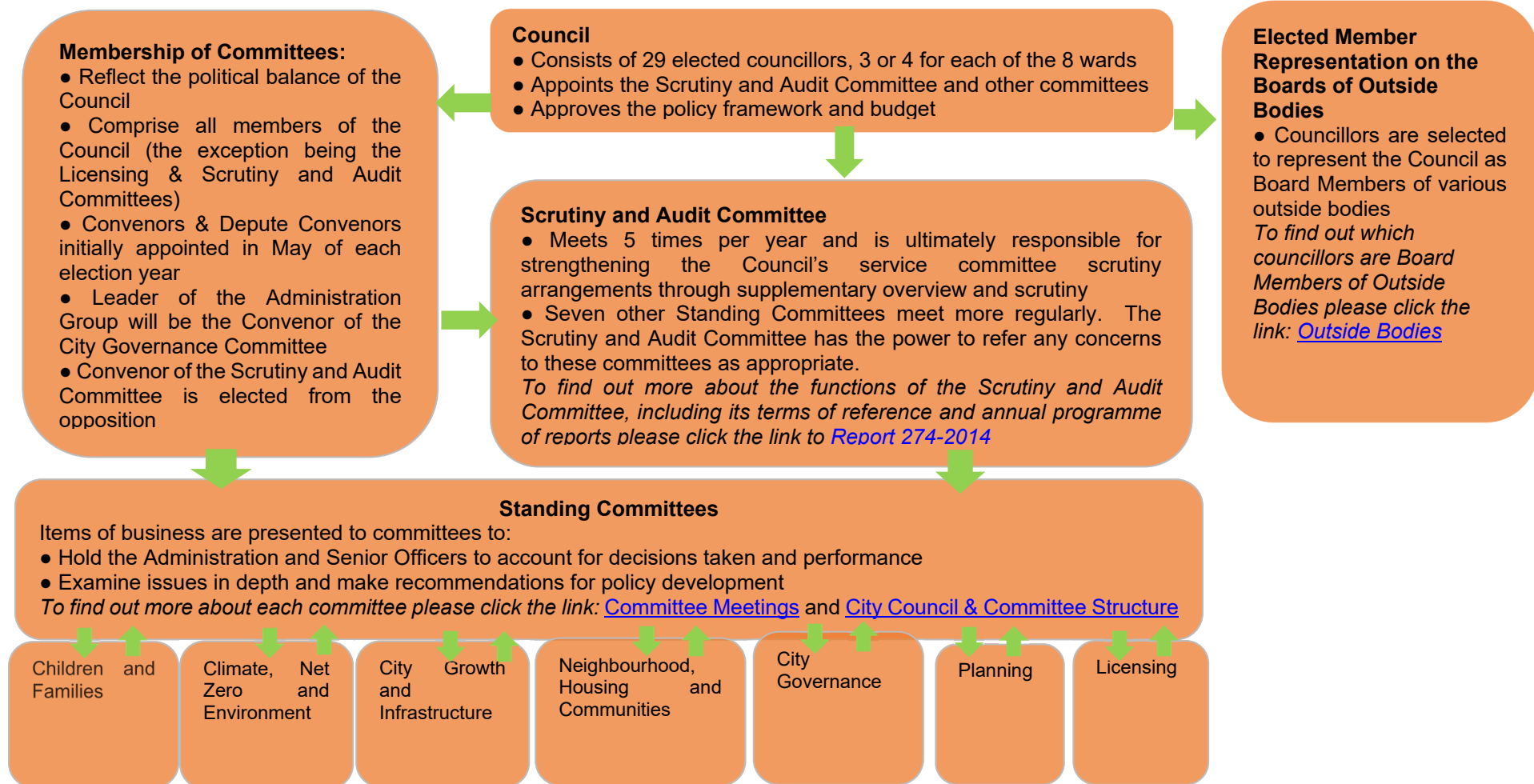
The Council's Corporate Governance working group has identified the following areas for improvement, full details are included in the Council's Local Code of Corporate Governance, to be taken forward during 2026/2027:

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Implementation of Corporate Property Management System.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Implementation of replacement asset management database to manage the Council's physical property assets more effectively.	Head of Design and Property Services	31/03/2027
2	Mandatory Training and Development	Corporate Governance Assurance Statement Group.	Improving the rates of completion of mandatory training and development courses for all Council staff and elected members.	Head of People	31/03/2027
3	Freedom of Information Requests	Council Leadership Team	Undertake a review of the current FOISA process to ensure that services have appropriate arrangements in place to deal with these statutory requests on timeous basis.	Head of Democratic and Legal Services	31/03/2027
4	Awareness / Compliance with statutory legislation	Corporate Governance Assurance Statement Group / Risk & Assurance Board	Review current process for providing updates on regulatory and legislative matters within the Council.	Head of Democratic and Legal Services	31/03/2027
5	Implementation of an Integrated Corporate Performance Dashboard	Council Leadership Team	Establish a consolidated digital portal to enable performance to be managed effectively. This single dashboard will include all relevant financial and non-financial corporate management data including budget outturns, absence, staff training and development, quality conversations etc. The dashboard will also interface with existing databases or systems to ensure data displayed within is updated on an automated basis within minimal manual intervention. In addition, it is also intended to enable managers to interrogate data through use of software tools such as Power BI.	Head of Digital and Customer Services	30/06/2027

This page is intentionally left blank

APPENDIX 3

Dundee City Council's Governance Structure:



This page is intentionally left blank

ANNUAL REMUNERATION REPORT

INTRODUCTION

The Council must include a Remuneration Report in its Annual Accounts, as required by the Local Authority Accounts (Scotland) Regulations 2014. This report:

- Shows the pay and pension benefits of Senior Councillors and Senior Employees.
- Lists the number of employees earning £50,000 or more, grouped in £5,000 bands.
- Includes details of termination benefits and exit packages.

The report follows the Regulations and is partly audited by the Council's External Auditor. The auditor checks that the report is prepared correctly and gives an opinion in their Annual Accounts report. All tables in the report are audited, and other sections are reviewed to ensure they match the financial statements

REMUNERATION ARRANGEMENTS

Senior Councillors

Councillor pay is governed by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2025 (Scottish Statutory Instrument No. 2025/36) and related guidance in Scottish Government circulars 8-2011 and 7-2014. They set four remuneration levels based on role: Leader of the Council, Civic Head (Lord Provost for Dundee City Council), Senior Councillors and Councillors. The Leader of the Council and the Civic Head cannot be the same person for remuneration purposes. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

The Leader of the Council's salary is set out in the Regulations. For 2025/26, the Leader of Dundee City Council earned £50,063. The Council can pay one Civic Head (Lord Provost) up to the maximum allowed by the Regulations. Dundee pays the full amount: £37,548. The Civic Head can claim up to £3,000 in expenses; in 2025/26, £1,925 was claimed. Senior Councillors' pay is also regulated. Each can earn up to 75% of the Leader's salary.

Since 23 May 2022, Dundee City Council has had 15 Senior Councillors, including the Leader and Civic Head. For 2025/26, their combined pay was £487,555, reflecting pay rises of 0.4%, 2.8%, 2.2%, 4.2%, 5.2%, 2.7%, 6.2% and 17.2% applied from 2018 to 2026.

The Council also makes pension contributions for Councillors who join the Local Government Pension Scheme.

Details of pay for the Leader, Civic Head (Lord Provost), and Senior Councillors are shown in Table 1a (page 32).

The following table lists salaries, allowances, and expenses for all Councillors, including Senior Councillors.

Remuneration paid to Councillors (subject to audit)

	2024/2025 £	2025/2026 £
Salaries	720,468	861,894
Mileage, Travel & Subsistence etc	2,524	3,905
Training & Conferences	90	-
Telephone Expenses	1,532	1,466
Other Allowances	596	1,925
	725,210	869,190
Provision of Council Cars	50,426	7,626
Total	775,636	876,816

The full Annual Return of Councillors Salaries & Expenses for 2025/2026 is available on the Council's [website](https://www.dundee.gov.uk).

Senior Employees of the Council

Senior Employee pay is based on national agreements.

- The Scottish Joint Negotiating Committee (SJNC) sets Chief Executives' salaries.
- Executive Directors and Heads of Service salaries are linked to the Chief Executive's pay and their responsibilities.
- The City Governance Committee approves these salaries.

Since June 2015, the Council uses a single pay and grading structure for all staff (except teachers and craft workers).

Senior Employees may join the Contract Car Hire Scheme, the terms of which are approved by the City Governance Committee.

For this report, a Senior Employee is someone who:

1. Directs major Council activities, including spending;
2. Holds a politically restricted post as per section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989; or
3. Earns £150,000 or more (including any pay from a local authority subsidiary body).

In 2025/26, 7 employees met these criteria (categories 1 and/or 2). Details are in Table 2 (page 33).

The Regulations require the Council to publish the number of employees (including Senior Employees) earning £50,000 or more, grouped in £5,000 salary bands. This information is shown in the following table:

Remuneration Bands (subject to audit)

	No of Employees 2024/2025	No of Employees 2025/2026
£50,000 - £54,999	337	677
£55,000 - £59,999	147	172
£60,000 - £64,999	155	161
£65,000 - £69,999	67	59
£70,000 - £74,999	40	56
£75,000 - £79,999	44	43
£80,000 - £84,999	36	42
£85,000 - £89,999	10	16
£90,000 - £94,999	2	10
£95,000 - £99,999	4	4
£100,000 - £104,999	2	2
£105,000 - £109,999	3	6
£110,000 - £114,999	10	2
£115,000 - £119,999	0	9
£125,000 - £129,999	1	0
£130,000 - £134,999	1	1
£140,000 - £144,999	3	2
£145,000 - £149,999	0	2
£175,000 - £179,999	1	0
£180,000 - £184,999	0	1
Total	863	1,265

ACCRUED PENSION BENEFITS

Pension benefits for Councillors and Local Government Employees are provided through the Local Government Pension Scheme (LGPS). A new CARE Scheme (career average earnings) started on 1 April 2015.

For Councillors, pension benefits are based on career average pay, adjusted for cost of living each year. For Local Government Employees, pension benefits depend on career average salary and length of service. Retirement age is linked to state pension age for both groups.

Since 1 April 2009, contributions follow a five-tier system based on pay bands, replacing the previous flat 6% rate. Contribution rates for 2025/26 remain the same as 2009/10, but pay bands have been updated. The tiers and rates are shown in the following table:

Whole Time Pay	Contribution Rate 2025/2026
On earnings up to and including £27,500	5.5%
On earnings above £27,501 and up to £33,600	7.25%
On earnings above £33,601 and up to £46,100	8.5%
On earnings above £46,101 and up to £61,400	9.5%
On earnings of £61,401 and above	12%

For part-time staff, contribution rates are based on the full-time pay rate, but contributions are paid on actual earnings.

There is no automatic lump sum, but members can choose to exchange part of their pension for a lump sum within limits set by the Finance Act 2004.

Under the CARE Scheme, pensions build up at 1/49th of pensionable pay per year. Before 2015, the rate was 1/60th of final salary.

Senior Councillors

The accrued pension benefits for Senior Councillors, along with the Council's pension contributions, are shown in Table 3 (page 33).

Senior Employees of the Council

The accrued pension benefits for Senior Employees, along with the Council's pension contributions, are shown in Table 4 (page 35).

Assumptions and Contextual Information

The accrued pension benefit figures are calculated assuming:

- Retirement at the earliest age without age-related reduction,
- No additional lump sum option taken,
- No adjustment for future inflation.

Figures reflect total Local Government service, not just the current role.

Important context:

1. These figures are illustrative only and may differ from actual benefits.
2. They include contributions from both employer and member over time. In 2025/26, contribution rates were in the following ranges:
 - Senior Councillor members: 5.5%–6.8% (2024/25 5.5% to 6.4%)
 - Senior Employee members: 9.4%–10.5% (2024/25 9.4% to 10.3%)
 - Employer rate: 15.7% (was 15.7% in 2024/25).

TERMINATION BENEFITS & EXIT PACKAGES

To reduce staffing costs, the Council approved Voluntary Early Retirement and Voluntary Redundancy Schemes. Table 5 (page 35) shows the number and cost of staff departures by cost band.

Exit package costs include:

- Pension strain payments,
- Employer contributions for added years,
- Redundancy payments.

Gregory Colgan BAcc (Hons), ACMA, CGMA
Chief Executive
Dundee City Council

23 September 2026

Councillor Mark Flynn
Leader of the Council
Dundee City Council

23 September 2026

TABLE 1a - REMUNERATION OF SENIOR COUNCILLORS (subject to audit)

Councillor Name	Responsibility	Salary, Fees & Allowances £	Other payments £	Total Remuneration 2025/2026 £	Total Remuneration 2024/2025 £
Bill Campbell	Lord Provost	37,548	-	37,548	32,024
Fraser Macpherson	Depute Convener of Scrutiny and Audit Committee	26,797	-	26,797	24,015
Heather Anderson	Convener of Climate, Net Zero and Environment Committee	33,242	-	33,242	28,352
Kevin Cordell	Depute Lord Provost (to 27 October 2025), Convener of Neighbourhood Housing and Communities Committee	33,242	-	33,242	17,561
Kevin Keenan	Convener of Scrutiny and Audit Committee, Leader of the Major Opposition Group	33,242	-	33,242	27,398
Lee Mills	Depute Convener of Climate, Net Zero and Environment Committee (from 22 September 2025)	27,125	-	27,125	28,352
Lynne Short	Depute Convener of Neighbourhood Housing and Communities Committee (note 1)	28,407	1,325	29,732	34,613
Mark Flynn	Leader, Convener of City Governance Committee	50,063	-	50,063	36,797
Nadia El-Nakla	Depute Lord Provost (from 27 October 2025), Depute Convener of Climate, Environment and Biodiversity Committee (to 22 September 2025)	28,407	-	28,407	24,015
Roisin Smith	Depute Convener of Children and Families Committee, Depute Convener of Licensing Committee	28,407	-	28,407	24,015
Siobhan Tolland	Depute Convener of City Growth and Infrastructure Committee, Depute Convener of Planning Committee	28,407	-	28,407	24,015
Steven Rome	Convener of City Growth and Infrastructure Committee	33,242	-	33,242	28,352
Stewart Hunter	Convener of Children and Families Committee, Convener of Licensing Committee	33,242	-	33,242	28,352
Will Dawson	Convener of Planning Committee	33,242	-	33,242	28,352
Willie Sawers	Depute Leader, Depute Convener of City Governance Committee	33,242	-	33,242	28,352
Total		487,855	1,325	489,180	414,565

1. The figures for Other Payments relate to remuneration as the Scottish Vice-Chair for the Association for Public Service Excellence (APSE) in Scotland.

Note

The Council recharged costs to the following bodies for the above responsibilities:

	2025/2026 £	2024/2025 £
Tay Road Bridge Joint Board	4,999	2,969
Tayside Valuation Joint Board	7,260	6,053
Total	12,259	9,022

TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES OF THE COUNCIL (subject to audit)

Employee Name	Post Title	Salary, Fees & Allowances £	Other payments £	Total Remuneration 2025/2026 £	Total Remuneration 2024/2025 £
Gregory Colgan	Chief Executive	183,934	-	183,934	179,966
Paul Thomson	Executive Director of Corporate Services and S95 Officer	140,066	-	140,066	140,895
Audrey May	Executive Director of Children & Families	146,270	-	146,270	140,644
Tony Boyle	Executive Director of Neighbourhood Services	142,097	-	142,097	140,644
Robin Presswood	Executive Director of City Development	146,271	-	146,271	132,696
Judy Dobbie	Director of Leisure and Culture Dundee	130,219	-	130,219	125,210
Glyn Lloyd	Chief Social Work Officer	115,933	-	115,933	111,474
Total		1,004,790	-	1,004,790	971,529

TABLE 3 – SENIOR COUNCILLORS ACCRUED PENSION BENEFITS (subject to audit)

Councillor Name	Responsibility	Pension as at 31 March 2026 £000	Pension Difference from 31 March 2025 £000	Lump Sum as at 31 March 2026 £000	Lump Sum Difference from 31 March 2025 £000	Pension Contribution 2025/2026 £	Pension Contribution 2024/2025 £
Bill Campbell	Lord Provost	8.7	1.4	-	-	5,027	5,027
Fraser Macpherson	Depute Convener of Scrutiny and Audit Committee	2.2	0.6	-	-	4,207	3,770

Councillor Name	Responsibility	Pension as at 31 March 2026 £000	Pension Difference from 31 March 2025 £000	Lump Sum as at 31 March 2026 £000	Lump Sum Difference from 31 March 2025 £000	Pension Contribution 2025/2026 £	Pension Contribution 2024/2025 £
Heather Anderson	Convener of Climate, Net Zero and Environment Committee	4.9	0.9	-	-	4,451	4,451
Kevin Cordell	Depute Lord Provost (to 27 October 2025), Convener of Neighbourhood Housing and Communities Committee	7.9	0.8	-	-	4,301	2,757
Kevin Keenan	Convener of Scrutiny and Audit Committee, Leader of the Major Opposition Group	11.9	1.4	2.6	0.1	4,451	4,301
Lee Mills	Depute Convener of Climate, Net Zero and Environment Committee (from 22 September 2025)	0.8	0.8	-	-	4,259	4,451
Lynne Short	Depute Convener of Neighbourhood Housing and Communities Committee	5.6	0.7	-	-	4,602	4,602
Mark Flynn	Leader, Convener of City Governance Committee	5.7	1.1	-	-	5,777	5,777
Nadia El-Nakla	Depute Lord Provost (from 27 October 2025), Depute Convener of Climate, Environment and Biodiversity Committee (to 22 September 2025)	2.1	0.6	-	-	4,460	3,770
Roisin Smith	Depute Convener of Children and Families Committee, Depute Convener of Licensing Committee	4.6	0.6	-	-	4,460	3,770
Siobhan Tolland	Depute Convener of City Growth and Infrastructure Committee, Depute Convener of Planning Committee	2.1	0.6	-	-	4,460	3,770
Steven Rome	Convener of City Growth and Infrastructure Committee	3.9	0.7	-	-	5,219	4,451
Stewart Hunter	Convener of Children and Families Committee, Convener of Licensing Committee	10.6	0.9	2.3	0.1	5,219	3,770
Will Dawson	Convener of Planning Committee	10.8	0.9	2.4	0.1	5,219	3,770
Willie Sawers	Depute Leader, Depute Convener of City Governance Committee	10.8	0.9	2.4	0.1	5,219	3,770
Total		92.6	12.9	9.7	0.4	71,331	62,207

TABLE 3 NOTES

1. The Pension Contribution figures relate to the remuneration shown for the relevant persons in Table 1a.

TABLE 4 – SENIOR EMPLOYEES OF THE COUNCIL ACCRUED PENSION BENEFITS (subject to audit)

Employee Name	Post Title	Pension as at 31 March 2026	Pension Difference from 31 March 2025	Lump Sum as at 31 March 2026	Lump Sum Difference from 31 March 2025	Pension Contribution 2025/2026	Pension Contribution 2024/2025
		£000	£000	£000	£000	£	£
Gregory Colgan	Chief Executive	51.9	5.2	-	-	28,878	27,823
Paul Thomson	Executive Director of Corporate Services and S95 Officer	59.7	11.2	77.3	15.7	21,990	21,993
Tony Boyle	Executive Director of Neighbourhood Services	72.7	6.4	98.4	6.5	22,309	22,081
Robin Presswood	Executive Director of City Development	69.2	4.9	69.9	2.7	22,965	20,833
Judy Dobbie	Director of Leisure and Culture Dundee	69.8	4.8	98.1	3.8	20,444	19,658
Glyn Lloyd	Chief Social Work Officer	51.5	3.8	53.0	2.0	18,201	17,501
Total		374.8	36.3	396.7	30.7	134,787	129,889

TABLE 4 NOTES

- Audrey May, Executive Director of Children and Families, has opted out of the Local Government Pension Scheme.

TABLE 5 – TERMINATION BENEFITS & EXIT PACKAGES (subject to audit)

Exit Package Cost Band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2024/2025	2025/2026	2024/2025	2025/2026	2024/2025	2025/2026	2024/2025	2025/2026
£0 - £20,000	-	-	4	14	4	14	25	164
£20,001 - £40,000	-	-	-	9	-	9	-	249
£40,001 - £60,000	-	-	-	7	-	7	-	348
£60,001 - £80,000	-	-	-	3	-	3	-	204
£80,001 - £100,000	-	-	1	-	1	-	81	-
£100,001 - £120,000	-	-	1	-	1	-	114	-
Total	-	-	6	33	6	33	220	965

TABLE 5 NOTES

1. The table shows actual costs of termination benefits for voluntary redundancies in 2025/26 and 2024/25. Under the Council's severance scheme for non-teaching staff, employees can choose voluntary redundancy. In 2025/26, 33 employees received payments costing £0.965m. In 2024/25, 6 employees received £0.220m in total.

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director of Corporate Services.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Scrutiny Committee at its meeting on 23 September 2026.

Signed on behalf of Dundee City Council

Councillor Mark Flynn
Leader of the Council
23 September 2026

The Responsibilities of the Executive Director of Corporate Services

The Executive Director of Corporate Services is responsible for the preparation of the Council's annual accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the annual accounts, the Executive Director of Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the Code of Practice (in so far as it is compatible with legislation).

The Executive Director of Corporate Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2026.

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

24 June 2026

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/2025			2025/2026			
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis (see below/MIRS) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis (see below/MIRS) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
219,882	(998)	220,880	Children & Families Services	224,906	331	224,575
111,301	(609)	111,910	Dundee Health & Social Care Partnership	117,357	1,053	116,304
24,561	(56,269)	80,830	City Development	30,132	(125,504)	155,636
20,907	(6,872)	27,779	Neighbourhood Services	18,885	(5,208)	24,093
14,465	(60)	14,525	Chief Executive	14,714	30	14,684
33,630	(2,778)	36,408	Corporate Services	33,927	(2,680)	36,607
482	35	447	Construction	(421)	427	(848)
4,124	(13,024)	17,148	Housing Revenue Account	1,331	(12,668)	13,999
493	-	493	Discretionary NDR Relief	191	-	191
1,028	-	1,028	Tayside Valuation Joint Board	1,174	-	1,174
3,188	(477)	3,665	Miscellaneous Items	3,380	(1,298)	4,678
434,061	(81,052)	515,113	Cost Of Services	445,576	(145,517)	591,093
(419,089)	32,753	(451,842)	Other Income and Expenditure	(442,292)	31,985	(474,277)
14,972	(48,299)	63,271	(Surplus) or Deficit on Provision of Services	3,284	(113,532)	116,816
(77,731)			Opening General Fund and HRA Balance	(67,031)		
14,972			Add (Surplus) / Deficit on General Fund and HRA Balance in Year	3,284		
(4,272)			Transfers to / (from) Other Reserves	(1,006)		
(67,031)			Closing General Fund and HRA Balance at 31 March *	(64,753)		

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

Expenditure and Funding Analysis (cont)

This analysis provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Reserve to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis

2024/2025				2025/2026				
Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
1	(1,443)	444	(998)	Children & Families Services	(1)	567	(235)	331
-	(959)	350	(609)	Dundee Health & Social Care Partnership	-	365	688	1,053
(64,065)	(405)	8,201	(56,269)	City Development	(133,633)	187	7,942	(125,504)
(1,415)	(757)	(4,700)	(6,872)	Neighbourhood Services	(1,506)	222	(3,924)	(5,208)
-	(64)	4	(60)	Chief Executive	-	25	5	30
(2,508)	(365)	95	(2,778)	Corporate Services	(2,913)	283	(50)	(2,680)
-	(405)	440	35	Construction	-	157	270	427
(21,183)	(16)	8,175	(13,024)	Housing Revenue Account	(20,313)	303	7,342	(12,668)
-	2,452	(2,929)	(477)	Miscellaneous Items	-	2,655	(3,953)	(1,298)
(89,170)	(1,962)	10,080	(81,052)	Cost Of Services	(158,366)	4,764	8,085	(145,517)
41,455	501	(9,203)	32,753	Other income and expenditure from the Expenditure and Funding Analysis	41,288	(1,154)	(8,149)	31,985
(47,715)	(1,461)	877	(48,299)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(117,078)	3,610	(64)	(113,532)

Notes

1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

Other operating expenditure - adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure - the statutory charges for capital financing ie loan repayments and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

3) Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable /receivable to be recognised under statute:

For **services** this represents the inclusion of a charge for short-term accumulating compensating absences, mainly relating to accrued annual leave entitlement. Allocations of insurance costs and impairment allowances on trade debtors have been included.

For **Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the re-measurement of the revenue costs / income associated with financial instruments.

For **Financing and investment income and expenditure** - the other differences column recognises interest payable / receivable on the Housing Revenue Account being reclassified as a corporate cost.

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Councils raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/2025				2025/2026		
Gross Expend £000	Gross Income £000	Net Expend / (Income) £000		Gross Expend £000	Gross Income £000	Net Expend / (Income) £000
242,788	(21,908)	220,880	Children & Families Services	245,738	(21,163)	224,575
279,750	(167,840)	111,910	Dundee Health & Social Care Partnership	273,482	(157,178)	116,304
113,928	(33,098)	80,830	City Development	188,333	(32,697)	153,636
39,693	(11,914)	27,779	Neighbourhood Services	36,864	(12,771)	24,093
16,931	(2,406)	14,525	Chief Executive	16,834	(2,150)	14,684
86,206	(49,798)	36,408	Corporate Services	80,648	(44,041)	36,607
8,456	(8,009)	447	Construction	5,155	(6,003)	(848)
79,090	(61,942)	17,148	Housing Revenue Account	78,020	(64,021)	13,999
493	-	493	Discretionary NDR Relief	191	-	191
1,028	-	1,028	Tayside Valuation Joint Board	1,174	-	1,174
3,443	222	3,665	Miscellaneous Items	5,430	(752)	4,678
871,806	(356,693)	515,113	Cost Of Services	931,869	(340,776)	589,093
		(3,046)	Other Operating Expenditure (note 5)			1,881
		35,361	Financing and Investment Income and Expenditure (note 6)			41,137
		(484,157)	Taxation and Non-Specific Grant Income (note 7)			(517,295)
		63,271	Deficit on Provision of Services			116,816
		24,585	(Surplus) or Deficit on revaluation of non-current assets			(3,198)
		317	Impairment losses on non-current assets charged to the Revaluation Reserve			-
		2	(Surplus) or Deficit on financial assets measured at fair value through other comprehensive income			49
		(230)	Notional gain on adoption of IFRS 16			-
		(5,291)	Remeasurements of the net defined benefit liability (asset)			2,320
		19,383	Other Comprehensive (Income) / Expenditure			(829)
		82,654	Total Comprehensive (Income) / Expenditure			115,987

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2024/2025	Revenue Reserves				Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	General Fund Balance £000	HRA Balance £000	Renewal & Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
Balance at 31 March 2024 brought forward	(77,731)	-	(10,826)	(1,192)	(354)	(2,147)	(92,250)	(980,432)	(1,072,682)
Movement in Reserves during 2024/2025									
Total Comprehensive Income & Expenditure	38,959	24,312	-	-	-	-	63,271	19,383	82,654
Adjustments to Usable Reserves Permitted by Accounting Standards	(21,840)	(18,347)	-	-	-	-	(40,187)	40,187	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 9)	(6,271)	(1,841)	-	-	13	(480)	(8,579)	8,579	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	10,848	4,124	-	-	13	(480)	14,505	68,149	82,654
Transfers to/(from) Other Statutory Reserves	(148)	(4,124)	4,531	(168)	-	(91)	-	-	-
(Increase)/ Decrease in 2024/2025	10,700	-	4,531	(168)	13	(571)	14,505	68,149	82,654
Balance at 31 March 2025 carried forward	(67,031)	-	(6,295)	(1,360)	(341)	(2,718)	(77,745)	(912,283)	(990,028)

2025/2026	Revenue Reserves				Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	General Fund Balance £000	HRA Balance £000	Renewal & Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
Balance at 31 March 2025 brought forward	(67,031)	-	(6,295)	(1,360)	(341)	(2,718)	(77,745)	(912,283)	(990,028)
Movement in Reserves during 2025/2026									
Total Comprehensive Income & Expenditure	96,701	20,115	-	-	-	-	116,816	(829)	115,987
Adjustments to Usable Reserves Permitted by Accounting Standards	(26,881)	(12,587)	-	-	-	-	(39,468)	39,468	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 9)	(67,868)	(6,196)	-	-	50	1,055	(72,959)	72,959	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	1,952	1,332	-	-	50	1,055	4,389	111,598	115,987
Transfers to/(from) Other Statutory Reserves	326	(1,332)	1,018	79	-	(91)	-	-	-
(Increase)/ Decrease in 2025/2026	2,278	-	1,018	79	50	964	4,389	111,598	115,987
Balance at 31 March 2026 carried forward	(64,753)	-	(5,277)	(1,281)	(291)	(1,754)	(73,356)	(800,685)	(874,041)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves, i.e. those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2025 £000			31 March 2026 £000
1,913,186	Property, Plant & Equipment	27	1,806,984
20,855	Heritage Assets	41	21,020
13,073	Investment Property	24	5,907
2,675	Intangible Assets	25	2,577
29	Long Term Investments	37	29
11,942	Long Term Debtors	37/44	12,695
1,961,760	Long Term Assets		1,849,212
3,156	Short Term Investments	37	3,106
1,114	Inventories	-	1,308
67,287	Short Term Debtors	31	87,728
-	Cash and Cash Equivalents	16	2,650
4,448	Assets held for sale	30	11,492
76,005	Current Assets		106,284
(183,872)	Short Term Borrowing	37	(220,961)
(77,375)	Short Term Creditors	32/37	(77,551)
(6,357)	Cash and Cash Equivalents	16	-
(267,604)	Current Liabilities		(298,512)
(3,170)	Provisions	33	(2,594)
(518,204)	Long Term Borrowing	37	(515,370)
(28,391)	Pension Liability	12/20	(27,102)
(218,824)	Other Long Term Liabilities	43	(210,361)
(11,544)	Grants Receipts in Advance	36	(27,516)
(780,133)	Long Term Liabilities		(782,943)
990,028	Net Assets		874,041
77,745	Usable Reserves	11	73,356
912,283	Unusable Reserves	12	800,685
990,028	Total Reserves		874,041

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

The notes on pages 46 to 106 form part of the financial statements.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2024/2025		2025/2026
£000		£000
63,271	Net deficit on the provision of services	116,816
(71,848)	Adjust net (surplus) on the provision of services for non-cash movements	(173,347)
3,323	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	888
(5,254)	Net cash flows from Operating Activities	(55,643)
117,626	Investing Activities (note 14)	72,225
(104,389)	Financing Activities (note 15)	(25,589)
7,983	Net (increase)/decrease in cash and cash equivalents	(9,007)
1,626	Cash and cash equivalents at the beginning of the reporting period	(6,357)
(6,357)	Cash and cash equivalents at the end of the reporting period (note 16)	2,650

Notes Index	Page No.
1 Accounting Policies	46
2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted	54
3 Critical Judgements in Applying Accounting Policies	54
4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	55
5 Comprehensive Income & Expenditure Statement - Other Operating Expenditure	56
6 Comprehensive Income & Expenditure Statement - Financing and Investment Income & Expenditure	56
7 Comprehensive Income & Expenditure Statement - Taxation and Non Specific Grant Income	56
8 Subjective Analysis of Surplus or Deficit on the Provision of Services	57
9 MIRS - Adjustments between Accounting Basis and Funding Basis under Regulations	58
10 MIRS - Transfers to/from Earmarked Reserves	62
11 Balance Sheet - Usable Reserves	64
12 Balance Sheet - Unusable Reserves	64
13 Cash Flow Statement - Operating Activities	68
14 Cash Flow Statement - Investing Activities	68
15 Cash Flow Statement - Financing Activities	68
16 Cash Flow Statement - Cash and Cash Equivalents	68
17 Agency Services	69
18 External Audit Costs	69
19 Pension Schemes Accounted for as Defined Contribution Schemes	69
20 Defined Benefit Pension Schemes	69
21 Events After the Reporting Period	74
22 Related Parties	75
23 Leases	77
24 Investment Properties	79
25 Intangible Assets	81
26 Impairment Losses	81
27 Property, Plant and Equipment	82
28 Capital Expenditure and Capital Financing	86
29 Private Finance Initiatives and Similar Contracts	87
30 Assets Held for Sale	89
31 Short Term Debtors	89
32 Short Term Creditors	89
33 Provisions	90
34 Contingent Liabilities	90
35 Contingent Assets	91
36 Grant Income	91
37 Financial Instruments	92
38 Nature and Extent of Risks Arising from Financial Instruments	96
39 Charitable Trust Funds Account (Registered Charities)	98
40 Charitable Trust Funds Account (Unregistered Charities)	100
41 Heritage Assets	100
42 Heritage Assets – Further Information	100
43 Other Long Term Liabilities	102
44 Long Term Debtors	102
45 Service Income and Expenditure Including Internal Recharges	102
46 Revenue from Contracts with Service Recipients	103
47 Capital Grants & Receipts Unapplied Account	103
48 Debtors for Local Taxation	103
49 Tay Cities Deal - Lead Authority Disclosures	104
50 Low Emissions Zone Statement of Account	106

1 Accounting Policies

A. General Principles

The Annual Accounts show the Council's financial activity for 2025/26 and its position at 31 March 2026. They are prepared under:

- Local Authority Accounts (Scotland) Regulations 2014,
- Section 12 of the Local Government in Scotland Act 2003,
- The Code of Practice on Local Authority Accounting (2025/26) and related guidance.

The accounts use a going concern basis and follow historical cost, adjusted for revaluation of certain assets and financial instruments.

B. Accruals of Income and Expenditure

Activity is recorded in the year it happens, not when cash is paid or received. In particular:

- **Revenue from contracts with customers:** Recognised when goods or services are delivered under the contract.
- **Supplies:** Recognised as expenditure when used; if unused, shown as inventory.
- **Services received:** Recorded as expenditure when received, not when paid.
- **Interest:** Calculated using the effective interest rate, not just cash flows.
- **Debtors/Creditors:** Where income or costs are recognised but cash has not been received or paid, the amounts receivable or payable appear on the Balance Sheet as debtors or creditors. Debtor balances are written down for income that may not be collected.
- **Agent:** Where the Council is acting as an agent for another party (e.g. collecting Non-Domestic Rates or Scottish Water charges), only commission received and direct costs incurred are recorded.

C. Cash and Cash Equivalents

Cash includes money on hand and deposits that can be withdrawn without penalty within 24 hours. Cash equivalents are short-term investments (repayable on demand or within 3 months) that can easily be converted to cash with minimal risk. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts, as these are part of the Council's cash management.

D. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies happen only when required by proper practices or when they make information on the Council's financial position or financial performance more reliable or relevant.

- If the change is material, it is applied retrospectively by adjusting opening balances and prior-year figures (unless stated otherwise).
- Changes in estimates are applied prospectively (current and future years only).
- Material errors from prior years are corrected retrospectively by adjusting opening balances and comparative figures.

E. Charges to Revenue for Non-Current Assets

Services are charged for the cost of holding non-current assets, including:

- Depreciation of assets used by the service,
- Revaluation and impairment losses (if no gains in the Revaluation Reserve),
- Amortisation of intangible assets.

The Council does not raise Council Tax for these costs but does for borrowing repayments. Depreciation, revaluation losses, and amortisation are replaced by borrowing repayments through an adjustment in the Movement in Reserves Statement. The current value part of depreciation is offset by a transfer from the Revaluation Reserve.

F. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (due within 12 months, e.g., wages, leave, sick pay, bonuses, non-cash benefits like cars) are recorded as expenses in the year the service is provided by the employees to the Council.

An accrual is made for unused holiday that can be carried forward, calculated at next year's pay rates. This accrual is charged to the Surplus or Deficit on the Provision of Services, then reversed in the Movement in Reserves Statement, so holiday costs are recognised in the year the leave is taken.

Termination Benefits

Termination benefits are payments when the Council ends employment early, or an employee accepts voluntary redundancy. They are recorded when the Council cannot withdraw the offer or recognises restructuring costs. If benefits include pension enhancements, the General Fund is charged with the actual cash paid to the pension fund or pensioners, not the accounting estimate. Adjustments are made in the Movement in Reserves Statement to replace notional pension entries with the real cash amounts (including unpaid amounts at year-end).

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- the Local Government Pension Scheme (Tayside Pension Fund), a defined benefits scheme which is administered by the Council.
- the Teachers' Scheme, an unfunded scheme administered nationally by the Scottish Public Pensions Agency.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children & Families Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Pension Scheme is treated as a defined benefit scheme:

- Liabilities: Calculated using actuarial methods (projected unit method), based on future retirement benefits earned to date, discounted using AA-rated corporate bond rates. This includes assumptions about mortality rates and projections of earnings for current employees etc.
- Assets: Shown at fair value (quoted securities at bid price, property at market value, unquoted securities at professional estimate, unitised securities at bid price)

Changes in net pension liability include:

- Service cost:
 - Current service cost (benefits earned this year) charged to services.
 - Past service cost (curtailments or changes relating to past years) charged to Miscellaneous Items
 - Net interest on liabilities/assets (the change to the net defined benefit liability/asset caused by the passage of time), charged to Financing and Investment Income.
- Remeasurements:
 - Return on plan assets and actuarial gains/losses charged to Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses are changes in pension liabilities caused by differences between actual events and previous assumptions or updated actuarial assumptions. These are recorded in the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Employer contributions paid to the fund in settlement of liabilities are not treated as an expense.

If the scheme moves to a net asset position, IFRIC14 (*IAS19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*) rules apply. It would be assumed that fund's membership will stay constant, and that service costs and employer contributions will continue.

Statutory provisions require the General Fund to be charged with cash paid to the pension fund or pensioners, not actuarial or notional accounting estimates. Adjustments in the Movement in Reserves Statement replace these notional entries with actual cash flows. The negative Pensions Reserve balance reflects the benefit to the General Fund of the statutory approach.

Discretionary Benefits

The Council can grant extra retirement benefits for early retirements in limited cases. Any related costs are recorded in the year the decision is made, using the same policies that apply to the Local Government Pension Scheme.

G. Events After the Reporting Period

Events after the Balance Sheet date are those that happen between the end of the reporting period and when the Annual Accounts are approved. There are two types:

- Events showing conditions that existed at the end of the reporting period: the accounts are adjusted.
- Events showing conditions that arose after the reporting period: the accounts are not adjusted, but if material, details and estimated financial impact are disclosed in the notes.

Events after the approval date are not included in the accounts.

H. Financial Liabilities

The Council records financial liabilities on the Balance Sheet when it enters into a financial contract. These liabilities are first measured at fair value and then shown at their amortised cost. Interest charges each year are based on the liability's carrying amount and the effective interest rate, which is the rate that spreads the total expected payments over the life of the loan. For most Council borrowings, this means the Balance Sheet shows the amount still owed (plus any interest due) and the Comprehensive Income and Expenditure Statement shows the interest payable for the year under the loan agreement.

If the Council repays or settles a loan early, any gain or loss is recorded in the income statement for that year. If the repayment is part of a loan restructuring, the premium or discount is added to or deducted from the cost of the new loan and spread over its life by adjusting the interest rate.

Regulations allow the effect of premiums or discounts charged to the Comprehensive Income and Expenditure Statement to be spread over future years. The Council does this by spreading the amount over the remaining term of the original loan. This adjustment is managed through the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

I. Financial Assets

Financial assets are classified based on how the Council plans to use them (business model) and the cash flows they generate. There are three main categories:

1. Amortised cost – assets held to collect regular payments of principal and interest.
2. Fair value through profit or loss – assets where cash flows are more complex or traded for profit.
3. Fair value through other comprehensive income (FVOCI) – assets held for both collecting payments and selling.

Since the Council's goal is to hold investments for their cash flows, most assets are at amortised cost, unless their payments aren't just principal and interest.

Financial Assets Measured at Amortised Cost

The Council records Financial Assets at Amortised Cost on the Balance Sheet when it enters the contract, initially at fair value and subsequently at amortised cost (spread over time). The interest income each year is based on the asset's value and the effective interest rate. For most of the Council's financial assets, the Balance Sheet shows the amount still owed to the Council (plus any interest due) and the Comprehensive Income and Expenditure Statement shows the interest receivable for the year under the loan agreement.

If the asset is de-recognised (sold or settled), any gain or loss goes to the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. This also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis.

Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

Financial Assets Measured at Fair Value Through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council enters the contract and are always measured at fair value. Any gains or losses in value are shown immediately in the Surplus or Deficit on the Provision of Services.

How Fair Value is Measured:

- If the asset has a market price → use that price.
- If payments are fixed → use discounted cash flow analysis.

Fair Value measurements (3 Levels):

1. Level 1: Quoted prices in active markets for identical assets.
2. Level 2: Other observable inputs (not quoted prices).
3. Level 3: Unobservable inputs (based on estimates).

If the asset is derecognised (sold or settled), any gain or loss goes to the Comprehensive Income and Expenditure Statement.

J. Government Grants and Contributions

The Council recognises a grant or contribution as due when it is reasonably sure that:

1. It will meet the conditions attached.
2. The amount will be received.

The grant is not shown as income until all conditions are met. Conditions mean the money must be used as specified, or returned if not. If conditions are not yet met, the amount is shown on the Balance Sheet as Grant Receipts in Advance. When conditions are met:

- Revenue grants go to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.
- Capital grants go to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement, then reversed out to reserves in the Movement in Reserves Statement.
 - If not yet used to finance capital expenditure, it is transferred to the Capital Grants & Receipts Unapplied Account.
 - If used to finance capital expenditure, it is transferred to the Capital Adjustment Account.
 - Amounts in the Capital Grants & Receipts Unapplied Account are transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

K. Heritage Assets

The Council's heritage assets (mainly in McManus Art Gallery, Museum and Central Library) exist to promote knowledge and appreciation of Dundee's history and the surrounding area. They follow property, plant, and equipment rules, but with some relaxed measurement requirements.

Museum & Art Gallery Collections form the main part of heritage assets and have been built up over a period more than 150 years and are used for reference, research and education. These items (mainly Fine Art) are shown at insurance value based on market prices. There is no depreciation on these items because they are deemed to have indefinite lives and high residual value.

Other Heritage Assets include items such as the McKenzie Photographic Collection and Desperate Dan statue. These are shown at cost as valuations would be too expensive. on these items because they have deemed to have indefinite lives

Some Heritage Assets are not recorded on the Balance Sheet. These include civic regalia, monuments, memorials, fountains, outdoor artworks, and some museum collections. These are not valued since the diverse nature of the assets held and the lack of comparable values mean that the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Council's financial statements. Details are kept in Council databases.

While Heritage assets are not revalued regularly, carrying amounts are reviewed where there is evidence of impairment, for example where an item has suffered damage or deterioration. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

L. Interests in Companies and Other Entities

The Council has material and significant interests in companies and entities (subsidiaries, associates, joint ventures), so it prepares group accounts. In the Council's own accounts, these interests are shown as financial assets at cost, less any provision for losses.

M. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost is usually calculated using weighted average. If received for free (non-exchange), inventory is recorded at fair value on acquisition date. If held for free distribution or at a nominal charge, the value is the lower of cost or replacement cost.

For Long-term contracts, income is recognised based on goods/services delivered during the year.

N. Investment Properties

Investment Properties are held only to earn rent or for growth in value, not for the provision of services or for sale. These are measured at initial cost, then fair value (i.e. market value at year-end).

Depreciation does not apply to investment properties, instead they are revalued annually. Gains/losses from revaluation or sale go to the Comprehensive Income and Expenditure Statement but don't affect the General Fund. Revaluation gains/losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Rental income from investment properties is credited to the Financing and Investment Income in the Comprehensive Income and Expenditure Statement and does increase the General Fund Balance.

O. Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

P. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are physical assets used for services, goods, rentals, or administration, and expected to last more than one year.

Expenditure incurred on buying, creating, or improving PPE is capitalised if it will bring future benefits or service potential, and the cost can be measured reliably. Routine repairs and maintenance costs are not capitalised, these are charged as expenses when incurred.

The initial cost of PPE includes the purchase price, costs to bring the asset to its intended location and condition and estimated dismantling and site restoration costs (if applicable). Borrowing costs during construction are not capitalised.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community assets and assets under construction: historical cost
- Infrastructure and vehicles, plant & equipment: depreciated historical cost
- Council dwellings: current value (existing use value for social housing (EUV - SH))
- Surplus assets: fair value, estimated at highest and best use from a market participant's perspective
- Other land & buildings: current value (existing use value or depreciated replacement cost if no market evidence of current value)

Assets at current value are revalued regularly, at least every 5 years. Revaluation gains are credited to the Revaluation Reserve (unless reversing a previous loss, in which case to Comprehensive Income and Expenditure Statement). Revaluation losses first reduce any Revaluation Reserve balance for that asset and thereafter are charged to the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

At year-end, assets are checked for signs of impairment (damage or reduced value). If the recoverable amount is less than the carrying amount, an impairment loss is recorded.

If the asset has a Revaluation Reserve balance, impairment losses are offset against that first, up to the gain amount. Once the reserve balance is depleted, the loss is charged to the Comprehensive Income and Expenditure Statement.

If the impairment is later reversed, the Comprehensive Income and Expenditure Statement is credited (up to the original loss), adjusted for depreciation that would have applied.

Assets Held for Sale / Disposals

When an asset is no longer in use and it seems likely it will be sold, it is reclassified as an Asset Held for Sale. Before reclassification, it is revalued, then carried at the lower of revaluation or fair value less selling costs. Subsequent reductions in carrying value are posted Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Subsequent increases in carrying value are recognised only up to the amount of any losses previously recognised in the Comprehensive Income and Expenditure Statement. There is no depreciation on Held for Sale assets.

Assets no longer meeting the criteria to be classified as Assets Held for Sale are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been reclassified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is sold or decommissioned, its carrying value is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement, offset against any sale proceeds. Disposal gains and losses do not affect the General Fund. These are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. Any revaluation gains for the asset are transferred from Revaluation Reserve to Capital Adjustment Account.

Sale proceeds are capital receipts, which are credited to the Capital Fund for contributing towards new capital investment or reducing the Council's underlying need to borrow. Receipts are appropriated to the Capital Fund from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation spreads the cost of Property, Plant and Equipment over their useful life. Exceptions are made for assets with infinite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- council dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over between 3 and 10 years.
- infrastructure – straight-line allocation over between 10 and 30 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with the difference between current value depreciation and historical cost depreciation transferred from the Revaluation Reserve to the General Fund Balance in the Movement in Reserves Statement.

Disposal and Derecognition of Infrastructure Assets

When a component of an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Disposal gains and losses do not affect the General Fund. These are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

When parts of infrastructure are replaced, the Code assumes the old part's value is zero, since infrastructure assets are usually replaced when fully consumed.

Right of Use Assets

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £6,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As noted under policy R below, with effect from 1 April 2024 IFRS16 also applies to Service Concession Agreements and recognition of the resultant remeasurement of the lease liability.

Any leases that are exempted from Right of Use Asset recognition are accounted for as leases as per policy Q below.

Q. Leases

Leases that are exempted from IFRS16 Right of Use Assets accounting as per policy P above are classified as operating leases. These are leases where the terms of the lease do not transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

The Council as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

Sale and Leaseback Transaction - where an analysis under SIC 27 (Standards Interpretation Committee 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease) indicates that the arrangement is not, in substance, a sale and leaseback but instead is a financing arrangement, the leasing requirements of the Code are not applied. Instead, the sale proceeds transferred are treated as the advance of a loan and the subsequent lease payments are treated as repayments of that loan. The loan is recognised and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The underlying asset is not derecognised by the seller/lessee.

The Council as Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet as a non-current asset and continues to be subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

R. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements where a contractor provides services and makes available property, plant and equipment to provide services for the duration of the contract. Because the Council is deemed to control the services and will own the assets at contract end, the assets are shown on the Council's Balance Sheet as Property, Plant and Equipment. Initially, the assets are recorded at fair value, with matching liabilities for payments due to the contractor. These assets are revalued and depreciated like other Council-owned assets.

Payments to PFI operators each year Include:

1. Service costs – charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

2. Finance cost – interest on the liability, included in Financing & Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
3. Contingent rent – extra costs payable during the contract. This forms part of Service Concession debt as remeasured under IFRS16 and amortised between finance costs and debt repayments over the remaining term of service concession contracts
4. Liability repayment – reduces the Balance Sheet liability (similar to a finance lease).
5. Lifecycle costs – added to PPE but treated as non-value adding.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. With effect from 1 April 2024, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, if future payments change due to indexation or rate changes, the lease liability is recalculated. Instead of expensing the increase, the liability is updated using the new present value of future payments.

Service Concession Arrangement flexibility application

In 2022, the Scottish Government allowed councils to change how they account for PFI repayments. Service Concession Arrangement (SCA) flexibility let councils spread principal repayments over a longer period, creating a one-off credit to the General Fund, ongoing annual savings until contract end and after the contract ends, repayments until the debt is fully cleared.

The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published in September 2022 and applied to PFI/service concession agreements signed before April 2022.

The Council adopted this change in 2023/24 for all three of its PFI arrangements.

The annual unitary charge will continue to be paid to contractors over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

Annuity method for revised repayment of debt liability

For its debt liability recalculation (PFI Flexibility), the Council uses the annuity method to spread revised repayments. This method best reflects how assets yield benefits over their useful life and is consistent with the Council's Loans Fund policy for borrowing repayments. The Annuity Method also considers the time value of money (paying later is less costly).

The useful lives of the assets are based on the Council's asset register (typically 40–60 years for SCA assets).

The reprofiling of the debt liability repayments over the life of the asset rather than the life of the contract increased the Capital Financing Requirement (CFR) from 1 April 2023. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period.

The statutory adjustment up to 31 March 2023 resulted in a retrospective debit to the Capital Adjustment account in 2023/24 with a corresponding credit in the Movement in Reserves Statement within the General Fund. Further annual adjustments will be similarly applied until the end of the contract period for each of the three SCAs. Thereafter movements from the General fund to the Capital Adjustment Account will be made for the remainder of the assets' useful lives, such that there is no General Fund benefit over the assets' useful lives.

S. Provisions, Contingent Liabilities and Contingent Assets

Provisions – General

A provision is made when:

1. An event creates a legal or constructive obligation for the Council.
2. It's likely the Council will have to settle it.
3. The amount can be reliably estimated.

Provisions are charged as an expense and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Provisions are reviewed annually. If payment is no longer likely or is expected to be lower than previously anticipated, the provision is reversed and credited back appropriately.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), income will only be recognised if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

Contingent liabilities are possible obligations that depend on uncertain future events outside the Council's control. They also occur when a provision would normally be made, but payment is unlikely, or the amount cannot be reliably estimated. Contingent liabilities are not shown on the Balance Sheet, they are only disclosed in the notes to the accounts.

Contingent Assets

Contingent assets are possible assets that depend on uncertain future events outside the Council's control. They are not shown on the Balance Sheet but are disclosed in the notes if it's probable the Council will gain economic benefits.

T. Reserves

Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and these reserves do not represent usable resources for the Council. Further information on the Council's reserves is contained in notes 11 and 12.

U. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

V. Intangible Assets

Intangible assets are non-physical items the Council controls, like software licences. They are recorded as assets when they are expected to provide future benefits or service potential. These assets are initially measured at cost and, since none can be revalued using an active market, they are carried at amortised cost. Their value is reduced (amortised) over their useful life and charged to the Comprehensive Income and Expenditure Statement. If an asset is impaired or disposed of, any loss or gain is also recorded there.

For statutory purposes, these charges (amortisation, impairment, disposal gains/losses) do not affect the General Fund Balance. They are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account, and any sale proceeds go to the Capital Receipts Reserve.

W. Fair Value Measurement

The Council values some non-financial assets and financial instruments at fair value each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction. This assumes the sale happens in either the main market for the asset or liability, or if none exists, the most advantageous market.

Valuations use market-based assumptions and aim to reflect the asset's highest and best use. The Council applies suitable valuation techniques using available data, prioritising observable inputs over unobservable ones. Inputs are categorised within the fair value hierarchy:

- Level 1: Quoted prices in active markets for identical items.
- Level 2: Other observable inputs (direct or indirect).
- Level 3: Unobservable inputs.

2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires councils to disclose the impact of any upcoming accounting changes from new standards that have been issued but not yet adopted. There is nothing to disclose in this respect.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

- The Council is deemed to control the services provided under 3 separate service concession arrangements (further details of these are disclosed at Note 29). The Council is also deemed to control the residual value of the property at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the relevant properties (net value £239m) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- During 2019/2020, Dundee House (an administrative building) was sold to Canada Life with the Council then entering into a 40 year lease with Canada Life for the continued occupation of Dundee House. The sale price was £23.8m. In accounting terms, the transaction has been treated as a financing arrangement, with the asset continuing to be recognised in the Council's balance sheet and a long-term liability equivalent to the sale price less financing repayments also being recognised.
- Group accounts boundary: the basis for inclusion of group entities into the Group Accounts is disclosed in Note 4 to the Group Accounts.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £2.8m for every year that useful lives had to be reduced.
Pensions Liability/ Asset	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £0.7m. However, the assumptions interact in complex ways. During 2025/2026, the Council's actuaries advised that the net pensions liability had decreased by £1.3m. The decrease was due to a number of factors: changes in actuarial financial assumptions, experience losses on the defined benefit obligation, return on plan assets and the difference between Current Service Cost and the employer's pension contributions to the scheme for the year.
Debtors /Non-collection Provisions	At 31 March 2026, the Council has a gross balance for short-term sundry debtors of £135.025m, including local taxation and housing rent debtors. A review of the different categories	If collection rates were to deteriorate, an increase in the amount provided for doubtful debts would require to be charged.

of debt has concluded that an overall allowance for impairment of £47.297m is appropriate. However, while representing our best estimate, in the current economic climate it is not certain that these allowances would be sufficient. Detailed information on debtor impairment allowances is provided in note 33.

5 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2024/2025 £000		2025/2026 £000
(3,046)	(Gains) / losses on the disposal of non current assets	797
-	Impairment of Assets Held for Sale	1,084
(3,046)	Total	1,881

6 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2024/2025 £000		2025/2026 £000
39,019	Interest payable and similar charges	40,484
(501)	Net interest on the net defined benefit liability (asset)	1,153
(1,358)	Interest receivable and similar income	(2,387)
0	Changes in the fair value of investment properties	5,338
(1,142)	Net income from investment properties	(921)
(160)	Share of Tayside Contracts surplus	(445)
(1,065)	Scottish Government contribution to DBFM interest costs	(1,094)
(852)	SG contribution to DBFM loan repayment costs	(808)
-	SG Learning Estate Investment Programme funding	(2,189)
50	Dovetail loans write off costs less Studio Dundee recovery	-
1,370	Trade Debtors Impairment Allowance	2,006
35,361	Total	41,137

7 Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income

2024/2025 £000		2025/2026 £000
(66,343)	Council Tax Income	(71,326)
(73,695)	Contribution from national non domestic rates pool	(71,406)
(318,014)	Non-ring-fenced government grants	(340,031)
(26,042)	Capital grants and contributions	(31,417)
-	Extended Producer Responsibility Funding	(3,070)
(63)	Donated asset	(45)
(484,157)	Total	(517,295)

Non-domestic rate income as reported under taxation and non-specific grant income and expenditure comprises income assigned by the Scottish Government from the national non-domestic rates pool, as well as non-domestic rate income which is not submitted to the national pool but is retained by the Council.

	31 March 2025 £000	31 March 2026 £000
Distribution from non-domestic rate pool	73,695	71,406
Non-domestic rate income retained by authority (BRIS)	-	-
Non-domestic rate income credited to the comprehensive income and expenditure statement	73,695	71,406

8 Subjective Analysis of Surplus or Deficit on the Provision of Services

2024/2025 £000		2025/2026 £000
312,342	Employee benefit expenses	317,038
75,676	Property costs	74,954
11,148	Supplies & services	15,533
6,095	Transport	6,264
52,169	Transfer payments	44,089
309,131	Third party payments	300,896
3,271	Support service recharges	4,133
101,789	Depreciation, amortisation and impairment	177,368
39,019	Interest payments	40,483
1,029	Precepts and levies	1,174
911,669	Total Expenditure	981,932
(218,425)	Fees, charges and other service income	(180,325)
(2,500)	Interest and investment income	(3,308)
(66,343)	Income from Council Tax	(71,326)
(558,085)	Government grants and contributions	(610,954)
(3,045)	Gain on disposal of non-current assets	797
(848,398)	Total Income	(865,116)
63,271	(Surplus) or Deficit on the Provision of Services	116,816

9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. “CIES” below refers to the Comprehensive Income and Expenditure Statement.

2024/2025	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2024/2025 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the CIES:						
Charges for depreciation and impairment of non current assets	(45,874)	(15,453)	-	-	61,327	-
Long term debtor financed through capital write off	(102)	-	-	-	102	-
Donated assets	63	-	-	-	(63)	-
Capital grants and contributions that have been applied to capital financing	25,347	695			(26,042)	-
Revenue expenditure funded from capital under statute	(272)	-	-	-	272	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,824	222	(1,247)		(1,799)	
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	14,420	12,616	-	-	(27,036)	-
Capital expenditure charged against the General Fund and HRA balances	2,140	-	-	-	(2,140)	-
Statutory repayment of debt (PPP) flexibility adjustment	(4,255)	-	-	-	4,255	-
Adjustments involving the Capital Fund:						
Capital Fund applied to finance new capital expenditure	-	-	767	-	(767)	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions applied to finance new capital expenditure	-	-	-	13	(13)	

9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations – continued

2024/2025 (continued)	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2024/2025 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	232	83	-	-	(315)	-
Adjustments involving the Pensions Reserve:						
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES (see note 20)	(27,904)	(867)	-	-	28,771	-
Employer's pensions contributions & direct payments to pensioners payable in the year	26,459	851	-	-	(27,310)	-
Adjustments involving the Employee Statutory Adjustment Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	651	12	-	-	(663)	-
Total Adjustments 2024/2025	(6,271)	(1,841)	(480)	13	8,579	-

9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

2025/2026	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2025/2026 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the CIES:						
Charges for depreciation and impairment of non-current assets	(110,717)	(20,306)	-	-	131,023	-
Movements in the market value of Investment Properties and Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	(6,422)	-	-	-	6,422	-
Donated assets	45	-	-	-	(45)	-
Capital grants and contributions that have been applied to capital financing	30,278	1,139	-	-	(31,417)	-
Revenue expenditure funded from capital under statute	(454)	-			454	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(842)	45	-	-	797	-
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	19,124	12,580	-	-	(31,704)	-
Capital expenditure charged against the General Fund and HRA balances	2,296	-	-	-	(2,296)	-
Statutory repayment of debt (PPP) flexibility adjustment	(4,376)	-	-	-	4,376	-
Adjustments involving the Capital Fund:						
Capital Fund applied to finance new capital expenditure	-	-	1,055	-	(1,055)	-
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions applied to finance new capital expenditure	-	-	-	50	(50)	-

9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations – continued

2025/2026 (continued)	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2025/2026 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	219	73	-	-	(292)	-
Adjustments involving the Pensions Reserve:						
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES (see note 20)	(23,650)	(559)	-	-	24,209	-
Employer's pensions contributions & direct payments to pensioners payable in the year	26,990	828	-	-	(27,818)	-
Adjustments involving the Employee Statutory Adjustment Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(359)	4	-	-	355	-
Total Adjustments 2025/2026	(67,868)	(6,196)	1,055	50	72,959	-

10 Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

2025/2026	Balance at 1 April 2025 £000	Transfers Out 2025/2026 £000	Transfers In 2025/2026 £000	Balance at 31 March 2026 £000	Purpose of the Earmarked Reserve
General Fund					
On-street Car Parking Balances	(1,716)	-	(1,669)	(3,385)	Statutory on-street car parking reserve
Second Homes etc Discount Reduction*	(2,458)	-	(419)	(2,877)	To fund new social housing
Organisational Change Fund	(2,169)	279	-	(1,890)	To fund service transformation initiatives
Budget Carry Forwards	(1,509)	1,296	(590)	(803)	To fund underspends carried forward from previous year
Covid Costs	(1,550)	700	-	(850)	To fund Covid-related costs and income shortfalls
Covid Recovery Fund	(405)	405	-	-	To fund Covid recovery initiatives
Service Change Fund	(5,000)	149	-	(4,851)	To fund service change initiatives
Regional Performance Centre	(384)	-	(64)	(448)	To fund asset replacements
Roof maintenance cost pressures	(1,875)	1,134	-	(741)	To fund additional roof maintenance cost pressures
Cost of Living pressures	(135)	35	-	(100)	To fund Cost of Living pressures
Employability	(650)	650	-	-	To fund employability cost commitments
Service concessions flexibility	(39,773)	4,376	(4,376)	(39,773)	To fund cost of unwinding service concessions flexibility over the life of the assets
Community Regeneration Partnership	-	-	(355)	(355)	To fund CRF commitments
Children Services pressures	(1,033)	1,033	-	-	Funded cost pressures in third party payments
Ash dieback	(200)	200	-	-	To fund removal of infected and dangerous ash trees
Total - Earmarked Balances	(58,857)	10,257	(7,473)	(56,073)	
Uncommitted General Fund Balances	(8,174)	-	(506)	(8,680)	To fund unforeseen / emergency expenditure
Total - General Fund Balances	(67,031)	10,257	(7,979)	(64,753)	

10 Movement in Reserves Statement – Transfers to/from Earmarked Reserves (continued)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

2024/2025	Balance at 1 April 2024 £000	Transfers Out 2024/2025 £000	Transfers In 2024/2025 £000	Balance at 31 March 2025 £000	Purpose of the Earmarked Reserve
General Fund					
On-street Car Parking Balances	(597)	200	(1,319)	(1,716)	Statutory on-street car parking reserve
Second Homes etc Discount Reduction*	(2,555)	450	(353)	(2,458)	To fund new social housing
Organisational Change Fund	(2,388)	219	-	(2,169)	To fund service transformation initiatives
Budget Carry Forwards	(4,124)	2,615	-	(1,509)	To fund underspends carried forward from previous year
Covid Costs	(2,750)	1,200	-	(1,550)	To fund Covid-related costs and income shortfalls
Covid Recovery Fund	(405)	-	-	(405)	To fund Covid recovery initiatives
Service Change Fund	(5,000)	-	-	(5,000)	To fund service change initiatives
Dundee Partnership Festivals & Events Fund	(78)	78	-	-	To fund future events
Regional Performance Centre	(320)	-	(64)	(384)	To fund asset replacements
Roof maintenance cost pressures	(2,702)	827	-	(1,875)	To fund additional roof maintenance cost pressures
Cost of Living pressures	(200)	65	-	(135)	To fund Cost of Living pressures
Employability	-	-	(650)	(650)	To fund employability cost commitments
Service concessions flexibility	(39,773)	4,255	(4,255)	(39,773)	To fund cost of unwinding service concessions flexibility over the life of the assets
Contribution budget setting	(6,640)	6,640	-	-	To fund a contribution to 2024/25 revenue budget
Children Services pressures	-	-	(1,033)	(1,033)	Funded cost pressures in third party payments
Ash dieback	(384)	184	-	(200)	To fund removal of infected and dangerous ash trees
Total - Earmarked Balances	(67,916)	16,733	(7,674)	(58,857)	
Uncommitted General Fund Balances	(9,815)	1,641	-	(8,174)	To fund unforeseen / emergency expenditure
Total - General Fund Balances	(77,731)	18,374	(7,674)	(67,031)	

Earmarked reserve for PFI Service Concession Arrangement Flexibilities

In accordance with Accounting Policy R on page 52 and Finance Circular 10/2022, the Council has applied a permitted PFI Service Concession Arrangement (SCA) flexibility in financial year 2023/24 on a retrospective annuity basis to the three SCA's currently in place.

By applying the flexibility, a one-off combined pre 2023/24 retrospective saving of £39.773m has been achieved with the resultant benefit added to Council earmarked revenue reserves. In addition to the one-off retrospective element, budgeted saving occurred in scheduled debt repayments for years commencing 2023/24. Debt repayment savings will be generated until SCA contracts have been repaid, followed by statutory charges over the remaining lives of the assets. Over the full asset lives of the SCA's the total repayment for the debt liability remains the same. Please refer to Note 29 iv for more details.

In order to ensure that the SCA flexibility being applied is prudent, sustainable, and affordable over the life of the assets, the Council will manage its effect and utilisation through an earmarked reserve specifically set up for this purpose. The earmarked reserve will be used to capture the benefits and costs arising from the flexibility and to ensure a smoothed and sustainable profile for budget-setting and long-term financial planning purposes.

	PFI SCA Earmarked reserve opening balance £000	PFI SCA flexibility (Note 29) £000	Planned use (smoothed profile) £000	PFI SCA Earmarked reserve closing balance £000
Pre 2023/24	0	(39,773)	0	(39,773)
Paid to 2025/26	(39,773)	(12,231)	12,231	(39,773)
Payable 2026/27	(39,773)	(4,567)	4,183	(40,157)
Payable 2-5 years	(40,157)	(18,822)	14,800	(44,179)
Payable 6-10 years	(44,179)	(29,082)	14,154	(59,107)
Payable 11-15 years	(59,107)	(22,640)	9,324	(72,423)
Payable 16-20 years	(72,423)	(6,618)	4,495	(74,546)
Payable 21-25 years	(74,546)	22,113	(335)	(52,768)
Payable 26-30 years	(52,768)	30,133	(5,165)	(27,800)
Payable 31-35 years	(27,800)	41,313	(9,994)	3,519
Payable 36-40 years	3,519	22,436	(14,824)	11,131
Payable 41-45 years	11,131	14,620	(19,654)	6,097
Payable 46-48 years	6,097	3,118	(9,215)	0
TOTAL		0	0	

11 Balance Sheet – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 9 and 10 above.

12 Balance Sheet – Unusable Reserves

31 March 2025 £000		31 March 2026 £000
(757,465)	Revaluation Reserve	(721,074)
299	Financial Instruments Revaluation Reserve	348
(207,420)	Capital Adjustment Account	(131,036)
11,129	Financial Instruments Adjustment Account	10,837
28,391	Pensions Reserve	27,102
12,783	Employee Statutory Adjustment Account	13,138
(912,283)	Total Unusable Reserves	(800,685)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/2025		2025/2026
£000		£000
(822,620)	Balance at 1 April	(757,465)
(59,418)	Upward revaluation of assets	(5,716)
84,321	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,639
24,903	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(3,077)
40,187	Difference between fair value depreciation and historical cost depreciation	39,468
65	Accumulated gains on assets sold or scrapped	-
(757,465)	Balance at 31 March	(721,074)

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2024/2025		2025/2026
£000		£000
296	Balance at 1 April	299
-	Upward revaluation of investments	-
3	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	49
3		49
299	Balance at 31 March	348

Capital Adjustment Account

The Capital Adjustment Account records timing differences between how non-current assets are accounted for and how they are financed under statutory rules. It is:

- Debited when costs like depreciation, impairment, and amortisation are charged to the Comprehensive Income and Expenditure Statement (with adjustments from the Revaluation Reserve to convert fair value to historical cost).
- Credited when the Council sets aside funds to finance asset purchases or improvements.

The account also holds:

- Gains and losses on investment properties and donated assets not yet used.
- Revaluation gains on Property, Plant and Equipment before April 2007 (before the Revaluation Reserve existed).

See Note 9 for details of all transactions except those involving the Revaluation Reserve.

2024/2025 £000		2025/2026 £000
(215,219)	Balance at 1 April	(207,420)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
61,326	Charges for depreciation and impairment of non-current assets	131,023
272	Revenue expenditure funded from capital under statute	454
(1,799)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	797
59,799		132,274
(66)	Adjusting amounts written out of the Revaluation Reserve	-
(191)	Other adjustments relating to IFRS 16 adoption, donated assets and long-term debt write off	(165)
59,542	Net written out amount of the cost of non-current assets consumed in the year	132,109
	Capital financing applied in the year:	
(767)	Use of the Capital Fund to finance new capital expenditure	(1,055)
(26,042)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(31,417)
(13)	Application of grants to capital financing from the Capital Grants Unapplied Account	(50)
4,255	Statutory repayment of debt (PPP) flexibility adjustment	4,376
(27,036)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(31,705)
-	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement and use of capital receipts	-
(2,140)	Capital expenditure charged against the General Fund and HRA balances	(2,296)
(51,743)		(62,147)
-	Movements in the market value of Investment Properties and Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	6,422
(207,420)	Balance at 31 March	(131,036)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account records timing differences between how income and expenses on certain financial instruments are accounted for and how they affect Council Tax under statutory rules. It mainly manages premiums paid when loans are redeemed early. These premiums are charged to the Comprehensive Income and Expenditure Statement when incurred, then reversed to this account in the Movement in Reserves Statement. The cost is then spread back to the General Fund Balance over the remaining life of the original loans, easing the impact on Council Tax.

2024/2025 £000		2025/2026 £000
11,444	Balance at 1 April	11,129
(305)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(282)
(10)	Difference in interest on stepped rate loans (existing 31 March 2007)	(10)

(315)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(292)
11,129	Balance at 31 March	10,837

The balance on the Financial Instruments Adjustment Account relates to:

31 March 2025 £000		31 March 2026 £000
10,163	Premiums and discounts associated with the refinancing of loans	9,882
966	Borrowing where the loan is a stepped interest rate loan	955
-	Loans to third parties granted at less than market interest rates	-
11,129		10,837

Pensions Reserve

The Pensions Reserve records timing differences between how pension benefits are accounted for and how they are funded under statutory rules. The Council reports pension costs in the Comprehensive Income and Expenditure Statement as employees earn benefits, adjusting for inflation, assumptions, and investment returns. However, actual funding happens through employer contributions or direct payments. The debit balance shows the gap between benefits earned and resources set aside, but statutory arrangements ensure funding will be available when benefits are paid.

2024/2025 £000		2025/2026 £000
32,221	Balance at 1 April	28,391
(5,368)	Actuarial (gains) or losses on pensions assets and liabilities	2,291
77	Difference between actuarial pensions contribution figure and actual pensions contribution figure	30
28,771	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	24,209
(27,310)	Employer's pensions contributions and direct payments to pensioners payable in the year	(27,819)
28,391	Balance at 31 March	27,102

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/2025 £000		2025/2026 £000
13,446	Balance at 1 April	12,783
(13,446)	Settlement or cancellation of accrual made at the end of the preceding year	(12,783)
12,783	Amounts accrued at the end of the current year	13,138
(663)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	355
12,783	Balance at 31 March	13,138

The above balance relates entirely to untaken holidays.

13 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2024/2025 £000		2025/2026 £000
(1,358)	Interest received	(2,387)
39,019	Interest paid	40,483
(182)	Dividends received	(175)

14 Cash Flow Statement – Investing Activities

2024/2025 £000		2025/2026 £000
119,686	Purchase of property, plant and equipment, investment property and intangible assets	72,226
3,094	Other payments for investing activities	3,010
(3,323)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(888)
(1,831)	Other receipts from investing activities	(2,123)
117,626	Net cash flows from investing activities	72,225

15 Cash Flow Statement – Financing Activities

2024/2025 £000		2025/2026 £000
(123,775)	Cash receipts of short and long-term borrowing	(53,800)
-	Other Receipts from Financing Activities - Financing Arrangement	-
8,068	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	8,666
11,318	Repayments of short- and long-term borrowing	19,545
(104,389)	Net cash flows from financing activities	(25,589)

Reconciliation of Liabilities Arising from Financing Activities

	1 April 2025 £000	Financing Cash Flows £000	Non-cash Acquisition £000	Changes Other £000	31 March 2026 £000
Long-term Borrowings	(518,204)	2,834	-	-	(515,370)
Short-term Borrowings	(183,872)	(37,089)	-	-	(220,961)
Financing Arrangement Liabilities	(21,778)	388	-	-	(21,390)
Right of Use assets	(1,772)	640	(240)	-	(1,372)
On Balance Sheet PFI Liabilities	(204,029)	7,638	-	(614)	(197,005)
Total Liabilities from Financing	(929,655)	(25,589)	(240)	(614)	(956,098)

16 Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2025 £000		31 March 2026 £000
254	Cash held by the Council	250
(11,455)	Bank current accounts	(5,042)
4,844	Short-term deposits with banks and building societies	7,442
(6,357)	Total cash and cash equivalents	2,650

17 Agency Services

Within certain of the Council's services work is undertaken on behalf of other local authorities and other government bodies:

	2024/2025 (Income) £000	2024/2025 Expenditure £000	2025/2026 (Income) £000	2025/2026 Expenditure £000
<u>The main items of income and related expenditure which are included in the Comprehensive Income and Expenditure Accounts are:</u>				
Non-Covid:				
Special Education services to Various Local Authorities	(1,274)	1,274	(1,397)	1,397
Scottish Water Income	(650)	-	(631)	-
Improvement Service - Implementation of National Entitlement Card	(1,667)	1,667	(1,054)	1,599
Storm Babet Flood Recovery Grant	-	-	-	-
<u>The main items of income and related expenditure which are not included in the Comprehensive Income and Expenditure Accounts are:</u>				
Non-Covid:				
Tay Cities Region Deal	(14,048)	14,048	(3,568)	3,568
	(17,639)	16,989	(6,650)	6,564

18 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Annual Accounts, certification of grant claims and statutory inspections and to other non-audit services provided by the Council's external auditors:

	2024/2025 £000	2025/2026 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	456	473
Total	456	473

19 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are in the Teachers' Pension Scheme administered by the Scottish Government. The Council pays contributions based on a percentage of pensionable salaries. Although the scheme is technically a defined benefit scheme, it is unfunded and uses a notional fund, so the Council cannot identify its share of assets and liabilities. For accounting purposes, it is treated like a defined contribution scheme.

In 2025/26, the Council paid £27.4m (34.9% of pensionable pay) to the scheme, compared to £27.1m (34.9%) in 2024/25. No contributions were outstanding at year-end. The Council also covers extra costs for early retirements outside the scheme, which are accounted for as defined benefit obligations and are included in Note 20.

Expected contributions payable to the Scottish Public Pensions Agency for 2026/27 are £29.1m.

20 Defined Benefit Pension Schemes

The Tayside Pension Fund is administered by Dundee City Council within the Local Government Pension Scheme regulations.

Tayside Pension Fund is maintained for the benefit of its membership (including existing and deferred pensioners). This comprises the majority of Local Government employees within Dundee City Council, Perth and Kinross Council and Angus Council as well as 39 other bodies. Teachers are not included in the Scheme as they have a separate, nationally established, statutory arrangement.

The Local Government Pension Scheme is voluntary and is open to all employees of the Scheduled and Admitted Bodies. A list of Tayside Pension Fund’s scheduled and admitted bodies is shown below.

The employers with active members as at 31 March 2026 were as follows –

Scheduled Bodies (11)

Angus Council	Scottish Police Authority (Civilians)
Dundee City Council	TACTRAN
Dundee and Angus College	Tayplan
Perth & Kinross Council	Tay Road Bridge Joint Board
Perth College	Tayside Contracts
	Tayside Valuation Joint Board

Admitted Bodies (28)

Abertay Housing Association	Leisure and Culture Dundee
Angus Alive	Live Active Ltd
Care Inspectorate	Mitie PFI Ltd
Culture Perth & Kinross	Montrose Links Trust
Dorward House	Montrose Port Authority
Duncan of Jordanstone College of Art	Perth & Kinross Countryside Trust
Dundee Citizens' Advice Bureau	Perth & Kinross Society for the Blind
Dundee Contemporary Arts Ltd	Perth Citizens' Advice Bureau
Dundee Science Centre	Perth Theatre Co Ltd
Dundee Voluntary Action	Robertsons Facilities Management
Forfar Day Care Committee	Rossie Secure Accommodation Services
Highlands & Islands Airports Ltd	Scottish Social Services Council
idverde	Sodexo
	University of Abertay, Dundee
	Xplore Dundee

Scheduled Bodies are those detailed in Schedule 2 Part 1 of the Regulations, with the most current being in the Local Government Pension Scheme (Scotland) Regulations 2014. For example, the bodies are Local Authorities, Colleges, Transport Authorities.

Admitted Bodies are those described in Schedule 2 Part 2 of the same Regulations and detail the type of bodies along with the requirements to be considered prior to admission (and the signing of the formal admission agreement).

Under the Local Government Pension Scheme (Administration) (Scotland) Regulations, there is a requirement for the Council to publish a pension fund annual report, covering scheme governance, financial statements, governance compliance, membership statistics and information on investment and market valuations. The Audited Annual Report will be available on the [Pension Fund website](#).

Participation in pension schemes

The Council contributes to employees’ post-employment benefits as part of their terms and conditions. Although payments are made after retirement, the obligation is recorded when benefits are earned.

The Council is part of the Local Government Pension Scheme (Tayside Pension Fund), a funded defined benefit scheme where both the Council and employees pay contributions which are invested to cover future liabilities. Benefits are based on career-average salary and service length.

The Council also pays discretionary pensions outside the main scheme. These are unfunded, so no assets exist to cover pension obligations.

Key risks include life expectancy, inflation, bond yields, investment performance, and legislative changes. These risks are partly managed by statutory rules that govern how pension costs are charged to the General Fund and Housing Revenue Account (see Note 1, item F).

Transactions relating to post employment benefits

The Council records the cost of retirement benefits when employees earn them, not when pensions are paid. However, Council Tax is based on the cash paid in the year, so these costs are reversed out of the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme and Discretionary Benefits Arrangements	
	2024/2025 £000	2025/2026 £000
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
• current service cost	28,877	22,613
• past service costs	-	47
• (Gains)/Losses on settlements and curtailments	395	396
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability	(1,046)	484
• administration expenses	545	669
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	28,771	24,209
<i>Other Post Employment Benefit Charged to the CIES</i>		
<i>Remeasurement gains or (losses) against net defined benefit liability comprising:</i>		
• Return on plan assets (excluding the amount included in the net interest expense)	30,867	(130,425)
• Other actuarial gains / (losses) on assets: impact of asset ceiling	145,308	166,561
• Changes in demographic assumptions	(3,664)	11,645
• Changes in financial assumptions	(175,083)	(49,223)
• Experience loss / (gain) on defined benefit obligation	(2,796)	3,733
• Difference between actuarial pensions contribution figure and actual pensions contribution figure	77	30
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	23,480	26,530
<i>Movement in Reserves Statement</i>		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(28,771)	(24,209)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	27,310	27,819

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	Year to 31 March 2025 £000	Year to 31 March 2026 £000
Present value of defined benefit obligation	(1,143,235)	(1,139,806)
Fair value of plan assets	1,794,264	1,994,727
Sub total	651,029	854,921
IFRIC14 adjustment: effect of asset ceiling	(651,029)	(854,921)

Discretionary benefits arrangements	(28,391)	(27,102)
Net asset/(liability) arising from defined benefit obligation	(28,391)	(27,102)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (scheme liabilities):

	Year to 31 March 2025 £000	Year to 31 March 2026 £000
Opening defined benefit obligation	1,315,748	1,171,626
Current service cost	28,877	22,613
Interest cost	62,811	65,157
Contributions by scheme participants	9,638	9,523
Remeasurement (gains) and losses:		
• Changes in financial assumptions	(175,083)	(49,223)
• Changes in demographic assumptions	(3,664)	11,645
• Experience loss / (gain) on defined benefit obligation	(2,796)	3,733
Curtailments	395	396
Benefits paid	(61,463)	(65,803)
Past service costs	-	47
Unfunded pension payments	(2,837)	(2,806)
Closing defined benefit obligation	1,171,626	1,166,908

The Closing defined benefit obligation includes liabilities relating to discretionary benefits arrangements of £27.102m (31 March 2025: £28.391m).

Reconciliation of the opening and closing balances of the fair value of the scheme (plan) assets

	Year to 31 March 2025 £000	Year to 31 March 2026 £000
Opening fair value of fund assets	1,765,033	1,794,264
Interest	88,072	102,004
Remeasurement gains and (losses):		
• Return on plan assets, excluding the amount included in the net interest expense	(30,867)	130,425
• Other actuarial gains / (losses)	-	0
Employer contributions	27,233	27,789
Administration Expenses	(545)	(669)
Contributions by scheme participants	9,638	9,523
Benefits paid	(64,300)	(68,609)
Closing fair value of fund assets	1,794,264	1,994,727
Effect of asset ceiling	(651,029)	(854,921)
Adjusted closing fair value of fund assets	1,143,235	1,139,806

IFRIC14 adjustment: effect of asset ceiling

	Year to 31 March 2025 £000	Year to 31 March 2026 £000
Opening balance at 1 April	481,506	651,029
Effect of asset ceiling	169,523	203,892
Closing balance at 31 March	651,029	854,921

IAS19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC14. The economic benefits were calculated as £854.921m. Therefore, an adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC14.

Local Government Pension Scheme Assets

The scheme assets disclosed above consist of the following categories, by proportion of the total assets held:

	31 March 2025		31 March 2026	
	£000	%	£000	%
Equities				
Consumer	136,193	7	118,955	5
Manufacturing	120,065	7	132,606	7
Energy and Utilities	39,424	2	52,652	3
Financial Institutions	141,569	8	130,656	7
Health and Care	87,809	5	81,904	4
Information Technology	177,409	10	251,562	13
Investment Funds Unit Trusts	482,050	27	688,382	36
Others	7,168	-	39,002	2
	1,191,687	66	1,495,719	77
Gilts				
Government Bonds	114,442	6	120,845	6
	114,442	6	120,845	6
Other Bonds				
Corporate Bonds (Investment Grade)	47,051	3	112,235	4
Investment Funds Unit Trusts	65,871	4	-	-
Others	5,228	1	11,223	-
	118,150	8	123,458	4
Property				
UK Property	272,254	15	199,591	10
Overseas Property	-	-	-	-
	272,254	15	199,591	10
Cash				
Cash and Cash Equivalents	97,731	5	55,114	3
Foreign Exchange	-	-	-	-
	97,731	5	55,114	3
Total	1,794,264	100	1,994,727	100

The following table provides analysis of each category of the above assets that have a quoted market price in an active market and those that do not.

	31 March 2025			31 March 2026		
	Quoted %	Unquoted %	Total %	Quoted %	Unquoted %	Total %
Equities	39	27	66	71	6	77
Gilts	6	-	6	6	-	6
Other Bonds	8	-	8	4	-	4
Property	15	-	15	10	-	10
Cash etc	5	-	5	3	-	3
Total	73	27	100	94	6	100

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about life expectancy rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Tayside Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023, rolled forward for various financial assumptions that comply with IAS 19. The significant assumptions used by the actuary for the purposes of IAS 19 calculations are as follows:

	31 March 2025	31 March 2026
Life expectancy (years) from age 65 for current pensioners i.e. those retiring today:		
Men	18.8	19.4
Women	21.7	21.9
Life expectancy (years) from age 65 for future pensioners i.e. those retiring in 20 years time:		
Men	20.2	20.7
Women	23.2	23.4
Rate of inflation (RPI)	3.2%	3.3%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.9%	2.9%
Rate for discounting scheme liabilities	5.8%	6.1%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

Sensitivity Analysis

Estimating the defined benefit obligation depends on actuarial assumptions. Sensitivity analysis shows how changes in one assumption (while others stay the same) could affect the obligation. The following changes to these assumptions would result in movements in the projected service cost as follows:

	Increase in Assumption £000	Decrease in Assumption £000
Life expectancy (increase or decrease by 1 year)	(780)	(39)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	(731)	(681)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	721	690

Impact on Future Cash Flows

The scheme aims to keep employer contribution rates stable. Contributions are reviewed every 3 years through an actuarial valuation. The valuation as at 31 March 2024 has set rates for 1 April 2025 to 31 March 2028. There's no minimum funding requirement, but contributions target full funding (100%) based on actuarial assumptions.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 are £24.513m. The actuarial assumption for the duration of past service liabilities is 14 years (2025/26: 14 years).

Expected contributions for the Discretionary Benefit Scheme in the year to 31 March 2027 are £3.067m.

Liability to Tayside Pension Fund for Other Entities Obligations

Dundee City Council acts as guarantor for the pension fund liabilities of Leisure and Culture Dundee, Dundee Contemporary Arts Limited and Dundee Science Centre, in the event of any of these entities going into liquidation.

21 Events After the Reporting Period

It is considered that there have been no events occurring between 1 April 2026 and 24 June 2026 that would require adjustments to the 2025/2026 Annual Accounts (i.e. no adjusting events).

22 Related Parties

The Council must disclose significant transactions with related parties—individuals or organisations that can potentially control or influence or be controlled or influenced by the Council. This helps readers understand whether the Council's independence or the other party's bargaining freedom could be affected.

Central Government

Central government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in the Expenditure and Funding Analysis on amounts reported to decision makers. Details of central government grants transactions are shown in note 36.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid and further details of senior members' remuneration are included in the Remuneration Report. Under the Councillors' Code of Conduct, members are required to declare an interest in matters that directly or indirectly may influence, or be thought to influence, their actions as a Councillor. Membership of statutory Joint Boards or Committees, which are composed exclusively of elected members, does not raise any issue of declaration of interest in regard to Council business. In terms of any other relevant parties, those members with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties. The Register of Members Interest can be obtained from the [Council's website](#).

Officers

Senior Officers have control over the Council's financial and operating policies. The total remuneration paid to senior officers is shown in the Remuneration Report. Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

Pension Fund

The Council is the administering authority for the Tayside Pension Fund. As administrator for the fund the Council is considered to have direct control over the fund, and the fund is therefore deemed to be a related party. The relevant transactions and balances with the fund to be disclosed are as follows:

During 2024/2025		As at 31 March 2025			During 2025/2026		As at 31 March 2026	
Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000		Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000
1,604	-	-	1,906	Tayside Pension Fund	1,680	-	1,680	-

Employer's contributions paid to the Tayside Pension Fund are in addition to the above and are disclosed in Note 20.

Other Entities Controlled or Significantly Influenced by the Council

The following entities are deemed to be related parties of the Council, mainly through the Council's ability to exert influence over these entities through its representation on their respective boards, the relevant transactions and balances with these bodies are as follows:

During 2024/2025		As at 31 March 2025			During 2025/2026		As at 31 March 2026	
Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000		Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000
59	-	50	-	Ardler Village Trust Comp	120	-	-	-
-	16,021	-	-	Discovery Education PLC	-	16,578	-	-
127	841	29	-	Dovetail Enterprises (1993) Ltd	5	1	2	-
12	-	-	-	Dundee Contemporary Arts Ltd	9	-	1	-
148,431	112,278	-	1,426	Dundee Health & Social Care Integration Joint Board	115,135	115,135	8,450	1,864
-	540	-	-	Dundee Rep Theatre	-	-	-	-
5	325	-	-	Dundee Science Centre Enterprises Ltd	8	35	-	-
26	2,851	259	-	Hub East Central (Baldragon) Ltd	-	2,869	-	-
402	11,797	535	5	Leisure and Culture Dundee	566	11,813	625	363
15	13	-	-	Michelin Scotland Innovation Parc Limited	-	9	-	-
-	14	-	-	Studio Dundee Joint Venture Company Limited	-	17	-	-
-	-	121	-	Tay Cities Deal Joint Committee	-	12	-	125
212	-	102	163	Tay Road Bridge Joint Board	473	-	136	-
2,761	35,966	18,190	1,000	Tayside Contracts Joint Committee	2,972	29,484	13,754	1,727
106	956	192	132	Tayside Valuation Joint Board	92	1,176	201	-
-	352	-	-	V&A Dundee	-	350	-	-

23 Leases

Council as Lessee

Finance Leases and Financing Arrangements

During 2019/2020 the Council entered into a sale and leaseback arrangement which resulted in one asset, an administration building, being acquired under a 40 year financing arrangement. The asset acquired under this financing arrangement continues to be carried as property, plant and equipment in the balance sheet at the following net amounts:

	31 March 2025 £000	31 March 2026 £000
Operational Building	23,650	22,347
Land	670	670
Total	24,320	23,017

The Council is committed to making minimum payments under this financing arrangement comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum financing arrangement payments are made up of the following amounts.

Financing Arrangement Liabilities (net present value of minimum financing arrangement payments):	31 March 2025 £000	31 March 2026 £000
Current	388	400
Non-Current	1,675	1,726
Finance Costs payable in future years	19,716	19,203
Total Minimum Financing Arrangement Payments	21,779	21,329

The minimum financing arrangement payments will be payable over the following periods:

	Minimum Financing Arrangement Payments		Financing Arrangement Liabilities	
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
Not later than one year	753	759	365	359
Later than one year and not later than five years	3,069	3,091	1,394	1,366
Later than five years	25,357	24,436	5,641	5,232
	29,179	28,286	7,400	6,957

The minimum financing arrangement payments include annual rent increases of 2.75%.

The Council has sub-let some of the administration building held under this financing arrangement. At 31 March 2026 the minimum payments expected to be received under non-cancellable sub-leases was £0.315m (£2.530m at 31 March 2025).

Right of Use Assets

The Council adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that the majority of vehicle leases where the Council acts as lessee came onto the balance sheet. Right-of-use assets and lease liabilities have calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The Consolidated Loans Fund Borrowing rate applicable at lease inception has been applied to calculate lease liabilities. The rates used were:

Year of inception	%
2020/2021	3.54%
2021/2022	3.52%

2022/2023	3.34%
2023/2024	3.47%
2024/2025	3.84%
2025/2026	4.49%

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	31 March 2025 £000	31 March 2026 £000
Value at 1 April	-	1,772
Initial recognition on adoption of IFRS 16	2,293	-
Additions in year	93	239
Principal repaid in year	(614)	(640)
Value at 31 March	1,772	1,371

	31 March 2025 £000	31 March 2026 £000
Analysed by:		
Other land and buildings	323	292
Vehicles, plant and equipment	1,449	1,079
Value at 31 March	1,772	1,371

	31 March 2025 £000	31 March 2026 £000
Finance Lease Liabilities		
Within one year	571	537
Between 2 and 5 years	1,009	715
Over 5 years	192	119
Total liabilities	1,772	1,371

Interest expense of £72k was charged to the Council Comprehensive Income and Expenditure in 2025/2026.

Other Leases

The Council adopted IFRS 16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as right of use assets on the balance sheet. The disclosures below relate to low value (below £6k assets) and leases that have less than 12 months to run. The Council has entered into agreements to lease various property, plant and equipment that are accounted for as operating leases. In addition, the Council operates a contract car hire scheme for its employees. The Council makes payments to the lessor for the contract car hire scheme, under a -lease agreement, that are partly offset by contributions from employees participating in the scheme. The future minimum lease payments due under these leases in future years are:

	31 March 2025 £000	31 March 2026 £000
Not later than one year	162	119
Later than one year and not later than five years	55	122
Later than five years	142	130
	359	371

The total expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to other leases for various property, plant and equipment (including the Council's contract car hire scheme) was as follows:

	2024/2025 £000	2025/2026 £000
Minimum lease payments	274	233
Less Employee Contributions	(33)	(21)
	241	212

Council as Lessor

Finance Leases

In 2017/2018 the Council entered into a twenty-eight year agreement for equipment assets with the company operating the existing waste-to-energy plant. This is in the form of a finance lease. There will be no consideration received by the Council over the period of the agreement and there is a nil balance in the Council's Balance Sheet. There were no further finance leases entered into during 2025/26.

Operating Leases

The Council has entered into a number of agreements that are managed corporately by the City Development service. These agreements relate to leases of property, plant & equipment under operating leases for the following purposes:

- commercial and industrial properties that are leased out for the policy objectives e.g. economic development purposes to provide suitable affordable accommodation for local businesses
- ground leases for various sites including shopping centres, other commercial developments, telecommunications and advertising sites

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2024/2025 £000	2025/2026 £000
Not later than one year	7,467	8,923
Later than one year and not later than five years	23,726	26,255
Later than five years	93,456	96,311
	124,649	131,489

24 Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2024/2025 £000	2025/2026 £000
Rental income from investment property	1,404	1,251
Direct operating expenses arising from investment property	(262)	(330)
Net gain/(loss)	1,142	921

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2024/2025 £000	2025/2026 £000
Balance at start of the year	13,073	13,073
Disposals	-	-
Net gains/(losses) from fair value adjustments	-	(5,338)
Transfers:		
- (to)/from Property, Plant and Equipment	-	(1,828)
Balance at end of the year	13,073	5,907

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2026 are as follows:

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2026 £000
Recurring Fair Value measurements using:				
Assets held for Capital Appreciation	-	691	-	691
Office Units	-	-	-	-
Commercial Units	-	5,216	-	5,216
Total	-	5,907	-	5,907

2025 Comparative Figures:

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2025 £000
Recurring Fair Value measurements using:				
Assets held for Capital Appreciation	-	7,589	-	7,589
Office Units	-	134	-	134
Commercial Units	-	5,350	-	5,350
Total	-	13,073	-	13,073

Fair Value Hierarchy

Level 1 - Quoted prices in active markets for identical assets

There are no active markets with quoted prices applicable to the Council's Investment Property portfolio.

Level 2 - Significant Observable Inputs

The fair value for the assets held for capital appreciation has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

Capitalisation of rental values, using comparable market evidence and yields is the method applied to determine if fair value of Commercial / Office properties. Where possible, income streams are capitalised. Where evidence of comparable sales transactions is available the evidence is analysed and applied.

Level 3 - Significant Unobservable Inputs

Fair value can be measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. This approach uses assumptions such as the duration and timing rent growth, occupancy levels, bad debts, maintenance costs etc.

None of the Council's Investment Properties are categorised as Level 3.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between hierarchy levels in the year.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques and Process

There has been no change in the valuation techniques used during the year for investment properties. The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

25 Intangible Assets

The Council accounts for purchased software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The useful life assigned to software is 5 years and the carrying amount of intangible assets is amortised on a straight-line basis.

	2024/2025 £000	2025/2026 £000
Opening Gross Book Value	5,882	6,706
Additions	824	952
Closing Gross Book Value	6,706	7,658
Opening Accumulated Amortisation	3,123	4,031
Amortisation Charge for the Year	908	1,050
Closing Accumulated Amortisation	4,031	5,081
Closing Net Book Value	2,675	2,577

26 Impairment Losses

Impairment losses charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement during 2025/2026 totalled £88.926m (2024/2025 £20.364m).

Of this total, £38.214m (2024/2025 £20.412m) relates to expenditure in the year which did not add value to assets. £14.127m (2024/2025 £14.724m) relates to expenditure on Council Houses, £3.622m (2024/2025 £2.691m) relates to expenditure on schools and the remaining £20.465m (2024/2025 £2.997m) relates to expenditure on other Council land & buildings and infrastructure.

The remaining £50.712m (2024/2025 £0.048m) relates to impairment charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement due to revaluation losses relating to land and buildings. These are largely technical revaluation adjustments required to notional asset carrying values, for example, following reclassification from one asset category to another. The valuation bases for asset categories vary, as disclosed in note 1 (P).

27 Property, Plant and Equipment

Movements in 2025/2026:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra- structure Assets £000	Right of Use £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant & Equipment £000	PPP Assets Included in PPE £000	DBFM Assets Included in PPE £000	SCA Assets Included in PPE £000
Cost or Valuation												
At 1 April 2025	508,308	1,057,161	120,906	-	2,616	6,493	6,621	122,436	1,824,541	155,975	40,955	56,269
Adjustments	-	-	-	-	608	-	-	-	608	-	-	-
Additions	14,127	20,876	4,487	11,169	191	856	-	16,842	68,548	-	-	-
Revaluation inc/(dec) recognised in the Revaluation Reserve	-	(2,047)	-	-	-	-	-	-	(2,047)	-	-	-
Revaluation inc/(dec) recognised in the Surplus / Deficit on the Provision of Services	(14,127)	(76,954)	(75)	(3,515)	-	-	-	(236)	(94,907)	-	-	-
Disposals	-	(1,062)	(648)	-	(315)	-	-	-	(2,025)	-	-	-
Reclassification within PPE	-	99,663	-	-	-	-	3,723	(110,222)	(6,836)	-	-	-
At 31 March 2026	508,308	1,097,637	124,670	-	3,100	7,349	10,344	28,820	1,787,882	155,975	40,955	56,269
Accumulated Depreciation and Impairment												
At 1 April 2025	-	(24,237)	(103,123)	-	(619)	-	-	-	(127,979)	(996)	-	(2,877)
Depreciation charge	(17,758)	(46,945)	(3,901)	(11,722)	(643)	-	-	-	(80,969)	(7,513)	(1,521)	(1,439)
Depreciation written out to the Revaluation Reserve	-	5,124	-	-	-	-	-	-	5,124	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	5,980	-	-	-	-	-	-	5,980	-	-	-
Disposals	-	16	546	-	315	-	-	-	877	-	-	-
Adjustments	-	-	-	-	(556)	-	-	-	(556)	-	-	-
At 31 March 2026	(17,758)	(60,062)	(106,478)	-	(1,503)	-	-	-	(185,801)	(8,509)	(1,521)	(4,316)
Net Book Value:												
At 31 March 2026	490,550	1,037,575	18,192	212,557	1,597	7,349	10,344	28,820	1,806,984	147,466	39,434	51,953
At 31 March 2025	508,308	1,032,924	17,783	216,624	1,997	6,493	6,621	122,436	1,913,186	154,979	40,955	53,392

Comparative Movements in 2024/2025:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra- structure Assets £000	Right of use £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant & Equipment £000	PPP Assets Included in Property, Plant & Equipment £000	DBFM Assets Included in Property, Plant & Equipment £000	SCA Assets Included in Property, Plant & Equipment £000
Cost or Valuation												
At 1 April 2024	507,962	1,060,728	118,620	-	-	6,493	6,539	40,738	1,741,080	156,101	40,991	60,348
Initial Recognition of Asset	-	-	-	-	2,253	-	-	-	2,253			
Additions	16,386	83,090	3,724	10,585	93	-	-	81,698	195,576	13	-	68
Revaluation inc/(dec) recognised in the Revaluation Reserve	(472)	(80,177)	-	-	-	-	82	-	(80,567)	(132)	(36)	(68)
Revaluation inc/(dec) recognised in the Surplus / Deficit on the Provision of Services	(15,568)	(6,418)	-	(510)	-	-	-	-	(22,496)	-	-	-
Disposals	-	(62)	(1,438)	-	-	-	-	-	(1,500)	-	-	-
Reclassification within PPE	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2025	508,308	1,057,161	120,906	-	2,616	6,493	6,621	122,436	1,834,346	155,982	40,955	60,348
Accumulated Depreciation and Impairment												
At 1 April 2024	-	(17,512)	(100,627)	-	-	-	-	-	(118,139)	-	-	(1,536)
Depreciation charge	(17,756)	(45,310)	(3,763)	(11,612)	(619)	-	-	-	(79,060)	(7,005)	(1,443)	(1,536)
Depreciation written out to the Revaluation Reserve	17,756	34,556	-	-	-	-	-	-	52,312	6,009	1,443	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	4,029	-	-	-	-	-	-	4,029	-	-	-
Disposals	-	-	1,267	-	-	-	-	-	1,267	-	-	-
At 31 March 2025	-	(24,237)	(103,123)	-	(619)	-	-	-	(127,979)	(996)	-	(3,072)
Net Book Value:												
At 31 March 2025	508,308	1,032,924	17,783	216,624	1,997	6,493	6,621	122,436	1,913,186	154,986	40,955	57,276

Right of Use assets

Right of Use assets comprise Other Land & Buildings £0.278m and Vehicles, Plant & Equipment £1.319m as at 31 March 2026.

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Houses - 20 - 50 years
- Other Land and Buildings - 10 - 60 years
- Vehicles, Plant, Furniture & Equipment - 3 - 10 years
- Infrastructure - 10 - 30 years

Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2026/2027 and future years budgeted to cost £35m. Similar commitments at 31 March 2025 were £44m. The major commitments are:

- Linlathen Phase 1 - Proposed Energy Efficiency Measures - £9.7m
- Increased Supply of Council Housing, Blackness Road - £5.4m
- Phase One Rectification Roofs - £1.9m
- MSD Pump/Tank replacement- £1.7m
- Vehicle Fleet Purchases - £1.3m

This gross expenditure of £35m will be funded from a combination of Council Borrowing, Grants and Contributions.

Effects of Changes in Estimates

In 2025/26, the Council did not make any material changes to its accounting estimates for Property, Plant and Equipment.

Infrastructure Assets

Infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 9/2022 Statutory Override – Accounting for Infrastructure Assets. The council has applied both statutory overrides set out in the circular which are as follows:

- For accounting periods commencing from 1 April 2021 until 31 March 2026, a local authority is not required to report the gross carrying amount and accumulated depreciation for infrastructure assets.
- For the accounting periods from 1 April 2010 to 31 March 2026, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be accounted for as a nil amount, and no subsequent adjustment can be made to the carrying amount of the asset with respect to that part.

Revaluations

The Council carries out a rolling programme to ensure that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Financial year 2021/22 was the first year of the current revaluation programme. The effective date for the 2025/26 revaluations is 31 March 2026.

All valuations were carried out internally by valuers in City Development Service. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset. To provide additional assurance on the carrying value of assets not included in the current year of the revaluation cycle, a value indexation exercise was completed on DRC valued assets, to assess the impact of inflation on DRC based asset valuations.

The table below shows the changes in asset values for each category revalued over the last financial year:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Total £000
Carried at historical cost	-	-	210	-	210
Valued at fair value as at:					
31 March 2026	-	(53,001)	-	-	(53,001)
31 March 2025	(473)	31,642	-	82	31,251
31 March 2024	(34,778)	105,155	-	939	71,316
31 March 2023	75,210	11,888	-	340	87,438
31 March 2022	-	11,888	-	340	12,228
31 March 2021	-	(5,146)	-	205	(4,941)
Total Cost or Valuation	39,959	107,572	210	1,906	149,442

28 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases, PFI/PPP contracts, DBFM contracts and Service Concession Arrangements), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/2025 £000	2025/2026 £000
<i>Opening Capital Financing Requirement</i>	846,362	991,235
<i>Capital investment</i>		
Property, Plant and Equipment	121,146	67,480
Intangible Assets	824	953
Revenue Expenditure Funded from Capital under Statute	272	454
<i>Sources of finance:</i>		
Capital receipts	(2,076)	(888)
Government grants and other contributions	(26,042)	(31,417)
Transfer from Capital Fund & Grants Unapplied Account	(780)	(1,105)
Increase in debt required per IFRS 16 (see note below)	76,450	664
Application of PFI retrospective flexibility	-	-
Application of PFI in-year flexibility	4,255	4,376
Sums set aside from revenue:		
• Direct revenue contributions	(2,140)	(2,296)
• Loans fund principal	(27,036)	(31,704)
Closing Capital Financing Requirement	991,235	997,752
<i>Explanation of movements in year</i>		
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	72,142	9,953
Increase/ (Decrease) in PFI debt repayment flexibility	4,255	4,376
Increase/ (Decrease) in PFI/PPP obligation	61,035	(4,866)
Increase/ (Decrease) in DBFM obligation	3,870	(857)

Increase/ (Decrease) in Waste Service Concession Arrangement	2,175	(1,301)
Increase/ (Decrease) in Financing Arrangement	(376)	(388)
Increase/ (Decrease) in Right of Use liability	1,772	(400)
Increase/(decrease) in Capital Financing Requirement	144,873	6,517

Note: The Council adopted IFRS 16 from 1 April 2024 which:

- gave rise to the recognition of “Right of Use” assets for certain items that used to be disclosed as operating leases (leased vehicles mainly). The corresponding liabilities arising were calculated on 1 April 2024 as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures. The effect of this can be seen in Note 23.
- also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. Service concession liabilities were recalculated on 1 April 2024 as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures. The effect of this can be seen in Note 29 iii.

29 Private Finance Initiatives and Similar Contracts

i) Education Services PFI Scheme

In 2025/26, the Council was in year 18 of a 30-year PFI contract with Discovery Education PLC. The contract covers the construction, maintenance, and facilities management of six new primary schools and two new secondary schools in the city. The Council can specify the services provided, prioritising education during the school day, followed by community use. The contract sets minimum service standards. If facilities are unavailable or standards are not met, payment deductions apply. The contractor is responsible for building the schools, maintaining them to an acceptable standard, and providing facilities management. At the end of the contract, the schools will transfer back to the Council at no cost.

Property, Plant, and Equipment

The schools are recorded as tangible fixed assets on the Authority's Balance Sheet. Changes in their value during the year are shown in Note 27.

Payments

The Authority makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2026/27	4,745	6,021	5,297	1,477	17,540
Payable within 2-5 years	20,195	27,197	18,170	9,094	74,656
Payable within 6 - 10 years	28,217	49,655	14,486	11,954	104,312
Payable within 11 - 15 years	12,533	29,952	2,171	1,681	46,337
TOTAL	65,690	112,825	40,124	24,206	242,845

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The Council adopted IFRS 16 from 1 April 2024 which also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. Service concession liabilities were recalculated on 1 April 2024 as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2024/2025 £000	2025/2026 £000
Balance at the start of the year	56,657	117,692
Debt remeasurement required per IFRS 16	65,988	502
Payments during the year	(4,953)	(5,368)
Balance at year-end	117,692	112,826

ii) *Baldragon DBFM Project*

In 2025/26, the Council was in year 9 of a 25-year DBFM contract with Hub East Central (Baldragon) Ltd to design, build, maintain, and manage facilities for a new secondary school in the city. Dundee City Council moved into the school on 11 December 2018. The Council can specify services, prioritising education during the school day, then community use. The contract sets minimum service standards. If facilities are unavailable or standards are not met, payment deductions apply. The contractor is responsible for building the school, maintaining it to an acceptable standard, and providing facilities management. At the end of the contract, the school will transfer back to the Local Authority at no cost.

Property, Plant and Equipment

The school is recorded as tangible fixed assets on the Authority's Balance Sheet. Changes in value during the year is shown in Note 27.

Payments

The Authority makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the DBFM contract at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2026/27	328	1,010	1,265	273	2,876
Payable within 2-5 years	1,400	4,582	4,547	1,182	11,711
Payable within 6 - 10 years	1,956	6,928	4,327	1,938	15,149
Payable within 11 - 15 years	2,212	8,641	2,499	2,432	15,784
Payable within 16 - 20 years	818	4,975	374	342	6,509
TOTAL	6,714	26,136	13,012	6,167	52,029

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The Council adopted IFRS 16 from 1 April 2024 which also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. Service concession liabilities were recalculated on 1 April 2024 as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2024/2025 £000	2025/2026 £000
Balance at the start of the year	23,123	26,993
Debt remeasurement required per IFRS 16	4,818	112
Payments during the year	(948)	(969)
Balance at year-end	26,993	26,136

iii) Waste Disposal Project

In November 2017, the Council entered into a 28 year contract with MVV Environment Baldovie Limited (MEB) for the disposal of residual waste. As part of the new contract arrangements, the Council sold its shareholding in DERL to MVV Environment Limited (MVV). The DERL plant ("Lines 1&2") is being utilised by MEB to deliver contractual requirements alongside the new plant ("Line 3") that was constructed on an adjacent site. Following investment by MVV, Lines 1&2 has been operating reliably and the decision was therefore taken to extend its operational life by 7 years, formalised in a Life Extension Agreement between MEB and the Council. Full services from Line 3 commenced on 20 January 2022, which is the starting point of the 25 year Line 3 contract. At the end of the contract the plant will be transferred to the Council for nil consideration. The contract sets out the services that the Council require the contractor to deliver and specifies minimum standards for these services, with deductions from the fee payable being made if services are unavailable or performance is below minimum standards.

Property Plant and Equipment

The new plant is deemed to be a service concession asset and the Council's 60% share has been recognised on the Balance Sheet as an operational asset. The Council's assets at the DERL site (Lines 1&2) and land for the new plant (Line 3) are being made available to MEB via leases.

Payments

The Contractor is paid a unitary charge comprising a contractually agreed gate fee for each tonne of waste treated (subject to a guaranteed minimum tonnage) and some ancillary pass-through costs. The gate fee is subsidised by a guaranteed level of commercial income. This net gate fee is fixed for the contract life, subject to annual inflationary increases at 50% of RPIX and any service availability / performance deductions. There is also an excess revenue sharing mechanism in place, with the Council benefitting if the Contractor outperforms the assumptions in its business case for third party revenues. Payments remaining to be made under the contract at 31 March 2026 (excluding any estimation of service availability deductions, performance deductions and excess revenue sharing) are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2026/27	4,908	1,675	4,373	-	10,956
Payable within 2-5 years	20,353	7,292	16,357	323	44,325
Payable within 6 - 10 years	24,307	11,755	17,461	1,968	55,491
Payable within 11 - 15 years	25,017	17,090	12,432	1,960	56,499
Payable within 16 - 20 years	23,693	23,654	5,340	473	53,160
Payable within 21 - 25 Years	-	-	-	-	0
TOTAL	98,278	61,466	55,963	4,724	220,431

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The Council adopted IFRS 16 from 1 April 2024 which also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. Service concession liabilities were recalculated on 1 April 2024 as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2024/2025 £000	2025/2026 £000
Balance at the start of the year	57,169	59,344
Debt remeasurement required per IFRS 16	3,352	-
Repayments during the year	(1,177)	(1,301)
Balance at year-end	59,344	58,043

iv) Application of PFI Service Concession Arrangement Flexibilities

In accordance with Accounting Policy R on page 52 and Finance Circular 10/2022, the Council has applied a permitted PFI Service Concession Arrangement (SCA) flexibility in financial year 2023/24 on a retrospective annuity basis to the three SCA's currently in place.

By applying the flexibility, debt repayment savings will be generated until SCA contracts have been repaid, followed by statutory charges over the remaining lives of the assets. Over the full asset lives of the SCA's the total repayment for the debt liability remains the same.

In order to ensure that the SCA flexibility being applied is prudent, sustainable, and affordable over the life of the assets, the Council will manage its effect and utilisation through an earmarked reserve specifically set up for this purpose. The earmarked reserve will be used to capture the benefits and costs arising from the flexibility and to ensure a smoothed profile for planned use at budget-setting. Please refer to Note 10 for more details.

Impact on Reserves and Balance Sheet

The reprofiling of the debt liability repayments increased the Capital Financing Requirement (CFR) by £52.004m as at 31 March 2026 as can be seen in Note 28. After each SCA contract has expired, the amounts on the CFR will reduce to £nil until the end of the revised period. The statutory adjustments up to 31 March 2026 had the following impact on the 2025/26 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

	Prior years £000	In-year £000	Total £000
Capital Adjustment Account (note 12)	47,628	4,376	52,004
Movement in Reserves Statement (Note 9)	(47,628)	(4,376)	(52,004)

30 Assets Held for Sale

	2024/2025 £000	2025/2026 £000
Balance at start of year	4,493	4,448
Assets newly classified as held for sale:		
Transferred from Property, Plant and Equipment	-	8,665
Revaluation gains/(losses)	-	(1,084)
Assets sold	(45)	(537)
Balance at year-end	4,448	11,492

31 Short Term Debtors

	31 March 2025 £000	31 March 2026 £000
Central government bodies	24,171	34,465
Other local authorities	7,938	18,022
NHS bodies	1,399	1,811
Public corporations and trading funds	165	216
Other entities and individuals	33,614	33,214
Total	67,287	87,728

32 Short Term Creditors

	31 March 2025 £000	31 March 2026 £000
Central government bodies	15,469	18,667
Other local authorities	3,539	1,887
NHS bodies	366	371
Public corporations and trading funds	719	535
Other entities and individuals	57,282	56,091
Total	77,375	77,551

33 Provisions

Self-Insured / Uninsured Losses					
	Dundee City Council £000	ex-TRC/DDC Funds £000	Construction Services £000	Corporate Services £000	Total £000
Balance at 1 April 2025	2,562	167	164	277	3,170
Additional provisions made in year	2,009	-	-	-	2,009
Amounts used in year	(1,804)	(154)	-	-	(1,958)
Unused amounts reversed in year	(243)	-	(107)	(277)	(627)
Balance at 31 March 2026	2,524	13	57	0	2,594

Self-Insured/Uninsured Losses

The Council operates a self-insurance arrangement under its Risk Management Policy to cover potential losses. This provision relates to ongoing insurance claims and legal cases and reflects the Council's share of estimated settlement costs. Insurance policies remain in place for major losses, such as the Braeview Academy fire. The provision includes all known liabilities, but claim settlement times vary and are outside the Council's control. The Council manages its own Insurance Fund and the residual funds of the former Tayside Regional and Dundee District Councils.

Claims Analysis:

- Employers' Liability: Claims have reduced over the last three years due to better health and safety and successful defence of older claims, lowering required provisions.
- Public Liability/Third Party: Values appear similar, but large reserves for unresolved court cases make comparisons difficult. Insurers are taking a tougher stance, leading to successful defences and reduced liability.
- Property Damage: Risk management investment has kept self-insured property costs stable.
- Motor Insurance: Accident claims remain steady, but injury claims over the last three years have significantly increased reserves and costs.

Construction Services

Following Covid-19, a provision was made for possible future losses on existing long-term contracts where a sub-contractor has gone into administration during the maintenance defects period and the Council will therefore be liable for the costs of any required remedial works. This part of the provision has been released following a review as at 31 March 2026. The remaining provision relates to anticipated remedial works.

Corporate Services

A provision was made for possible future losses on the underwriting of administration and liquidation costs associated with Dovetail Enterprises (1993) Limited. This charitable company, after many years of support from the Council unfortunately entered administration on 31 March 2025. Following a review as at 31 March 2026, this provision was released.

34 Contingent Liabilities

Guaranteed Minimum Pension (GMP)

The High Court's Lloyds ruling on GMP equalisation led some pension schemes to change their accounting. However, HM Treasury confirmed this ruling does not affect how public service pension schemes, including the Local Government Pension Scheme (LGPS), handle GMP equalisation and indexation.

In March 2021, the Government published the outcome of its consultation which concluded that all public service pension schemes must continue to provide full inflation increases (indexation) for members with GMP who reach State Pension Age after 5 April 2021. This makes permanent the interim solution that has applied since April 2016.

Tayside Pension Fund pays limited increases for members who reached State Pension Age by 6 April 2016, and the Government covers the rest. The Fund pays the full inflation increase for members reaching State Pension Age after that date. Since this approach matches the outcome of the Government consultation, no changes to pension liability values are needed.

The above Contingent Liability was also disclosed at 31 March 2025.

Goodwin Case

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS. Tayside Pension Fund's actuaries do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage would only be a rough estimate as in a lot of cases, funds will not have this information or data to hand. It is the actuaries understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which the actuaries expect will be minimal for LGPS funds.

The above Contingent Liability was also disclosed at 31 March 2025.

Equal Pay Claim

In February 2021, the trade unions submitted a collective equal pay claim on behalf of their members under the Equality Act 2010. The Claimants 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). The claim is currently being evaluated by the Council. At this stage, it is not possible to quantify the Council's financial liability, if any.

The above Contingent Liability was also disclosed at 31 March 2025.

Scottish Child Abuse Enquiry

Redress Scotland was set up following an act passed by the Scottish Parliament in 2021. Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021. Although Redress Scotland works with guidance and funding from the Scottish Government, it is not part of any Government department. Survivors, as an alternative to civil litigation, may choose to apply for redress. Local Authorities, as a Local Government sector, pay financial contributions towards the redress scheme and this has now been agreed as part of the Local Government Settlement and will be applied for the next 10 years.

Civil Litigation claims are still being received by the Council, both as lead authority for the former Tayside Regional Council and Dundee District Council as well as claims solely against Dundee City Council. Any uninsured claims or associated costs in respect of Dundee District Council or Dundee City Council will require to be met by Dundee City Council. The costs of these are unquantifiable at this time but will give rise to a future financial liability.

The above Contingent Liability was also disclosed at 31 March 2025.

35 Contingent Assets

There were no Contingent Assets at 31 March 2026 (31 March 2025: nil).

36 Grant Income

The Council credited grants and contributions to the Comprehensive Income and Expenditure Statement in 2025/2026. These included the following grants and contributions:

Credited to Taxation and Non-Specific Grant Income	2024/2025 £000	2025/2026 £000
RSG & Non-Specific Grants	(318,014)	(340,031)
Contribution from NNDR Pool	(73,695)	(71,406)
Capital Grants	(26,042)	(31,417)
Council Tax	(66,343)	(71,326)
Extended Producer Responsibility	-	(3,070)
Total	(484,094)	(517,250)

Credited to Services:	2024/2025 £000	2025/2026 £000
Private Sector Housing Grant	(649)	(650)
UK Government: UK Shared Prosperity Fund	(2,642)	(1,235)
UK and Scottish Governments: Employability	(5,292)	(3,697)
Scottish Government: Growth Accelerator Model	(2,898)	(3,398)
NHS Tayside: Alcohol & Drugs Project Team	(1,575)	(572)
Angus Council: Contribution to Joint Equipment Service	(976)	(1,045)
NHS Tayside: Integrated Care Fund	(2,178)	(2,178)
NHS Tayside: Social Care Integration Fund	(10,102)	(10,102)
NHS Tayside: Integration Funding	(12,859)	(17,223)
Various: Ukrainian Refugees	(1,106)	(1,200)
UK Government - Unaccompanied Asylum Seekers	(1,303)	(1,650)
Scottish Government: Attainment Challenge - SEF	(2,453)	(1,384)
Scottish Government: Pupil Equity Fund	(4,899)	(4,581)
Scottish Government: School Aged Childcare Early Adopters project	(672)	(1,036)
Criminal Justice Grant	(4,929)	(5,697)
Improvement Service: National Entitlement Card	(1,666)	(1,623)
DWP: Rent Allowances/Rebate Subsidies (previously Housing Benefit Subsidy)	(44,640)	(36,317)
DWP: Housing Benefit / Council Tax Benefit Administration	(769)	(722)
Other Miscellaneous Grants	(14,425)	(9,683)
Total	(116,033)	(103,993)

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

The main balances at the year-end are as follows:

Capital Grants Receipts in Advance:	31 March 2025 £000	31 March 2026 £000
Section 75 Contributions	(4,171)	(5,514)
UK Govt: Department for Transport: Green Transport (Bell St)	(6,304)	-
UK Govt: Community Regeneration Partnership	-	(18,970)
UK Govt: Pride in Place	-	(750)
Scottish Government: Dundee Museum of Transport	-	(995)
Other Miscellaneous Capital Grants Receipts in Advance	(1,069)	(1,287)
Total	(11,544)	(27,516)

Revenue Grants Receipts in Advance:	31 March 2025 £000	31 March 2026 £000
Scottish & UK Government: Home Office: Ukrainian Refugees	(3,528)	(3,479)
Other Miscellaneous Grants	(2,104)	(2,359)
Total	(5,632)	(5,838)

37 Financial Instruments

The Council is required to disclose details in respect of financial instruments, which in the main include borrowing, lending, investments, creditors and debtors. The purpose of this disclosure is to provide information regarding:

- the significance of financial instruments for the Council's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the Council is exposed and how the Council manage those risks

Categories of financial assets and financial liabilities

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
Investments				
Equity Instruments Designated at Fair Value Through Other Comprehensive Income & Expenditure	-	-	3,156	3,106
Unquoted equity investment at cost	29	29	-	-
Total investments	29	29	3,156	3,106
Debtors				
Loans and receivables:				
Cash and Bank	-	-	254	250
Other Short Term Deposits	-	-	4,844	7,442
Soft Loans	-	-	-	-
Other Loans at Market Rates	11,942	12,695	-	-
Financial assets carried at contract amounts:				
Sundry Debtors including trade receivables	-	-	67,287	87,728
Total Debtors	11,942	12,695	72,385	95,420
Borrowings				
Financial liabilities at amortised cost:				
Borrowing Repayable:				
Public Works Loan Board	(487,220)	(494,307)	(16,271)	(29,435)
Lender Option/Borrower Option	(30,965)	(20,955)	(411)	(209)
Other	(19)	(108)	(165,566)	(189,711)
Temporary Advances from Other Accounts	-	-	(1,624)	(1,606)
Bank Overdraft	-	-	(11,455)	(5,042)
Total borrowings	(518,204)	(515,370)	(195,327)	(226,003)
Creditors				
Financial liabilities carried at contract amount:				
Sundry creditors including trade payables	-	-	(77,375)	(77,551)
Total Creditors	-	-	(77,375)	(77,551)

Debtor Impairment Allowances

There are a number of impairment allowances that are netted-off against Short Term Debtors in the Current Assets section of the Council's Balance Sheet. As at 31 March 2026, these are as follows:

- Council Tax - the allowance of £26.890m (31 March 2025: £25.795m) has been calculated using the non-collection rate anticipated when each financial year's Council Tax was set, or a lower figure where the anticipated collection rate has been exceeded.
- Statutory Additions - the impairment allowance of £6.023m (31 March 2025: £5.752m) has been calculated by applying the overall percentage relating to the charge elements (i.e. Non Domestic Rates and Council Tax) to which the Statutory Addition was applied.
- Miscellaneous Invoiced and Other Debt - the impairment allowance of £8.103m (31 March 2025: £6.069m) has been calculated by applying non-collection rates to an aged debt analysis. The percentage increases according to the age of the debt. Higher percentages are also applied to types of debt which have proven difficult to collect.
- Housing Rents - the impairment allowance of £5.675m (31 March 2025: £5.214m) has been calculated by applying various percentages to a value-banded debt analysis. The percentage increases according to the value of the debt.
- Housing Benefit Overpayments - the impairment allowance of £0.607m (31 March 2025: £0.840m) has been calculated by applying an anticipated non-collection rate to the total debt.

Movements in the level of impairment allowance arise from write-offs of debt against the allowance during the course of the financial year, together with a re-assessment of the required level of allowance at the balance sheet date.

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and movements in reserves in relation to financial instruments are disclosed below:

2024/2025 £000		Financial Liabilities	2025/2026 Financial Assets	Financial Assets	2025/2026 Total £000
		Liabilities measured at amortised cost £000	Loans and receivables £000	Investments £000	
39,019	Interest Expense	40,483	-	-	40,483
39,019	Total expense in Surplus or Deficit on the Provision of Services	40,483	-	-	40,483
(1,358)	Interest Income	-	(2,387)	-	(2,387)
(1,358)	Total income in Surplus or Deficit on the Provision of Services	-	(2,387)	-	(2,387)
2	(Gains) or Losses on revaluation	-	-	50	50
2	(Gains) or Losses in Other Comprehensive Income & Expenditure	-	-	50	50
37,663	Net (gain)/loss for the year	40,483	(2,387)	50	38,146

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2026 of 1.26% to 9.13% for loans from PWLB and 4.20% to 5.40% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised

- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are as follows:

		31 March 2025			31 March 2026			
Note		Carrying Amount £000	Fair Value £000	Principal Amount Outstanding £000	LOBO Accounting Adjustment £000	Add Accrued Interest £000	Carrying Amount £000	Fair Value £000
Financial liabilities:								
Borrowing Repayable:								
Public Works Loan Board								
Lender Option/Borrower Option (LOBO)	i	(502,913)	(376,569)	(518,820)	-	(4,921)	(523,741)	(384,325)
Other	i	(31,376)	(22,001)	(20,000)	(955)	(209)	(21,164)	(13,486)
Temporary Advances from Other Accounts	ii	(165,566)	(165,566)	(187,998)	-	(1,821)	(189,819)	(189,819)
Bank Overdraft	iii	(1,624)	(1,624)	(1,606)	-	-	(1,606)	(1,606)
		(11,455)	(11,455)	-	-	-	(5,042)	(5,042)

i Borrowing Repayable

The fair value for borrowing repayable is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Valuation Method - The fair value of these financial instruments have been determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation is equal to the current rate in relation to the same instruments from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of comparable instruments should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market.

Evaluation of Public Works Loan Board debt - The Council has applied the new borrowing rate, as opposed to the premature repayment rate as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin that represents the lender's profit as a result of rescheduling the loan that is not included in the fair value calculation since any motivation other than securing fair price should be ignored.

Inclusion of accrued interest - The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, this has also been accrued in the fair value calculation. This figure is calculated up to and including the valuation date.

Discount rates used in NPV calculation - The rates quoted in this valuation were obtained for the market on 31 March 2026, using bid prices where applicable.

Market Debt - Valuations use the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex

structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

ii) Temporary Advances from Other Accounts

These amounts relate to the balances from Charities and Common Good Funds. These include cash balances that are effectively loaned to the Council on a short-term basis and other short-term loans to the Council's Consolidated Loans Fund. Interest is payable by the Council on all balances outstanding. The current value and fair value of these balances are deemed to be the same amount.

iii) Bank Overdraft

The fair value is the same as the carrying amounts as these balances relate to short term borrowing with the Council's bank.

		31 March 2025		31 March 2026	
	Note	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables:					
Cash and Bank	i	254	254	250	250
Other Short term Deposits	i	4,844	4,844	7,442	7,442
Short-term debtors:					
Soft Loans	ii	-	-	-	-
Long-term debtors:					
Other Loans at Market rates	iii	11,942	11,942	12,695	12,695

- Cash and Bank / Other Short term Deposits

The fair value is the same as the carrying amounts as these balances relate to short term lending or deposits held with the Council's bank.

- Soft Loans

The fair value of these loans is the same as the carrying amount. These loans comprise of a small number of loans that the Council has made to external parties at less than market rates. Soft loans have been restated from historical cost to fair value basis by discounting future cash receipts using the prevailing market rate of interest.

- Other Loans at Market Rates

These balances are made up of loans to various bodies at market rates and are included on the Council's Balance Sheet as long-term debtors. As these loans are held at market rates the carrying value and fair value will not be materially different.

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on their current market price which is also the value they are included at in the Council's Balance Sheet.

Short term debtors and creditors including trade receivables and payables are carried at cost as this is a fair approximation of their value.

38 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- interest rate risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Financial Services and Investment Manager, under policies approved by Dundee City Council in the annual treasury management strategy. Dundee City Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk is the chance that money owed to the Council, such as deposits with banks or amounts payable by customers, might not be repaid. The Council reduces this risk through its Annual Investment Strategy, which:

- Only allows deposits with banks and institutions that meet strict credit ratings (Fitch, Moody's, Standard & Poor's).
- Sets maximum limits for how much can be invested with each type of institution (e.g., £12m for top-rated banks, £10m for local authorities or money market funds).

Before providing goods or services, the Council checks customers' financial position and credit limits based on parameters set by the Council.

While there is always some risk that deposits may not be recovered, this is considered very unlikely. At 31 March 2026, there was no evidence of any losses.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2026 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2026 %	Estimated maximum exposure to default and uncollectability at 31 March 2026 £000	Estimated maximum exposure at 31 March 2025 £000
	A	B	C	(A x C)	
Financial Institutions (F1)	7,442	-	-	-	-

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The maturity analysis of financial liabilities is as follows:

	31 March 2025 £000	31 March 2026 £000
Less than one year	174,089	210,400
Between one and two years	22,511	20,012
Between two and five years	42,539	65,027
Between five and ten years	17,500	12,954
More than ten years	436,270	398,316
	692,909	706,709

All trade and other payables are due to be paid in less than one year.

Interest rate risk

The Council is affected by changes in interest rates on its loans and investments. If rates rise:

- Variable-rate loans: Interest costs go up.
- Fixed-rate loans: Market/ fair value of the debt falls (but this doesn't affect the Council's accounts).
- Variable-rate investments: Interest income goes up.
- Fixed-rate investments: Market/ fair value falls.

Only changes in variable-rate interest payments and income affect the Council's General Fund. Changes in the fair value of fixed-rate investments with a quoted market value are reflected in Other Comprehensive Income and Expenditure.

Managing the Risk

- The Council aims to keep no more than 30% of its borrowing at variable rates.
- When rates fall and it's cost-effective, fixed-rate loans may be repaid early.
- Government grant usually adjusts with interest rates, helping offset higher costs.
- The treasury team monitors interest rate exposure, updates the annual budget, and reviews quarterly to manage any changes. They also advise whether new borrowing should be fixed or variable.

According to this assessment strategy, at 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	1,865
Increase in interest receivable on variable rate investments	Nil
Impact on Surplus or Deficit on the Provision of Services	1,865
Share of overall impact debited to the HRA	466
Decrease in fair value of fixed rate investment assets	Nil
Impact on Other Comprehensive Income and Expenditure	Nil
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	36,241

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £7,500 Ordinary B shares in Discovery Education Companies. These 'B' shares have no right to participate in the profits of the Company and no distributions of any kind, nor do they carry any voting rights at any general meeting of the company. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the council can monitor factors that might cause a fall in the value of specific shareholdings.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

39 Charities Account (Registered Charities)

During 2025/2026, the Council acted as sole Trustee for 5 registered Charities. The following Charitable Trusts and Endowments were registered with the Office of the Scottish Charity and Regulator (OSCR):

Name	OSCR registration	Accounting basis
A: Belmont Estate Trust	SC018900	Receipts and Payments
B: Camperdown Estate	SC018899	Receipts and Payments
C: William Dawson Trust	SC018920	Receipts and Payments
D: Hospital Fund	SC018896	Receipts and Payments
E: Fleming Trust	SC052182	Accruals, FRS102

The Income & Expenditure Account below summarises the transactions in the year and the Balance Sheet summarises the assets and liabilities at the year end.

2024/2025								2025/2026
Total	Income and Expenditure	A	B	C	D	E	Total	
£000		£000	£000	£000	£000	£000	£000	
(507)	Rental income	(8)	-	-	1	(477)	(484)	
(75)	Interest on investments	(6)	-	-	(28)	(37)	(71)	
(582)	Total income	(14)	0	0	(27)	(514)	(555)	
352	Expenditure	14	-	-	42	320	376	
(230)	Net (income) / expenditure	0	0	0	15	(194)	(179)	

2024/2025								2025/2026
Total	Balance Sheet	A	B	C	D	E	Total	
£000		£000	£000	£000	£000	£000	£000	
	Fixed Assets							
13,383	Operational Land and Buildings	2,451	3,150	189	1	7,628	13,419	
384	Investment Properties	-	-	-	351	-	351	
13,767	Total Fixed Assets	2,451	3,150	189	352	7,628	13,770	
393	Cash at Bank	-	-	-	-	539	539	
83	Debtors	-	-	-	-	63	63	
1,754	Funds deposited with DCC Loans Fund	185	3	7	835	1,008	2,038	
2,230	Total Current Assets	185	3	7	835	1,610	2,640	
(90)	Creditors	-	-	-	-	(114)	(114)	
2,140	Net Current Assets	185	3	7	835	1,496	2,526	
15,907	Net Assets	2,636	3,154	196	1,187	9,124	16,296	
	Analysis of Fund Balances							
5,928	Revaluation Reserve	2,451	3,150	189	352	-	6,142	
9,978	Revenue Reserve	185	3	7	835	9,124	10,154	
15,906	Total reserves	2,636	3,153	196	1,187	9,124	16,296	

NATURE AND PURPOSE

The nature and purpose of the Funds' detailed above is as follows:

A: Belmont Trust Estate

Estate gifted in 1918 by the late Mrs Emma Caird or Marryat of Roseangle, Dundee, in memory of her husband and her brothers, to be utilised for the benefit of the citizens of Dundee. The Trust's total reserves were £2.636m as at 31 March 2026 (31 March 2025: £2.461m).

B: Camperdown Estate Trust

Purchased in the interest and for the benefit of the Community on 11 November 1945, at a cost of £58,100 which was provided by the Sir James Caird Land Acquisition Fund. The Trust's total reserves were £3.153m as at 31 March 2026 (31 March 2025: £3.081m).

C: William Dawson Trust

Residue of estate handed over to the Lord Provost and Magistrates of the City of Dundee as trustees in 1948, for the purpose of acquiring ground for use as playing fields in wards X and XI. The Trust's total reserves were £0.196m as at 31 March 2026 (31 March 2025: £0.196m).

D: Hospital Fund

This Fund was established under the Dundee Churches and Hospital Act 1864, on behalf of the poor of the town. An annual payment of £80 is made from the Fund to local pensioners who require financial assistance. The Fund's total reserves were £1.187m as at 31 March 2026 (31 March 2025: £1.236m).

E: Fleming Trust

This Trust was established with sums gifted in 1929 by Robert Fleming for the purchase of land and buildings and the provision of suitable accommodation for re-housing the displaced occupants of slum property in Dundee. The Trust's total reserves were £9.124m as at 31 March 2026 (31 March 2025: £8.932m).

40 Charities Account (Unregistered Charities)

The Council acts as sole Trustee for 4 unregistered charities. These are the Broughty Ferry Lifeboat Disaster Fund, TRC Trusts, Miss Kinloch Fund and Orchar Art Gallery Trust.

The Income & Expenditure Account below summarises the transactions in the year and the Balance Sheet summarises the assets and liabilities at the year end.

2024/2025 Total £000	Income & Expenditure	2025/2026 Total £000
(23)	Income	(19)
-	Expenditure	-
(23)	Net (income) / expenditure	(19)
2025 £000	Balance Sheet as at 31 March	2026 £000
	Current Assets	
557	Funds deposited with DCC Loans Fund	572
557	Net Assets	572
	Financed By Fund Balances and Reserves	
	Available for Use:	
557	Fund Balances	572
557		572

41 Heritage Assets*Reconciliation of the Carrying Value of Heritage Assets held by the Council*

	Museum & Art Gallery Collections £000	Other Heritage Assets £000	Total Assets £000
1 April 2025	18,582	2,273	20,855
Additions	45	-	45
Revaluations	120	-	120
31 March 2026	18,747	2,273	21,020

Museum and Art Gallery Collections

The valuation disclosed in the balance sheet is based on the assessment by the Council's insurers of the replacement value of the collection. Items valued in excess of £100,000 are detailed individually in the Museums Insurance schedule and these make up the total of assets included in this category.

Other Heritage Assets

This includes the Desperate Dan statue, Balgay Bridge and Linlathen Bridge.

Additions & Disposals of Heritage Assets

Additions in 2025/26- £165k (2024/25- £63k)

There were no disposals in 2025/26 (2024/25- none)

42 Heritage Assets: Further Information**Museum and Art Gallery Collections**

The Dundee Art Galleries and Museums Collection which is largely housed at the McManus Art Gallery & Museum in the City Centre, forms the major part of the heritage assets held by the Council.

The Art Gallery & Museum's major collection groups include Community History, Decorative Arts/Crafts, Early History, Fine Art, Natural History, Social History and World Cultures.

Community History

Collections of objects relating to the community and domestic life of Dundee, including civic history and recreation, along with costume.

Decorative Arts / Crafts

The collection of Scottish Provincial Silver consists of about 400 items, with excellent coverage of all known Dundee makers. Ceramics range from ornamental Japanese Satsuma ware and English 18th century porcelain to an expanding collection of contemporary Studio ceramics by mainly Scottish makers.

Early History

These collections comprise regional archaeology dating from prehistoric times to the Middle Ages drawn from the Dundee area, foreign artefacts representing ancient Egypt and more recent world culture, and an extensive collection of coins and medals.

Fine Art

This collection of over 4,000 works consists of oil paintings, watercolours, drawings, artists' prints and sculptures. Excellent coverage of 19th and 20th century Scottish Art with notable Dundee artists, John Duncan and McIntosh Patrick, and fine art photography by Joseph McKenzie are included in this collection.

Natural History

This section includes geological and botanical collections along with vertebrate and invertebrate zoology material.

Social History

This collection includes areas of interest ranging from Dundee's industrial and working history, to shipbuilding and transport.

World Cultures

This collection includes fascinating material from different cultures around the world, including artefacts brought back to Dundee by whalers, and important 'early contact' material from the 1874 Moresby expedition to Papua New Guinea.

Further information about these and other collections can be found at [here](#).

Library Collections of Rare Books, Manuscripts and Archives

The Rare Book Collections, Manuscripts and Archives are mainly held in the Central Library. Among the collections and features are:

- Maps & plans – a wide range of maps and plans from early times to date,
- Lamb Collection, a unique resource of 450 archive boxes of ephemera, dating mainly from the latter part of the nineteenth century,
- Taybridge Disaster – a wealth of maps, plans, books, documents, drawings and photographs on the two Tay rail bridge disasters,
- A wide-ranging collection of works by and about William McGonagall
- Rare books and manuscripts – Dundee possessed one of Europe's earliest municipal libraries

Further information about these and other collections can be found [here](#).

Preservation and Management

The Director, Leisure & Communities, is responsible for making arrangements for the proper administration of the Galleries and Museums Collections. Assets are collated, preserved and managed in accordance with The Council's policy on management, acquisitions and disposals, as detailed in the Collections Development Policy 2024-2029. The full policy document can be found [here](#).

43 Other Long Term Liabilities

	31 March 2025 £000	31 March 2026 £000
PPP Schools Liability	112,171	106,804
DBFM School Liability (Baldragon)	26,018	25,126
Service Concession Arrangement Liability (Waste Project)	58,043	56,609
Financing Arrangement (Dundee House)	21,391	20,991
Right Of Use Liability	1,201	831
Total	218,824	210,361

Please note that Service Concession debt was remeasured during 2024/25 and 2025/26 to comply with the requirements of IFRS16. For more information on this, please refer to Note 28.

44 Long Term Debtors

	31 March 2025 £000	31 March 2026 £000
Advances to Tayside Contracts for capital expenditure	10,438	11,428
Loans to other organisations	259	257
Housing loans / mortgages	1,245	1,010
Total	11,942	12,695

45 Service Income and Expenditure Including Internal Recharges

The service lines in the Comprehensive Income and Expenditure Statement exclude internal recharges (controllable budgets). The income and expenditure for each service, inclusive of internal recharges, are shown below:

	2025/2026			
	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Internal Recharging Adj £000
Children & Families Services	245,681	(21,163)	224,518	0
Budgets Delegated to Dundee Health & Social Care Partnership	274,176	(157,178)	116,998	0
City Development	211,359	(48,597)	162,762	7,950
Neighbourhood Services	45,866	(25,724)	20,142	6,477
Chief Executive	18,266	(5,006)	13,260	1,428
Corporate Services	91,302	(58,939)	32,363	7,449
Construction	53,210	(52,093)	1,117	23,045
Housing Revenue Account	79,209	(65,191)	14,018	585
Discretionary NDR Relief	191	0	191	0
Tayside Valuation Joint Board	1,174	0	1,174	0
Miscellaneous Items	12,508	(5,952)	6,556	1,065
Cost Of Services	1,032,942	(439,843)	593,099	47,999

	2024/2025			
	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Internal Recharging Adj £000
Children & Families Services	242,788	(21,908)	220,880	-
Budgets Delegated to Dundee Health & Social Care Partnership	279,750	(167,840)	111,910	-
City Development	120,403	(41,190)	79,213	8,092
Neighbourhood Services	46,206	(18,265)	27,941	6,351
Chief Executive	18,488	(3,963)	14,525	1,557
Corporate Services	97,065	(60,657)	36,408	10,859
Construction	31,138	(30,692)	446	22,683
Housing Revenue Account	79,675	(62,527)	17,148	585
Discretionary NDR Relief	493	-	493	-
Tayside Valuation Joint Board	1,028	-	1,028	-
Miscellaneous Items	4,422	(756)	3,666	978
Cost Of Services	921,456	(407,798)	513,658	51,105

46 Revenue from Contracts with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2024/2025 £000	Revenue from contracts with service recipients:	2025/2026 £000
56,671	Housing Rents	59,198
3,260	Sheltered Housing Charge	3,459
3,190	Temporary Accommodation Properties	4,485
6,123	Residential Care	6,414
772	Non Residential Care	713
1,239	School Meals	1,211
612	Social Care Meals	540
3,410	Off Street Parking	3,628
2,411	On Street Parking	2,092
980	Building Warrants	1,203
601	Planning Applications	688
839	Trade Waste	862
629	Special Collections	699
940	Garden Waste Collections	951
533	Licensing	542
760	Burial Ground Charges	792
2,033	Miscellaneous	2,230
85,003	Total Included in Comprehensive Income and Expenditure	89,707

47 Capital Grants & Receipts Unapplied Account

	31 March 2025 £000	31 March 2026 £000
Capital Grants	341	291
Total	341	291

48 Debtors for Local Taxation

31 March 2025				31 March 2026		
Up to One Year £000	Over One Year £000	Total £000		Up to One Year £000	Over One Year £000	Total £000
1,714	956	2,670	Council Tax	1,938	1,119	3,057
3,246	2,928	6,174	NDRI	3,004	3,346	6,350
4,960	3,884	8,844	Total	4,942	4,465	9,407

49 TAY CITIES REGION DEAL - LEAD AUTHORITY DISCLOSURES

The Tay Cities Region Deal was signed on 17th December 2020. It represents an investment in the Tay Cities region by the Scottish and UK Governments of £150 million each over 10 years. The City Region Deal seeks to transform the regional economy by delivering inclusive growth: raising the productivity of the region and increasing the participation of its workforce.

During 2025/2026, no project Business Cases were approved by the Tay Cities Region Joint Committee. Full Business case approval from the Joint Committee is required ahead of any drawdown of the funding. This presents a risk to the Partnership.

During 2025/2026, £3.566m drawdown of government grant had been made successfully. At the 31st March 2026, Grant due from Scottish Government was £1.950m and Grant payments due to projects were £1.950m.

Dundee City Council acts as the Accountable Body for the Tay Cities Region Deal.

The analysis of funding awarded to individual projects and drawdown of grant is shown in the table below, which reflects both Capital and Revenue projects.

Project	Grant Award £000	Funded By SG £000	Funded By UKG £000	2025/26 Approved Allocation £000	2025/26 Grant Claimed £000	2025/26 Grant Approved during year £000	Grant Claims and Payments Outstanding as at 31 March 2026 £000
Dundee Airport Investment	8,900	8,900	-	-	-	-	-
Perth Bus & Rail Interchange	15,000	15,000	-	-	-	-	-
Low Carbon Transport & Active Travel Hubs	3,500	3,500	-	97	97	97	32
Advanced Manufacturing Programme	8,000	8,000	-	-	-	-	-
Advanced Plant Growth Centre	27,000	7,000	20,000	-	-	-	-
International Barley Hub	35,000	10,000	25,000	-	-	-	-
Angus Fund	26,500	-	26,500	1,995	15	15	15
CyberQuarter	11,700	6,000	5,700	943	959	959	368
Eden Campus	26,500	2,000	24,500	-	-	-	-
Just Tech	15,000	-	15,000	-	-	-	-
Growing the Tay Cities BioMedical Cluster	25,000	25,000	-	-	-	-	-
Perth Cultural Transformation (Perth Museum)	10,000	-	10,000	-	-	-	-
Pitlochry Festival Theatre	10,000	10,000	-	-	-	-	-
Project Beacon	5,200	-	5,200	-	-	-	-
Perth Innovation Highway	5,000	-	5,000	-	-	-	-
Regional Culture and Tourism Programme	27,000	27,000	-	800	385	385	385
Studio Dundee	3,000	3,000	-	-	-	-	-
Aviation Academy for Scotland	8,100	-	8,100	-	-	-	-
Rural Angus & Rural Perth and Kinross	2,000	-	2,000	-	-	-	-
Highspeed Broadband							
5G Digital Testbeds	2,000	2,000	-	125	120	120	32

Project	Grant Award £000	Funded By SG £000	Funded By UKG £000	2025/26 Approved Allocation £000	2025/26 Grant Claimed £000	2025/26 Grant Approved during year £000	Grant Claims and Payments Outstanding as at 31 March 2026 £000
Tay Cities Engineering Partnership	1,401	1,401	-	184	-	-	-
Innerpeffray Library	100	-	100	-	-	-	-
Aero Space Kinross	1,600	-	1,600	-	-	-	-
Crieff International Highland Centre	1,000	-	1,000	-	-	-	-
Stretch Dome Simulator	300	-	300	-	-	-	-
Total Capital Grant	278,801	128,801	150,000	4,144	1,576	1,576	832
Regional Skills and Employability Investment Programme	20,000	20,000	-	1,765	1,381	1,381	772
Tay Cities Engineering Partnership	599	599	-	173	79	79	39
Dundee Airport Investment	600	600	-	223	530	530	307
Total Revenue Grant	21,199	21,199	-	2,161	1,990	1,990	1,118
TOTAL	300,000	150,000	150,000	6,305	3,566	3,566	1,950

The Programme Management Office (PMO) supports the governance of the deal by completing operational tasks necessary to implement the Tay Cities Deal programme. The income and expenditure of the PMO is summarised in the table below:

	2024/2025 £000	2025/2026 £000
Expenditure	409	390
Income	(473)	(508)
Net Expenditure	(64)	(118)

The PMO is funded from partner local authorities, Higher and Further Education and Research partners. A combined underspend of £206,000 was carried forward to 2026/2027.

Further information can be found at: www.taycities.co.uk

50 Low Emission Zone Statement of Account

Dundee City Council introduced a Low Emission Zone (LEZ) within Dundee city centre on 30th May 2022, with a two year grace period. This means that between 30th May 2022 and 29th May 2024 drivers were not fined for entering the LEZ with a non-compliant vehicle. Enforcement started on Thursday 30th May 2024. All costs incurred to date were incurred as a result of planning, designing and implementing the LEZ. These were funded by various grants as detailed below.

The Dundee City LEZ was introduced to address air pollution in the city centre, mainly nitrogen dioxide (NO2) caused by road traffic. An LEZ is an area where only certain vehicles are allowed to enter based on their emissions standards. Low emission zones have now been introduced in the four biggest cities in Scotland - Aberdeen, Edinburgh, Glasgow and Dundee in line with the legislation issued by the Scottish Government - The Low Emission Zones (Scotland) Regulations 2021.

	2019/2020 £000	2020/2021 £000	2021/2022 £000	2022/2023 £000	2023/2024 £000	2024/2025 £000	2025/26 £000
Expenditure							
Signage				7	89	79	28
IT Consultancy for Enforcement Software			2	2			
Planning			150	341	122		
Computer Software					101	33	12
Consultancy Support (Revenue)	1						
Equipment			1				
Communications							
Design/Development			2				
Postages						56	45
Other Revenue						16	
Staff Costs						125	134
Provision for Doubtful Debts						547	551
Office Improvements						58	
Total Expenditure	1	-	155	350	312	914	770
Income							
Transport Scotland (LEZ) Revenue	1		3			230	
Transport Scotland (LEZ) Capital			152	350	312	123	28
PCN Income (Including outstanding income)						1,388	1,421
Total Income	1	-	155	350	312	1,741	1,449

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the authority.

2024/2025 £000		2025/2026 £000
100,791	Gross Council Tax levied and contributions in lieu	109,765
(92)	Adjustments for prior years Council Tax	(73)
100,699		109,692
	Adjusted for:	
(19,718)	Other discounts and reductions	(21,858)
(13,617)	Council Tax Reduction Scheme	(14,746)
(1,021)	Provision for Non-collection	(1,762)
66,343	Net Council Tax Income per the Comprehensive Income and Expenditure Account	71,326

The calculation of the Council Tax Base 2025/26:

	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Equivalent Dwellings	Ratio to Band D	Band D Equivalents
Band A	28,293	3,213	33	16,633	509	20,689	240/360	13,808
Band B	17,514	1,449	55	8,210	294	13,876	280/360	10,792
Band C	9,989	957	67	3,883	118	8,012	320/360	7,122
Band D	9,836	510	77	3,037	92	8,525	360/360	8,525
Band E	7,839	761	82	1,840	70	6,527	473/360	8,576
Band F	2,638	90	27	514	26	2,395	585/360	3,892
Band G	1,172	17	15	190	20	1,083	705/360	2,121
Band H	42	5	-	9	5	32	882/360	78
TOTAL								54,914
Provision for non-collection (3.2%)								(1,757)
Council Tax Base								53,157

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to Dundee City Council, the band D charge for 2025/2026 was £1,605.34.

Dundee City Council £ per year for 2025/2026:

Band A	£1,070.23
Band B	£1,248.60
Band C	£1,426.97
Band D	£1,605.34
Band E	£2,109.24
Band F	£2,608.68
Band G	£3,143.79
Band H	£3,933.08

National Non Domestic Rates (NNDR) income is collected by local authorities, but all income is then remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to local authorities along with the Revenue Support Grant.

2024/2025 £000		2025/2026 £000
104,958	Gross rates levied and contributions in lieu	103,536
	Less:	
(30,918)	Reliefs and other deductions	(31,689)
(101)	Payments of interest	(219)
(5,092)	Write Off of uncollectable debt and allowance for impairment	(2,303)
68,847	Net Non Domestic Rate Income	69,325
(1,450)	Adjustment to Previous Years' Non-Domestic Rates	(2,274)
67,397	Total Non Domestic Rate Income (before local authority retentions)	67,051
-	Non Domestic Rates Retained by Authority	-
67,397	Contribution to Non-Domestic Rate Pool	67,051

Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £, which is determined each year by the Scottish Government. The basic property rate NNDR poundage set by the Scottish Government for 2025/2026 was £0.498, the intermediate property rate was £0.554, payable when rateable value is between £51,000 and £100,000, and the higher property rate was £0.568, payable when rateable value exceeds £100,000.

	2025/2026 £000
Analyses of Rateable Values:	
Rateable Value at 1/04/2025	186,275
Running Roll (Full Year Rateable Value)	-
Rateable Value at 31/03/2026	197,618
Less: Wholly Exempt	(1,423)
Net Rateable Value at 31/03/2026	196,195
Dundee City Council's Rateable Values at 1 April 2026	£000
Commercial	85,819
Industrial and Freight Transport	36,754
Public Undertakings	7,211
Others	67,834
Total	197,618

Housing Revenue Account - Income & Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2024/2025		2025/2026
£000		£000
Income		
56,671	Dwelling Rents	59,198
851	Non-dwelling Rents	855
4,944	Any Other Income	4,491
62,466	Total Income	64,544
Expenditure		
(28,185)	Repairs and Maintenance	(28,609)
(14,395)	Supervision and Management	(13,758)
(148)	Rent, rates, taxes and other charges	(150)
(33,800)	Depreciation and Impairment on Non-Current Assets	(32,893)
(3,086)	Movement in the Impairment Allowance for Non-Trade Debtors	(3,133)
(79,614)	Total Expenditure	(78,543)
(17,148)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(13,999)
(489)	HRA Services' Share of Corporate and Democratic Core	(439)
(17,637)	Net Cost for HRA Services	(14,438)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
222	Gain or (Loss) on Sale of HRA Non-Current Assets	45
(8,108)	Interest Payable and Similar Charges	(7,085)
-	Impairment of Assets Held for Sale	-
458	Interest and Investment Income	278
15	Pension Interest Cost and Expected Return on Pension Assets	(34)
-	Change in Fair Value of Investment Property	-
695	Capital Grants and Contributions Receivable	1,139
43	Movement in the Impairment Allowance for Trade Debtors	(19)
(24,312)	Surplus or (Deficit) for the Year on HRA Services	(20,114)

Housing Revenue Account - Movement in Reserves Statement

2024/2025		Notes	2025/2026
£000			£000
(24,312)	Surplus or (Deficit) for the Year on HRA Income and Expenditure Statement		(20,114)
20,188	Adjustments between Accounting Basis and Funding Basis Under Statute	1	18,783
(4,124)	Net Increase or (Decrease) Before Transfers to or from Reserves		(1,331)
4,124	Transfers (to) or from Reserves	2	1,331
-	Increase or (Decrease) in Year on the HRA		-
-	Balance on the HRA at the end of the Current Year		-

Housing Revenue Account – Disclosures**1 Adjustments between Accounting Basis and Funding Basis under Statute**

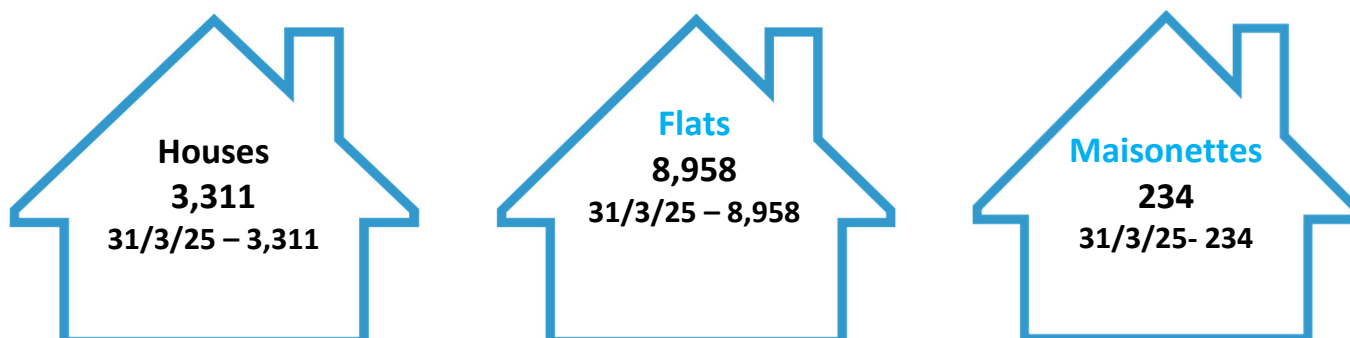
2024/2025 £000		2025/2026 £000
(222)	Gain or loss on sale of HRA non-current assets	(45)
-	- Impairment of Assets Held for Sale	-
	Transfer to/from Revaluation Reserve:	
18,347	* Current Value Element of Depreciation Charge	18,530
	Transfer to/from Capital Adjustment Account:	
15,453	* Depreciation and Impairment - Housing Revenue Account Assets	14,363
(695)	* Capital Grants and Contributions	(1,139)
(12,616)	* Repayment of Debt	(12,580)
-	* Capital Financed from Current Revenue (CFCR)	-
-	- Change in Fair Value of Investment Property	-
(12)	Short Term Accumulating Absences	(4)
16	HRA share of contributions to or from the Pensions Reserve	(269)
(83)	HRA Share of Transfer to/from the Financial Instruments Adjustment Account	(73)
20,188	Total	18,783

2 Transfers (to) or from Reserves

2024/2025 £000		2025/2026 £000
4,574	Transfer (to)/from the Renewal & Repair Fund	1,331
(450)	Transfer from General Fund (Funding for CFCR from Reduced Council Tax Discounts on long-term Empty Properties and Second Homes)	-
4,124	Total	1,331

3 Housing Stock

The Council's housing stock at 31 March 2026 was as follows:

**4 Rent Arrears**

Rent Arrears at 31 March 2026 were £5,206k (£4,638k at 31 March 2025).

5 Impairment of Debtors

In 2025/26 an impairment of £5,675k has been provided in the Balance Sheet for irrecoverable rents, a net increase of £461k from the provision in 2024/25.

6 Voids

The total value of uncollectable void rents was £2,107k (2024/25 £2,076k). This has been netted against rental income.

7 Accumulated Housing Revenue Account Balance

The Renewal & Repair Fund balance at 31 March 2026 was £5,277k, of which £1,861m was earmarked for the Housing Revenue Account.

The Group Comprehensive Income and Expenditure Statement combines the income and expenditure figures of the Council with the Council's share of operating results of those entities in which it has a financial interest.

2024/2025				2025/2026			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	
242,788	(21,908)	220,880	Children & Families Services	245,738	(21,163)	224,575	
279,750	(167,840)	111,910	Dundee Health & Social Care Partnership	273,482	(157,178)	116,304	
113,928	(33,098)	80,830	City Development	186,684	(32,697)	153,987	
39,989	(12,372)	27,617	Neighbourhood Services	37,184	(13,249)	23,935	
5,134	(2,004)	3,130	Chief Executive	2,165	(1,584)	581	
86,206	(49,798)	36,408	Corporate Services	72,175	(44,041)	28,134	
8,456	(8,009)	447	Construction	8,239	(6,003)	2,236	
79,090	(61,942)	17,148	Housing Revenue Account	78,020	(64,021)	13,999	
493	-	493	Discretionary NDR Relief	191	-	191	
1,028	-	1,028	Tayside Valuation Joint Board	1,174	-	1,174	
3,443	222	3,665	Miscellaneous Items	15,324	(752)	14,572	
142	-	142	Common Good Fund	154	-	154	
19,510	(8,166)	11,344	Leisure and Culture Dundee	20,210	(10,147)	10,063	
879,957	(364,915)	515,042	Cost Of Services	940,740	(350,835)	589,905	
		(3,405)	Other Operating Expenditure			1,593	
		35,160	Financing and Investment Income and Expenditure			40,866	
		(484,157)	Taxation and Non-Specific Grant Income			(517,295)	
		62,640	(Surplus) or Deficit on Provision of Services			115,069	
		3,039	Share of (Surplus) or Deficit on Provision of Services of Associates and Joint Ventures			2,927	
		65,679	Group (Surplus) or Deficit			117,996	
		24,585	(Surplus) or Deficit on revaluation of fixed assets			(3,198)	
		317	Impairment losses on non-current assets charged to Revaluation Reserve			-	
		2	(Surplus) or Deficit on Revaluation of available for sale financial assets			49	
		(230)	Notional gain on adoption of IFRS 16			-	
		(5,291)	Remeasurements of the net defined benefit liability (asset)			2,320	
		-	Share of Other Comprehensive Income and Expenditure (Associates)			-	
		19,383	Other Comprehensive (Income) / Expenditure			(829)	
		85,062	Total Comprehensive (Income) / Expenditure			117,167	

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the council, together with the movement in the Council's shares of those entities in which it has a financial interest.

	Revenue Reserves				Capital Reserves				
	General Fund Balance £000	HRA Balance £000	Renewal and Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2024	(96,953)	-	(10,826)	(1,192)	(354)	(2,147)	(111,472)	(979,844)	(1,091,316)
Movement in reserves during 2024/2025									
Total Comprehensive Expenditure and Income	41,367	24,312	-	-	-	-	65,679	19,383	85,062
Adjustments to Usable Reserves Permitted by Accounting Standards	(21,841)	(18,347)	-	-	-	-	(40,188)	40,188	-
Adjustments between Group Accounts and Council Accounts	(5,878)	-	-	-	-	-	(5,878)	(3,324)	(9,202)
Net (Increase)/Decrease before Transfers	13,648	5,965	-	-	-	-	19,613	56,247	75,860
Adjustments between Accounting Basis and Funding Basis Under Regulations	(6,271)	(1,841)	-	-	13	(480)	(8,579)	8,579	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	7,377	4,124	-	-	13	(480)	11,034	64,826	75,860
Transfers to/(from) Other Statutory Reserves	(148)	(4,124)	4,531	(168)	-	(91)	-	-	-
(Increase)/Decrease in 2024/2025	7,229	-	4,531	(168)	13	(571)	11,034	64,826	75,860
Balance at 31 March 2025	(89,724)	-	(6,295)	(1,360)	(341)	(2,718)	(100,438)	(915,018)	(1,015,456)

	Revenue Reserves				Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
	General Fund Balance £000	HRA Balance £000	Renewal and Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
Balance at 31 March 2025	(89,724)	-	(6,295)	(1,360)	(341)	(2,718)	(100,438)	(915,018)	(1,015,456)
Movement in reserves during 2025/2026									
Total Comprehensive Expenditure and Income	97,881	20,115	-	-	-	-	117,996	(829)	117,167
Adjustments to Usable Reserves Permitted by Accounting Standards	(26,881)	(12,587)	-	-	-	-	(39,468)	39,468	-
Adjustments between Group Accounts and Council Accounts	(7,512)	-	-	-	-	-	(7,512)	(261)	(7,773)
Net (Increase)/Decrease before Transfers	63,488	7,528	-	-	-	-	71,016	38,378	109,394
Adjustments between Accounting Basis and Funding Basis Under Regulations	(67,868)	(6,196)	-	-	50	1,055	(72,959)	72,959	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(4,380)	1,332	-	-	50	1,055	(1,943)	111,337	109,394
Transfers to/(from) Other Statutory Reserves	326	(1,332)	1,018	79	-	(91)	-	-	-
(Increase)/Decrease in 2025/2026	(4,054)	-	1,018	79	50	964	(1,943)	111,337	109,394
Balance at 31 March 2026	(93,778)	-	(5,277)	(1,281)	(291)	(1,754)	(102,381)	(803,681)	(906,062)

The Group Balance Sheet shows as at 31 March the assets and liabilities of the Group and combines the Council's assets and liabilities with the Council's share of those entities assets and liabilities in which it has a financial interest.

31 March 2025 £000		31 March 2026 £000
1,921,042	Property, Plant & Equipment	1,814,612
20,855	Heritage Assets	21,020
13,073	Investment Property	5,907
2,675	Intangible Assets	2,577
29	Long Term Investments	29
12,332	Investments in Associates	16,922
7,718	Long Term Debtors	9,267
1,977,724	Long Term Assets	1,870,334
9,676	Short Term Investments	10,812
1,175	Inventories	1,364
67,102	Short Term Debtors	85,901
-	Cash and Cash Equivalents	3,189
4,448	Assets Held for Sale	11,492
82,401	Current Assets	112,758
(183,164)	Short Term Borrowing	(220,000)
(75,110)	Short Term Creditors	(73,802)
(5,964)	Cash and Cash Equivalents	-
(264,238)	Current Liabilities	(293,802)
(3,170)	Provisions	(2,594)
(518,204)	Long Term Borrowing	(515,370)
(28,689)	Pension Liability	(27,387)
(218,824)	Other Long Term Liabilities	(210,361)
(11,544)	Capital Grants Receipts in Advance	(27,516)
(780,431)	Long Term Liabilities	(783,228)
1,015,456	Net Assets	906,062
100,438	Usable reserves	102,381
915,018	Unusable Reserves	803,681
1,015,456	Total Reserves	906,062

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

The notes on pages 116 to 120 form part of the financial statements.

The Group Cash Flow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

2024/2025 £000		2025/2026 £000
62,640	Net (Surplus) or Deficit on the provision of services	115,069
(71,203)	Adjust net (Surplus) or Deficit on the provision of services for non cash movements	(171,746)
3,323	Adjust for items included in the net (Surplus) or Deficit on the provision of services that are investing and financing activities	888
(5,240)	Net cash flows from Operating Activities	(55,789)
117,626	Investing Activities	72,225
(104,389)	Financing Activities	(25,589)
7,997	Net (Increase) or Decrease in cash and cash equivalents	(9,153)
2,033	Cash and cash equivalents at the beginning of the reporting period	(5,964)
(5,964)	Cash and cash equivalents at the end of the reporting period	3,189

1 Impact of Consolidation on Reserves

The impact on total reserves of consolidating group entities is shown in the following tables.

Group Entity	As at 31 March 2026		
	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Dundee City Council (Single Entity)	73,356	800,685	874,041
Elimination of Intra-group balances within single-entity accounts	651	-	651
Tayside Contracts Joint Committee	4,614	3,645	8,259
Common Good Fund	3,322	(364)	2,958
Fleming Trust	8,164	-	8,164
Leisure & Culture Dundee	2,749	(285)	2,464
Dundee City Integration Joint Board	9,525	-	9,525
Total per Group Balance Sheet	102,381	803,681	906,062

Group Entity	As at 31 March 2025		
	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Dundee City Council (Single Entity)	77,746	912,282	990,028
Elimination of Intra-group balances within single-entity accounts	174	-	174
Tayside Contracts Joint Committee	3,434	3,341	6,775
Common Good Fund	3,313	(322)	2,991
Fleming Trust	8,228	-	8,228
Leisure & Culture Dundee	3,101	(283)	2,818
Dundee City Integration Joint Board	4,442	-	4,442
Total per Group Balance Sheet	100,438	915,018	1,015,456

From 2022/2023 a £2m de-minimis on an organisation's net assets / liabilities has resulted in Design Dundee Limited being excluded in terms of being immaterial. From 2023/2024 this has also resulted in Tayside Valuation Joint Board being excluded from the Group in terms of being immaterial.

2 Impact of Consolidation on Cash and Cash Equivalents

The impact on total cash and cash equivalents of consolidating group entities is shown below:

Group Entity	At 31 March 2025 £000	At 31 March 2026 £000
Dundee City Council (Single Entity)	(6,357)	(2,650)
Fleming Trust	393	539
Total per Group Balance Sheet	(5,964)	(2,111)

3 Group Accounting Policies

The group accounting policies are those specified for the single entity financial statements. The accounting policies of all group entities are materially the same as those of the single entity, except as where subsequently stated. The appropriate consolidation adjustments have been made where group entities are not required to prepare their financial statements on an IFRS basis.

4 Group Entities – Basis of Consolidation

The Group Accounts have been prepared using the 'equity' and 'line by line' methods of consolidation, with appropriate summarisation of the Comprehensive Income & Expenditure Statement and Balance Sheet. This involves bringing into the Group Comprehensive Income & Expenditure Statement the Council's share of profits and losses of the group entities and bringing into the Group Balance Sheet the Council's share of the assets and liabilities of the group entities. The impact of consolidating the results of the Council with these entities is as follows:

		2024/2025			2025/2026		
		Group	Net		Group	Net	
Consolidation Basis		Share	Expenditure /	Net Assets /	Share	Expenditure /	Net Assets /
		%	(Income)	(Liabilities)	%	(Income)	(Liabilities)
			£000	£000		£000	£000
Subsidiaries:							
Common Good Fund	Sole Trustee	100.00	(26)	2,991	100.00	(9)	2,958
Fleming Trust	Sole Trustee	100.00	(194)	8,228	100.00	(195)	8,164
Leisure & Culture Dundee (see note below)	100% Control	100.00	10,984	2,818	100.00	9,704	2,464
Associates:							
Tayside Contracts Joint Committee	Share of Business	31.00	-	6,775	30.00	-	8,259
Design Dundee Limited (see note below)	Voting Rights	20.00	-	-	20.00	-	-
Joint Ventures:							
Dundee City Integration Joint Board	Equal Partnership	50.00	3,039	4,442	50.00	2,927	9,525
Total Group Entities			13,803	25,254		12,427	31,370
Dundee City Council (Single Entity)			82,654	990,028		115,987	874,041
Elimination of Intra-group balances within single-entity accounts			(11,736)	174		(11,247)	651
Dundee City Council (Group)			85,062	1,015,456		117,167	906,062

Since 2020/2021, Leisure & Culture Dundee (LACD) has been consolidated as a subsidiary on a "line-by-line" basis. In previous years LACD was consolidated as an Associate on a "net equity" basis. This change in accounting treatment reflects the increased level of financial support and other assurances provided by the Council to LACD in the wake of the Covid-19 pandemic.

From 2022/2023 a £2m de-minimis on an organisation's net assets / liabilities has resulted in Design Dundee Limited being excluded in terms of being immaterial.

On 18 December 2024 Dundee City Council sold its shareholding in Michelin Scotland Innovation Parc.

Subsidiaries:Common Good Fund and Fleming Trust

The Council administers the Common Good Fund for the former Burgh of Dundee. Whilst the Council does not have legal title over the assets of the Fund, they are legally vested in the Council and have therefore been included in the Group Accounts on the basis of applying the principle of faithful representation. Similarly, a charitable trust administered by the Council (the Fleming Trust) has also been included in the Group Accounts. The income, expenditure, assets and liabilities of the Common Good Fund and Fleming Trust have been consolidated as subsidiaries on a "line-by-line" basis in the Group Accounts. Separate details of the Common Good Fund are included on page 121. Separate details of the Fleming Trust are included in Note 39.

Leisure and Culture Dundee

Leisure and Culture Dundee (LACD) is a Scottish Charitable Incorporated Organisation (SCIO) that was established to manage the leisure and cultural facilities owned by the Council and has been in operation since 1 July 2011. The operational responsibility for Dundee Ice Arena was also transferred to LACD from 1 April 2014. In 2020/2021, the organisation was consolidated as a subsidiary on a "line-by-line" basis. In previous years LACD was consolidated as an Associate on a "net equity" basis. This change in accounting treatment reflects the increased level of financial support and other assurances provided by the Council to LACD in the wake of the Covid-19 pandemic. For the purpose of consolidation and disclosure, unaudited accounts to the year ended 31 March 2026 were used.

Associates:Tayside Contracts Joint Committee

Tayside Contracts is a commercially based local authority contracting organisation providing catering, cleaning, roads maintenance, vehicle maintenance and winter maintenance throughout the Tayside area of Scotland. Tayside Contracts operates under a Joint Committee comprising of elected members from Dundee, Angus and Perth & Kinross Councils. Tayside Contracts is accounted for as an "associate" and has been consolidated on a "net equity" basis. For the purpose of consolidation and disclosure, unaudited accounts to the year ended 31 March 2026 were used.

Joint Ventures:Dundee City Integration Joint Board

The Dundee City Integration Joint Board was established 3 October 2015 by a formal legal partnership agreement between the two parent organisations, Dundee City Council and NHS Tayside. It is responsible for the operational management and oversight of delegated health and social care functions with effect from 1 April 2016. The Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Amendment (No 3) Order 2015 provides the regulatory framework for the administration of the Board. It has been accounted for on a "net equity" basis. For the purpose of consolidation and disclosure, unaudited statutory accounts to the year ended 31 March 2026 were used.

5 Non-Material Interests in Other Entities

The Council also has non-material interests in the following other entities:

Tayside Valuation Joint Board

Tayside Valuation Joint Board ("the Joint Board") was established in 1996 as part of the reorganisation of local government. It took over from the Local Authorities in its area certain duties in relation to valuation for rating and council tax. The Joint Board comprises 15 members who are appointed by the three Councils in its area. Dundee City Council nominates 6 members, Perth & Kinross Council 5 and Angus Council 4. Tayside Valuation Joint Board ("the Joint Board") accounted for as an "associate" and has been consolidated on a "net equity" basis. For the purpose of consolidation and disclosure, unaudited accounts to the year ended 31 March 2026 were used.

Design Dundee Limited

Design Dundee Limited (DDL) was established to organise the development and delivery of the V&A Museum of Design Dundee (V&A Dundee). The Council are one of the founder members of the company together with Universities of Dundee and Abertay, Scottish Enterprise and Victoria & Albert Museum. The company is limited by guarantee and is a registered charity. The Council has one officer appointed as a Director to the Board (total number Directors is currently 16) and Dundee City Council is one of the five voting members. The

company has a wholly owned subsidiary, Dundee Design Enterprises Limited (DDE) which was established to organise the commercial activities of the V&A Museum. A £2m de-minimis on an organisation's net assets / liabilities has resulted in Design Dundee Limited being excluded in terms of being immaterial. For the purpose of assessing materiality and whether to consolidated and disclose, unaudited management accounts to 31 March 2026 were used.

Discovery Education Companies (3 companies)

Discovery Education PLC, Discovery Education (Holdings) Limited and Discovery Education (Nominee) Limited were established during financial year 2006/2007 to operate the Dundee Schools PPP Project. The Council has a contract with Discovery Education PLC to carry out the projects works and services. Dundee City Council has a 1.5% shareholding in Discovery Education (Holdings) Limited. The Council owns £7,500 Ordinary B shares of £1 each. These 'B' shares have no rights to participate in the profits of the Company and no distributions of any kind, nor do they carry any voting rights at any general meeting of the company. The Council has an officer appointed as a Director on the Board of the company (total number of directors is 3). The Council also has an officer appointed as a Director on the Board of both the other companies although the Council has no shareholding (total number of directors on both other companies is 3). The Council's interest in these companies is accounted for as an investment in the single entity and group accounts.

There are eight other entities the Council has an interest in but no investment. The nature of the Council's interest is such that the financial results of these entities do not require to be consolidated in the group accounts. These entities are as follows:

Replacement of Baldrigon Academy – Project Delivery Company

An investment of £299,800 has been made by the Council in the Subordinated Debt of the project delivery company (Hub East Central (Baldrigon) Limited), this being the maximum investment that can be made under the revised Hub Design, Build, Finance and Maintain (DBFM) structure. This debt carries an interest rate of 10% and is repayable on a semi-annual basis from 31 March 2021, with a final repayment date of 31 March 2042. This represents 10% of the total sub debt invested in Hub East Central (Baldrigon) Limited ("DBFM Co"). The Council's investment is accounted for as a long term debtor in the single entity and group accounts.

The Council also holds 10 "B" Ordinary Shares in Hub East Central (Baldrigon) Midco Limited ("MidCo") representing a 10% shareholding. DBFM Co is a wholly owned subsidiary of MidCo. The Council has an officer appointed as a Director on the Board of both companies (both companies have a total number of 6 directors).

Dundee Contemporary Arts Limited

The Dundee Contemporary Arts Limited Company was established to operate the Arts Centre in Dundee, which is owned by the Council. There is a lease agreement with the company for the occupation of the Arts Centre. The company is limited by guarantee and the members' liability is limited to a maximum amount of £1. The Council has four elected members and one officer appointed as Directors to the Board (maximum number of Directors is 20).

Dovetail Enterprises (1993) Limited

Dovetail Enterprises Limited was established to provide training and employment for persons with disabilities. The Council provides annual grant funding to this organisation. As a result of significant financial challenges Dovetail Enterprises (1993) Limited the company is subject to Company Administration procedures. Geoff Jacobs and Alistair McAlinden were appointed as Joint Administrators to Dovetail Enterprises (1993) Limited, trading as Dovetail, on 28 March 2025. The administration process is currently close to conclusion and will likely be completed prior to the 31 March 2027.

Tay Cities Region Joint Committee

Tay Cities Region Joint Committee was created in September 2017 to provide suitable governance arrangements for the Tay Cities Deal. The financial results of the Joint Committee have not been consolidated in the Council's Group Accounts on the basis that the transactions and balances were less than the de-minimis amount required for the Council to consider consolidation in the Council's accounts. This treatment will be reviewed in future years to ensure that the Joint Committee is consolidated and disclosed within the Council's accounts when this is material.

Dundee Science Centre

Dundee Science Centre (DSC) was established to advance education by promoting awareness and understanding of science, technology, engineering and mathematics through the establishment and operation of a permanent exhibition and education / learning programmes in DSC and via outreach programmes. The company is a Charitable Company Limited by Guarantee. The Council has one elected member and one officer

appointed as Directors to the Board (total number of Directors is 12). Dundee Science Centre Enterprises Limited is a wholly owned subsidiary of DSC.

Leisure and Culture Dundee Training C.I.C

Leisure and Culture Dundee Trading Community Interest Company (CIC) was established in anticipation of some services being transferred from Leisure and Culture Dundee but this has not yet taken place and there are no imminent plans to do so. The company is currently active. The Council has one officer appointed as a Director to the Board (total number of Directors is 2).

Ardler Village Trust Company

Ardler Village Trust Company was established with the aim of achieving various objectives for the area and residents of Ardler, including advancing education and skills training, promotion of health education, relieving unemployment, alleviating poverty, and prevention of crime. The Council has one elected member and two officers appointed as Directors to the Board (total number of Directors is 8).

The Council administers the Common Good Fund for the former Burgh of Dundee. Common Good Funds came into existence in medieval times when the Crown gave lands to Burghs. The rents and feu-duties on these lands were to be used for the common good, which at that time was the minimal level of public service provided such as public lighting, street cleaning and repairs. Over time, as the level of public services increased, the rates system was introduced as the funding mechanism. The funds still held are to be used for purposes which promote "the general good of the inhabitants".

2024/2025 £000	Income & Expenditure Account	2025/2026 £000
	<u>Income</u>	
(168)	Dividends on Bonds / Shares	(163)
(168)		(163)
	<u>Expenditure</u>	
142	Other Expenditure	154
142		154
(26)	(Surplus)/Deficit for Year	(9)
2025 £000	Balance Sheet as at 31 March	2026 £000
	<u>Current Assets</u>	
2,991	Short Term Investments	2,959
2,991		2,959
	<u>Current Liabilities</u>	
-	Sundry Creditors	-
-		-
2,991	Net Assets	2,959
	Financed By Fund Balances and Reserves	
	Not Available for Use:	
(322)	- Financial Instruments Restatement Reserve	(364)
(322)		(364)
	Available for Use:	
3,313	- Common Good Balance	3,322
2,991		2,959

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

1. SHORT TERM INVESTMENTS

Included within the Short Term Investments figure of £2,958,620 are investments in Bonds to the value of £2,836,292.

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

The Annual Accounts set out on pages 37 to 121 are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Pauline Gillen CPFA
Audit Director
Audit Scotland
4th Floor South Suite, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow G2 1BT

While much of the terminology used in this document is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance.

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

Actuarial Gains and Losses (Pensions)

Changes in actuarial deficits or surpluses that arise because events have not coincided with previous actuarial assumptions or actuarial assumptions have changed.

Asset

An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit to the Council and to the Services it provides for a period of more than one year.

Associate

An entity in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

Balance Sheet

This represents the overall financial position of the Council at the end of the year. All inter-departmental balances have been eliminated upon consolidation.

Capital Adjustment Account

The Capital Adjustment Account relates to amounts set aside from capital resources to meet past expenditure.

Capital Expenditure

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital Financing

The various methods used to finance capital expenditure such as borrowing, leasing, capital receipts, capital grants and use of revenue funding.

Capital Grants and Receipts Unapplied Account

The Capital Grants and Receipts Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. Capital receipts that are available to fund qualifying expenditure on transformation or service redesign projects are also held in this account.

Capital Receipt

Proceeds from the disposal of land or other non-current assets.

Capital Receipts Reserve

The Capital Receipts Reserve represents the proceeds from non-current asset disposals not yet used and are available to meet future capital investment.

Cash Flow Statement

Shows the changes in cash and cash equivalents by detailing the inflows and outflows of cash arising from revenue and capital transactions.

Common Good Fund

Presents a picture of the Council's stewardship of the assets under its control which do not form part of the core financial statements.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal, such as municipal parks.

Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS).

Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities, which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are therefore over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

Council Tax Income Account

Details the gross and net income from Council Tax.

Creditor

Amounts owed by the council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

Debtor

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Discretionary Benefits (Pensions)

Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account, which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from the account.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Events after the Balance Sheet Date

Are those events both favourable and unfavourable that occur between the Balance Sheet date and the date when the Annual Accounts are signed

Expenditure and Funding Analysis

Demonstrates to council tax and rent payers how the funding available to the Council (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices.

Fair Value

The fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

General Fund

The General Fund encompasses all services areas (with the exception of the Council's housing stock) and is funded mainly by Government Grant and Council Tax.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue or capital spend of the Council in general.

Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges.

Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

Group Accounts

Brings together Dundee City Council and its interests in entities which would be regarded as its subsidiaries or associates or joint ventures if the local authority was subject to the Companies Act.

Heritage Asset

An asset with historical, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account

Reflects the statutory requirement to separately account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure, and how these are met by rents, housing support grant and other income.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

Infrastructure Assets

Assets belonging to the council represented by highways, footpaths and bridges.

Insurance Fund

The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes.

Intangible Assets

Non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the scheme liabilities because the benefits are one period closer to settlement.

Inventories

Items of raw materials and stock the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

Liability

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves.

National Non-Domestic Rates Pool

All Non domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

Net Book Value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non Current Assets

These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment etc.

Non Distributed Costs

Costs that cannot be allocated to specific services and are, therefore, excluded from the total cost relating to Service activity in accordance with the Service Reporting code of Practice. Charges for added pension years and early retirement are examples of these costs.

Non-Domestic Rate Income Account

Details the gross and net income from Non-Domestic Rates and the net contribution to the National Non-Domestic Rate Pool.

Notes to the Core Financial Statements and Other Various Accounts

These are intended to give the reader further information which is not separately detailed in the financial statements.

Operating Lease

A lease where the ownership of a non-current asset remains with the lessor.

Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.

Pension Reserve

The Pension Reserve arises from the IAS 19 account disclosures for retirement benefits and recognises the council's share of actuarial gains and losses in the Tayside Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the Comprehensive Income and Expenditure Statement.

Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme liabilities, measured using the 'projected unit method' reflect the benefits that the employer is committed to provide for service up to the valuation date.

Post Employment Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment (e.g. pensions in retirement).

Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.

Public Works Loan Board (PWLb)

A Central Government Agency, which provides loans for one year and above to Councils at interest rates only based on those at which the Government can borrow itself.

Rateable Value

The annual assumed rental of a non housing property, which is for national Non Domestic Rates purposes.

Related Parties

Entities or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Repairs and Renewal Fund

The Repairs and Renewal Fund provides resources for expenditure on the Council's assets.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revaluation Reserve

The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sale.

Revenue Expenditure

The day-to-day running costs associated with the provision of services.

Service Concession Arrangement

A contractual arrangement (or other arrangement that confers similar rights) between a local authority and an operator in which:

- a) the operator uses the service concession asset to provide a public service on behalf of the local authority for a specified period of time, and
- b) the operator is compensated for its services over the period of the service concession arrangement.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy and/or operational decisions.

Soft Loan

A loan made by the Council to another entity at an interest rate significantly below market interest rates.

Subsidiary

An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.



City Chambers
DUNDEE
DD1 3BY

16th June, 2026

Membership

Bailie Kevin Keenan
Bailie Helen Wright
Bailie Fraser Macpherson
Bailie Derek Scott
Bailie Will Dawson
Councillor Jimmy Black
Councillor Stewart Hunter
Councillor Lynne Short

Dear Colleague

You are requested to attend a MEETING of the **SCRUTINY AND AUDIT COMMITTEE** to be held remotely on Wednesday, 24th June, 2026 at 2.00 pm. Substitute members are allowed.

Members of the Press or Public wishing to join the meeting should contact Committee Services on telephone (01382) 434228 or by email at committee.services@dundeecity.gov.uk by 5.00 pm on Monday, 20th April, 2026

Yours faithfully

GREGORY COLGAN

Chief Executive

1 DECLARATION OF INTEREST

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

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

(A) SCRUTINY REPORT ITEMS

2 INSPECTION OF ST PAUL'S RC ACADEMY - Page 1

(Report No 152-2026 by the Interim Executive Director of Children and Families Service, copy attached).

3 SUMMARY OF EXTERNAL CARE INSPECTORATE INSPECTION REPORTS FOR LOCAL AUTHORITY NURSERIES, MAY 2025 TO MARCH 2026 - Page 15

(Report No 150-2026 by the Interim Executive Director of Children and Families Service, copy attached).

4 CARE INSPECTORATE REPORTS ON CHILDRENS' HOUSES - Page 43

(Report No 151-2026 by the Interim Executive Director of Children and Families Service, copy attached).

5 ANNUAL COMPLAINTS REPORT 2025/2026 - Page 81

(Report No 119-2026 by the Chief Executive copy attached).

(B) AUDIT REPORT ITEMS

6 INTERNAL AUDIT REPORTS - Page 107

(Report No 108-2026 by the Chief Internal Auditor, copy attached).

7 INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT - Page 133

(Report No 109-2026 by the Chief Internal Auditor, copy attached).

8 2025/2026 INTERNAL AUDIT ANNUAL REPORT - Page 159

(Report No 110-2026 by the Chief Internal Auditor, copy attached)

9 AUDIT SCOTLAND NATIONAL REPORTS - Page 191

(Report No 31-2026 by the Executive Director of Corporate Services, copy attached).

10 OTHER REPORTS RELEVANT TO THE REMIT OF THE SCRUTINY AND AUDIT COMMITTEE - Page 201

(Report No 112-2026 by the Chief Internal Auditor, copy attached).

11 STRATEGIC RISK REGISTER - Page 205

(Report No 137-2026 by the Executive Director of Corporate Services, copy attached).

**12 ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31ST MARCH, 2026
- Page 221**

(Report No 139-2026 by the Executive Director of Corporate Services, copy attached).

13 DUNDEE CITY COUNCIL - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2026

(Report No 136-2026 by the Executive Director of Corporate Services, copy to follow).

14 SECTION 106 CHARITIES - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2026 - Page 233

(Report No 153-2026 by the Executive Director of Corporate Services, copy attached).

(i) DUNDEE CITY COUNCIL CHARITABLE TRUSTS - Page 275

(Report No 154-2026 by the Executive Director of Corporate Services, copy attached).

(ii) LORD PROVOST OF DUNDEE CHARITY FUND - Page 293

(Report No 156-2026 by the Executive Director of Corporate Services, copy attached).

(iii) FLEMING TRUST - Page 299

(Report No 155-2026 by the Executive Director of Corporate Services, copy attached).

15 2025/2026 SCRUTINY AND AUDIT COMMITTEE SELF ASSESSMENT AND ANNUAL REPORT - Page 315

(Report No 111-2026 by the Chief Internal Auditor, copy attached).

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: INSPECTION OF ST PAUL'S RC ACADEMY

REPORT BY: INTERIM EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE

REPORT NO: 152-2026

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform the Children and Families Committee of the findings of the His Majesty's Inspectorate of Education (HMIE) inspection of St Paul's RC Academy in December 2025.

2.0 RECOMMENDATION

- 2.1 It is recommended that the Scrutiny and Audit Committee notes:
- a. the findings and key messages of the external inspection; and
 - b. the arrangements in place to monitor progress towards meeting the areas for improvement identified in the report.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from the agreement of this report.

4.0 BACKGROUND

- 4.1 Schools and Early Learning and Childcare settings are subject to external scrutiny. Secondary schools are inspected by His Majesty's Inspectors of Education using national inspection frameworks. Inspection reports set out strengths, areas for improvement and an evaluation of the school's capacity to improve.
- 4.2 St Paul's RC Academy was inspected by His Majesty's Inspectors of Education in December 2025. A full model inspection was undertaken, evaluating four quality indicators from *How Good Is Our School? (Fourth Edition)*:
- Leadership of change
 - Learning, teaching and assessment
 - Ensuring wellbeing, equality and inclusion
 - Raising attainment and achievement
- 4.3 Safeguarding was considered as part of the inspection. A Health and Nutrition Inspector also contributed to the inspection as part of national sampling arrangements.
- 4.3 HMIE published the inspection report on 31 March 2026.
- 4.4 St Paul's RC Academy is a denominational secondary school located in the City of Dundee. At the time of inspection, the school roll was 1059 young people.
- 4.5 The school's current Head Teacher has been in post for three years and is supported by three Deputy Head Teachers.
- 4.6 Approximately 53% of pupils live in SIMD deciles 1 and 2. Around 53% of pupils require additional support for learning. Approximately 33% are registered for free school meals. The school's Pupil Equity Fund allocation is £232,750.

5.0 KEY INSPECTION FINDINGS

5.1 Inspectors identified the following key strengths in the school's work (with further detail provided in Appendix 1):

- The Head Teacher provides clear and effective leadership with a strong focus on relationships and wellbeing
- Young people are respectful, motivated and demonstrate a strong sense of belonging
- Learning and teaching is supported through consistent whole-school approaches
- Staff work effectively to address barriers to learning and support pupils' progress
- Almost all young people achieve literacy and numeracy qualifications by the time they leave school

5.2 Inspectors identified the following areas for improvement:

- Senior and middle leaders should strengthen approaches to evaluating improvement activity and ensure a clearer focus on improving outcomes
- Teachers should continue to develop learning and teaching approaches to ensure they are consistently engaging, creative and effective
- A clear whole-school strategy should be developed to raise attainment and strengthen the curriculum
- Further work is required to improve attendance by addressing barriers experienced by young people

6.0 INSPECTION EVALUATIONS AND FOLLOW-UP

6.1 HMIE evaluated the school against the four quality indicators outlined in paragraph 4.2 using the national six-point scale.

6.2 The evaluations for St Paul's RC Academy are as follows:

- Leadership of change – Satisfactory
- Learning, teaching and assessment – Good
- Ensuring wellbeing, equality and inclusion – Good
- Raising attainment and achievement – Satisfactory

6.3 HM Inspectors confirmed that they are confident in the school's capacity to continue to improve and, as a result, no further inspection visits will be undertaken in connection with this inspection.

6.4 Full details of the inspection findings, including the inspection report and detailed evidence across each quality indicator, are provided in the appendices.

6.5 St Paul's RC Academy is incorporating the identified areas for improvement within its School Improvement Plan (2026/27 and beyond). Progress will be monitored through the school's quality improvement processes and reporting arrangements.

6.6 The school will continue to be supported and challenged through the Education service's School Improvement Framework. This includes:

- regular engagement with the link Quality Improvement Officer to review progress against inspection findings
- ongoing self-evaluation and improvement activity aligned to school and departmental improvement plans
- participation in Every Dundee Learner Matters collaborative improvement strategy, including engagement in School Improvement Partnerships
- ongoing monitoring of progress through established service-level quality assurance and improvement arrangements

- 6.7 Progress will be reported through the school's Standards and Quality Report and through ongoing engagement with the local authority.

7.0 POLICY IMPLICATIONS

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

8.0 CONSULTATIONS

- 8.1 The Council Leadership Team has been consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

- 9.1 None.

Glyn Lloyd
Interim Executive Director of Children and Families Service
Chief Social Work Officer

Author:

Paul Fleming
Head of Education, Learning and Inclusion
Chief Education Officer

MAY 2026

This page is intentionally left blank

APPENDIX 1

Dundee City Council

Children and Families Service

Scrutiny and Audit Committee Report Summary Notes

Inspection and Reporting

Inspection Agencies	HMIE
Report Publication Date	31 st March 2026
Name of Establishment	St Paul's RC Academy
Sector	Secondary
Name of Head Teacher	Mrs Kirsty Small
Roll	1059

Inspection Outcomes 2026

Quality Indicator	St Paul's RC Academy
1.3 Leadership of change	Satisfactory
2.3 Learning, teaching, and assessment	Good
3.1 Ensuring wellbeing, equality & inclusion	Good
3.2 Raising attainment and achievement	Satisfactory

The reports use the following word scale:

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

Inspection Outcomes December 2025

Key Strengths for School
• The headteacher who leads the school well. She has a clear focus on positive relationships and wellbeing across the whole school community. She has worked with all staff and young people to create a positive, calm and nurturing environment for learning, firmly based on the school's Gospel values. • Young people who are respectful, well-mannered and proud to be pupils at St Paul's. They appreciate the high levels of encouragement and support that they receive to do their very best. They have a strong sense of belonging in the school. • Teachers provide a strong foundation for high quality learning through the implementation of the "St Paul's RC Academy Standards for Learning, teaching and assessment". As a result, young people experience lessons which are well structured and consistent. • Senior leaders and staff who work together well to ensure they address barriers to learning. Young people are well supported to access their learning and experiences. As a result, almost all young people achieve qualifications in literacy and numeracy, by the time they leave school.

Areas for Improvement for School
• Senior and middle leaders should continue to work with staff to improve approaches to evaluating the improvement work of the school. This will help to foster a more ambitious and aspirational culture for young people. All staff should have a clearer understanding of how they can contribute to improving outcomes for young people. • Teachers should continue to develop approaches to planning and delivering creative, innovative and engaging learning experiences. They should maximise the use of digital resources within lessons to inspire and motivate young people. • Senior leaders should develop a whole-school strategy for raising attainment in partnership with all staff, parents, young people and partners. They should also progress with their work in developing a refreshed curriculum. • Senior leaders and staff should continue to work with the school community to remove barriers to young people's attendance at school.

Synopsis – Summary of Inspection Findings

Following publication of the inspection reports (see Appendix 3) and the Summarised Inspection Findings for St Paul's RC Academy (see link below), the school's next Improvement Plan 2026/27 will reflect the areas for improvement identified by HMIE and Care Inspectorate and provide a clear strategic focus for related school improvement.

The following strengths and areas for improvement were highlighted within each of the quality indicators.

St Paul's RC Academy

QI 1.3 - Leadership of change
Strengths • Strong, compassionate leadership: The headteacher is highly respected and provides caring, effective leadership with a clear focus on wellbeing for young people and staff. • Clear vision and values: The school vision and FAIR values (fairness, ambition, inclusion and respect), rooted in Gospel values, are well embedded, consistently modelled, and positively influence behaviour and engagement. • Collaborative improvement planning: Senior and middle leaders work together effectively through aligned School Improvement Plans (SIP) and Departmental Improvement Plans (DIP), supporting coherence across the school. • Effective use of Pupil Equity Funding (PEF): PEF is well planned and targeted to reduce barriers to learning, particularly for young people facing socio-economic disadvantage, with demonstrable positive impact. • Culture of self-evaluation and collaboration: Staff engage well in professional dialogue, teacher enquiry, and collaborative self-evaluation, including sharing effective practice with other schools.

- **Strong professional learning:** Whole-school professional development, including trauma-informed and nurture-based practice, is well chosen and enhances young people's experiences.
- **Growing leadership opportunities:** Senior pupils increasingly take on leadership roles in assemblies, clubs, departments, and pastoral groups, contributing positively to school life.
- **Positive partnerships:** Constructive partnership working with Skills Development Scotland supports career guidance and planning for learners.

Areas for Development

- **Improve departmental planning quality:** Senior leaders should provide clearer guidance and greater challenge to ensure self-evaluation process and DIPs contain strategic, measurable priorities, particularly around attainment.
- **Improve timing of professional review:** Professional review and development discussions should be more closely aligned with the school improvement cycle to maximise impact.
- **Increase young people's voice and leadership opportunities:** Pupil council work should be more visible, systematic, and inclusive, ensuring all young people feel their views are heard and valued. Opportunities for leadership should be extended across all stages and areas of school improvement.
- **Strengthen curriculum and Developing the Young Workforce (DYW) coherence:** A fully coherent curriculum strategy is needed to consistently embed DYW priorities, improve progression pathways, and raise attainment across all stages.

QI 2.3 - Learning, teaching and assessment

Strengths

- **Positive relationships and climate for learning:** Warm, caring and nurturing relationships are evident across the school, underpinned by well-embedded FAIR values that promote readiness to learn.
- **Consistent classroom routines:** Agreed approaches such as staff greeting learners and effective starter activities support engagement and calm learning environments.
- **Shared understanding of high-quality learning and teaching:** The *St Paul's RC Academy Way* and *Standards for Learning, Teaching and Assessment* support increasingly consistent classroom practice.
- **Strong learner engagement:** Almost all young people are focused, motivated and behave well in lessons, with low-level disruption handled sensitively and effectively.
- **Clear lesson structure:** Teachers plan well-resourced, purposeful lessons with clear explanations and questioning to check understanding.
- **Developing effective questioning and digital practice:** In some classes, highly effective questioning promotes higher-order thinking and creative use of digital technology enhances learning.
- **Support for learners' needs:** Teachers know learners well and provide appropriate adaptations, supported very effectively by support for learning staff.
- **Strong assessment and moderation practice:** Robust approaches to assessment, moderation and verification, particularly in the senior phase, support accurate professional judgement.
- **Effective senior-phase support:** Young people understand expectations and progress towards SQA targets; teaching teams work collaboratively to plan learning.
- **Improving digital access to learning:** Online platforms are used increasingly well to share resources and support learning beyond the classroom.

Areas for Development

- **Increase consistency in classroom practice:** to ensure planning meets the needs of highest-attaining learners as well as those requiring additional support.
- **Develop digital learning further:** Embed real-world contexts and the meta-skills framework and share effective digital practice and improve connectivity and use of assistive technologies.
- **Increase learner ownership:** Provide more opportunities for learners to lead their learning, make choices, and engage in high-quality self- and peer-assessment.

QI 3.1 - Ensuring wellbeing, equality and inclusion

Strengths

- **Strong nurturing ethos:** Young people experience a positive, caring, and inclusive climate underpinned by well-embedded school values. Most feel safe, supported, and have a strong sense of belonging.
- **Supportive relationships:** Staff know young people well, respond sensitively to wellbeing concerns, and act quickly to secure appropriate support.
- **Effective wellbeing education:** A progressive PSE programme supports learners' understanding of wellbeing, healthy lifestyles, positive relationships, and personal safety.
- **Highly effective support structures:** Senior leaders, guidance, and support for learning staff work very well together through house teams to identify needs and implement timely, effective interventions.
- **Strong partnership working:** External partners such as Place2Be, mentoring services, Police Scotland and NHS partners enhance wellbeing support and learning experiences.
- **Trauma-informed and inclusive practice:** Professional learning in nurture, trauma-sensitive approaches, and inclusive practice is strengthening staff capacity to meet diverse needs.
- **Robust policies and procedures:** Clear approaches to relationships for learning, anti-bullying reporting, and additional support needs are well understood by staff.
- **Targeted support for vulnerable groups:** Care-experienced young people, young carers, and those needing enhanced or short-term support receive strong, personalised care.
- **Rights-based culture:** The school's Rights Respecting work is well embedded, nationally recognised, and contributes positively to inclusion and respect.
- **Welcoming school community:** New pupils from diverse backgrounds feel welcomed and quickly included

Areas for Development

- **Track and monitor wellbeing and attendance:** Introduce and embed an online wellbeing tracking tool to identify trends, target interventions, and measure impact more effectively.
- **Increase cultural responsiveness:** Further embed equality, inclusion, children's' rights and diversity across the curriculum through more inclusive resources, groups, and lesson content.
- **Monitor inclusive practice consistently:** Ensure inclusive classroom practice is evaluated regularly to sustain consistency across the school.

QI 3.2 - Raising attainment and achievement

Strengths

- **Strong overall literacy and numeracy outcomes:** Almost all young people leave school with qualifications in literacy and numeracy.
- **Improving numeracy attainment:** Attainment at SCQF level 5 has improved over time, with strong results in National 5 Mathematics and Applications of Mathematics, often above national averages for A–C passes.
- **Effective senior-phase assessment and moderation:** Robust verification processes and staff expertise, including SQA roles, support accurate professional judgement.
- **Positive outcomes for lower and middle attainers:** By S5 and S6, lower- and middle-attaining learners often perform in line with or above virtual comparators.
- **Strong equity work:** Effective use of Pupil Equity Funding (PEF) helps reduce barriers related to poverty, attendance and wellbeing, contributing to narrowed attainment gaps.
- **Positive destinations:** Almost all leavers move into positive destinations, with improving outcomes overall.
- **Wider achievement opportunities:** Young people gain additional qualifications and awards that support employability, confidence and skills development.

- **Targeted support for vulnerable learners:** ASN learners, SIMD groups, and those facing attendance challenges receive well-planned, focused support.

Areas for Development

- **Raise expectations in literacy, particularly reading:** Attainment in reading at CfE fourth level and SCQF level 6 requires urgent improvement. Increase presentation rates and attainment at N5 and Higher English, particularly at A grades.
- **Strengthen attainment tracking in S1–S3:** Develop a clearer, strategic overview of progress and attainment over time, underpinned by stronger moderation.
- **Increase challenge for high-attaining learners:** Outcomes for the highest-attaining 20% are inconsistent, particularly by S5 and S6.
- **Track wider achievement more systematically:** Develop a strategic approach to widening participation in leadership and achievement opportunities.

Key activity to date has included the following:

Leadership of Change:

- Middle Leaders are undergoing training around effective self-evaluation including analysis of data. Five Middle Leaders have already attained training around analysis of attainment. The Data Analysis Enquiry Group will take this forward to support staff and to analysis whole school data further.
- Planned and targeted support of the Pedagogy Team to review the Curriculum Rationale for the School. This will then follow on to our Presentation Policy and newly created Positive Destination Policy.
- Review of the Working Time Agreement through the Staff Consultative Committee and the Quality Assurance Calendar to plan meaningful time to support and challenge departments with Strategic Planning.
- Enquiry Groups to have direct links to the School Improvement Plan via Priorities and Actions listed. End of Session Showcase planned in Every Dundee Learner Matters (EDLM) approach during the In-Service Day.
- Leadership opportunities to be monitored for young people. Tracked and strengthened via the use of the pilot Pupil Tracing “Participating” tool. All departments to include Leadership opportunities for young people in the Department Improvement Plans for 2026/27.
- Pupils Council structure to change to include a Class Rep and a revised House Captain Structure to support this.

Learning, Teaching and Assessment

- Quality Assurance Calendar to revise Classroom Support Visits to included Peer observations from identified areas of development
- Co-ordinated CLPL Calendar following a meeting with the Pedagogy Team to ensure there are twilight sessions available through the year both in house and out with to meet staff development needs.
- Stakeholder consultation allocation of PEF to improve Digital Approach across the school this includes laptop and Promethium Board allocation across all departments.
- Use of data in Broad General Education (BGE), Achievement of Curriculum for Excellence Levels (ACEL) and National Standardised Assessments (NSA) data to identify pupils to ensure challenge for the highest attaining 20%.

Ensuring Wellbeing, Inclusion and Equality

- Mentors in Violence Prevention Ambassadors to start work next session with S5 pupils delivering to BGE cohorts to develop a mentorship approach.
- Restructuring of Inclusion Room with regards to staffing and timetabling of supports. This will help to target specific groups at time of the week for them to feel more secure in coming in for support and improve attendance. Nurture training organised for an identified member of Staff. Inclusion Room

facilitated by Supporting Learner's Staffing. Changes based on feedback from staff and young people on current practice.

- Culture Day planned for the 17th of June. Partnerships with families to help support this event. Led by the Pupil Council and young ambassadors across year groups. Visits have been made to other schools to see examples of good practice.
- Learning and Teaching Enquiry Group to continue to look at Universal Support Strategies to help all to benefit such as the Stuck Toolkit.
- Work to continue with Dundee Educational Psychology Service (DEPS) around Relationships for Learning: Routines Pilot. This is in its early stages and planning for Sessions 2026/27 to trial.
- Continue to evaluate the school's approach to inclusive practice through use of the Dundee Standard of Inclusive Practice.
- Review of all School Policies in consultation with our young people; to be focused around the UNCRC. This will help move towards Gold Rights Respecting School in the next 3 years (in line with recommendations from achieving Silver Award this session. This has already been achieved with our Relationships for Learning Policy. This needs to be added to each Department Improvement Plan also as a priority.

Raising Attainment and Achievement

- Improvement in Literacy has begun with a sustained projected uptake in Higher English this session with four Highers classes. This has been the case for the current session also. A new Presentation Policy will consider the proposal of those returning to S5 must take the next level of Literacy that is appropriate to their abilities. The intention would be that young people would be encouraged to leave school with nothing less than a National 5 in English/Literacy.
- New partnerships being developed with the Community Campus librarian team to help encourage readership from S1 onwards. This will also include intensive work with S1 and looking to establish our school as a "Reading School". This would be encouraging readers to support young people in our Cluster Primaries. (Via SQA Work Experience Programme and Reading Ambassadors in the BGE).
- The school continues to take part in the pilot for Children and Young People's Improvement Collaborative (CYPIC) for the first Secondary school in Dundee. This will help to improve Literacy via a focus on writing.
- Highest 20% of attaining learners are being challenged with regards to course choice to maximise potential and overall attainment. Deep dive analysis of attainment data and NSA S3 data to identify targeted group. Encouragement for progression to Level 6/Higher as opposed to horizontal moving amongst National 5.
- Review of Curriculum Rationale and Presentation policies will support the improvement around progression pathways from S3 to s4 to help maximise attainment.
- Further Training on use of various attainment tools are being implemented along with making use of the new Pupil Tracking Tool and its capabilities. This will also involve regular tracking throughout year to ensure early intervention can be taking place across departments and year groups.
- Tracking of wider achievement to be implemented via a pilot of the new Pupil Tracking System and the Participation Tool. This will be used during Learning and Achievement Meetings which take place for all young people to which parents/carers are invited. This will allow us to identify gaps and opportunities of leadership in the school community.

Full details of St Paul's RC Academy Summary of Inspection Findings are available at:
[St Paul's RC Academy summarised inspection findings, Dundee City Council 31/03/26](#)

Explanation of terms of quantity

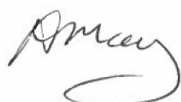
The following standard Education Scotland terms of quantity are used in this report:

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

Audrey May
Executive Director

Paul Fleming
Chief Education Officer

Signed



Audrey May, Executive Director of Children and Families Service
Paul Fleming, Head of Service (Chief Education Officer)

This page is intentionally left blank

APPENDIX 2



31 March 2026

Dear Parent/Carer

In December 2025, a team of HM Inspectors of Education visited St Paul's RC Academy. During our visit, we talked to parents/carers and young people and worked closely with the headteacher and staff.

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

- The headteacher who leads the school well. She has a clear focus on positive relationships and wellbeing across the whole school community. She has worked with all staff and young people to create a positive, calm and nurturing environment for learning, firmly based on the school's Gospel values.
- Young people who are respectful, well-mannered and proud to be pupils at St Paul's. They appreciate the high levels of encouragement and support that they receive to do their very best. They have a strong sense of belonging in the school.
- Teachers provide a strong foundation for high quality learning through the implementation of the "St Paul's RC Academy Standards for Learning, teaching and assessment". As a result, young people experience lessons which are well structured and consistent.
- Senior leaders and staff who work together well to ensure they address barriers to learning. Young people are well supported to access their learning and experiences. As a result, almost all young people achieve qualifications in literacy and numeracy, by the time they leave school.

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

- Senior and middle leaders should continue to work with staff to improve approaches to evaluating the improvement work of the school. This will help to foster a more ambitious and aspirational culture for young people. All staff should have a clearer understanding of how they can contribute to improving outcomes for young people.
- Teachers should continue to develop approaches to planning and delivering creative, innovative and engaging learning experiences. They should maximize the use of digital resources within lessons to inspire and motivate young people.

- Senior leaders should develop a whole-school strategy for raising attainment in partnership with all staff, parents, young people and partners. They should also progress with their work in developing a refreshed curriculum.
- Senior leaders and staff should continue to work with the school community to remove barriers to young people's attendance at school.

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

Here are HMIE's evaluation of St. Pauls Academy

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

A more detailed document called Summarised Inspection Findings (SIF) will be available on the HMIE website at: [St Paul's RC Academy | Inspection Report | His Majesty's Inspectorate of Education in Scotland](#)

What happens next?

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

Teri McIntosh
 HM Inspector

On behalf of His Majesty's Chief Inspector of Education in Scotland

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: SUMMARY OF EXTERNAL CARE INSPECTORATE INSPECTION REPORTS FOR LOCAL AUTHORITY NURSERIES, MAY 2025 TO MARCH 2026

REPORT BY: INTERIM EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE

REPORT NO: 150-2026

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide a summary of Care Inspectorate (CI) inspection reports for Dundee City Council nurseries from May 2025 to March 2026.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the summary of external inspection reports by the Care Inspectorate.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

4 BACKGROUND

- 4.1 Two settings were inspected by the Care Inspectorate between May 2025 and March 2026: Frances Wright Nursery and St Mary's RC Nursery Class.

- 4.2 Frances Wright Nursery was inspected prior to September 2025 using *A quality framework for daycare of children*. The inspection evaluated four core quality indicators, all of which were graded Very Good (5):

- How good is our care, play and learning? – Very Good (5)
- How good is our setting? – Very Good (5)
- How good is our leadership? – Very Good (5)
- How good is our staff team? – Very Good (5)

- 4.3 St Mary's RC Nursery Class was inspected after September 2025 using *A quality improvement framework for the early learning and childcare sectors*. Three quality indicators were evaluated, all graded Very Good (5):

- Children play and learn – Very Good (5)
- Children are supported to achieve – Very Good (5)
- Leadership – Very Good (5)

- 4.4 All evaluated quality indicators across both settings were graded at least Very Good (5).

- 4.5 Across both inspections, inspectors found that:

- 4.6 Children experienced consistently positive, nurturing, and responsive interactions from staff.

- Staff knew children well and supported their individual needs effectively.
- Learning environments supported a balance of planned and child-led experiences.

- 4.7 Children were supported to influence their play and learning.

-
- 4.8 Self-evaluation and quality assurance arrangements were effective and supported continuous improvement.
 - 4.9 Strong partnership working with families and communities supported children's wellbeing
 - 4.10 No requirements or areas for improvement were identified across either inspection.
 - 4.11 Inspectors identified a small number of areas for further development, including:
 - refining aspects of mealtime organisation
 - strengthening evaluation of staff professional learning
 - improving approaches to capturing children's views, including non-verbal communication
 - 4.12 Copies of the full inspection reports are included in the appendices.

5 POLICY IMPLICATIONS

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

6 CONSULTATION

- 6.1 The Council Leadership Team has been consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 None.

Glyn Lloyd
Interim Executive Director of Children and Families Service
Chief Social Work Officer

Author:

Paul Fleming
Head of Education, Learning and Inclusion
Chief Education Officer

MAY 2026

APPENDIX 1**SUMMARY REPORTS FOR TWO NURSERIES**

St Mary's RC Nursery	Inspection by Care Inspectorate	Latest Grade Awarded		Grading History
	Theme	February 2026	Theme	November 2018
	Children play and learn	5 - Very Good	Quality of care and support	5 - Very Good
	Children are supported to achieve	5 - Very Good	Quality of environment	5 - Very Good
	Leadership	5 - Very Good	Quality of management and leadership	Not assessed
			Quality of staffing	Not assessed

Summary

- The vision and values of the service were clearly embedded and consistently reflected throughout the inspection. Children, families, and staff were actively involved in shaping these.
- A well-established ethos of self-evaluation contributed to high quality care, play, and learning. Change was well planned, informed, and evaluated. This ensured it was meaningful and at the right pace for children to thrive.
- Work to promote children's and families' understanding of UNCRC (United Nations Convention of the Rights of the Child) rights and Makaton was a strong focus. Children were empowered to make decisions and take responsibility for designing their learning spaces.
- One parent commented, "Overall the nursery is fantastic!!! Which is down to the care, support, and knowledge from the staff." Another said, "We are often asked for feedback and ideas." This evidenced that families' voices were valued and acted upon.
- Interactions were warm, kind, nurturing, and fun. Staff had formed strong attachments and knew each child's needs very well.
- Children shaped their play spaces through regular reviews and planning discussions. Floor books showed children's ownership and influence on nursery developments.
- Strong community links enriched children's wellbeing and development.
- Staff created a warm, nurturing, and emotionally supportive environment that helped children feel secure and valued. Their calm, caring and responsive interactions supported children to express their feelings and build early self-regulation skills.
- The curriculum and environment promoted children's rights and identity very effectively. Staff used the UNCRC (United Nations Convention on the Rights of the Child) to guide interactions and decision making.
- Strong partnership working with families enhanced children's care and support.

Area(s) to develop**Care Inspectorate noted:**

- We suggested extending peer moderation to further consider individual staff strengths and areas for development.
- We suggested strengthening how nonverbal voices were recorded. More consistent recording gestures and preferences would support children to feel included.

- Lunchtime was relaxed and unhurried, however longer waiting times reduced opportunities to consistently build independence. The team recognised this and planned to strengthen practice further to support children's developing life skills.

Frances Wright Nursery	Inspection by Care Inspectorate	Latest Grade Awarded		Grading History
	Theme	May 2025	Theme	May 2019
	How good is our care, play and learning?	5 - Very Good	Quality of care and support	6 - Excellent
	How good is our setting?	5 - Very Good	Quality of environment	6 - Excellent
	How good is our leadership?	5 - Very Good	Quality of management and leadership	5 - Very Good
	How good is our staff team?	5 - Very Good	Quality of staffing	5 - Very Good

Summary

- Children experienced kind, warm and caring interactions from staff. They knew children well and were responsive to their needs, wants, and cues.
- A parent told us, "The staff are friendly, open and always willing to help."
- A balance of planned and spontaneous activities were available to children. Children's interests were well considered and influenced resources available to them.
- Children's learning was documented within their individual journals that they had access to as they wished. They were proud to show visitors and their families their learning.
- Children were confident to take ownership of their play and learning and celebrated their achievements with others.
- Children had opportunities to explore their local community. For example, walks to local parks, visits to the Urban Beach, Science Centre, and Camperdown Park.
- Children's individual needs were further developed with the use of carefully planned spaces throughout the service.
- Children and families benefitted from a manager and staff team who were enthusiastic and committed to delivering quality experiences for them.
- Quality assurance systems were in place that helped the management team deliver a quality service.
- A meaningful improvement plan was in place with clear priorities, for example outdoor learning.
- Staff were passionate and spoke proudly about their roles and how these impacted children's learning. As a result, children's play and learning experiences were enhanced.
- Children's daily experiences were supported by a staff team with a mix of knowledge, skills, and experiences.

Area(s) to develop**Care Inspectorate noted:**

- Most children experienced a relaxed, sociable, and unhurried mealtime. We discussed different ways with the management team how this experience could be developed further. For example, providing more space on tables where children were eating.
- An overview training plan supported the management team to identify where further training was needed. We discussed ways staff could evaluate training they had taken part in. This would further support staff to reflect on what they had learnt and how it would improve children's outcomes and experiences.

This page is intentionally left blank

APPENDIX 2



St. Mary's RC Primary Sch Nursery - Dundee Day Care of Children

St. Mary's Lane
Lochee
Dundee
DD2 3AQ

Telephone: 01382 436 707

Type of inspection:
Unannounced

Completed on:
6 February 2026

Service provided by:
Dundee City Council

Service provider number:
SP2003004034

Service no:
CS2003015784



This page is intentionally left blank

Inspection report

About the service

St Mary's RC Primary School Nursery provides a daycare of children service in Dundee. The service is registered to provide care to a maximum of 34 children between the ages of three years and those not yet attending primary school.

Children have access to a cosy indoor space and fully enclosed garden. The service is based in a residential area of Lochee in Dundee and is close to shops and other amenities.

About the inspection

This was an unannounced inspection which took place on 05 February 2026 between 08:40 and 16:30. Feedback was shared with the service on 06 February 2026. This inspection was carried out by two inspectors from the Care Inspectorate.

To prepare for the inspection we reviewed information about this service. This included previous inspection findings, registration and complaints information, information submitted by the service and intelligence gathered throughout the inspection year. To inform our evaluation we:

- spoke/spent time with 20 young people using the service
- received ten completed questionnaires from families using the service
- spoke with five staff and the managers
- assessed core assurances, including the physical environment
- observed practice and daily life
- reviewed documents.

As part of our inspections, we assess core assurances. Core assurances are checks we make to ensure children are safe, the physical environment is well maintained and that a service is operating legally. At the time of this inspection, no improvements were identified relating to core assurances.

During this inspection we gathered specific information to help us understand more about how services support children's safety, wellbeing and engagement in their play and learning. This included reviewing the following aspects:

- staff deployment
- safety of the physical environment, indoors and outdoors
- the quality of personal plans and how well children's needs are being met
- children's engagement with the experiences provided in their setting.

This information will be anonymised and analysed to help inform our future work with services.

Inspection report

Key messages

- Children experienced warm, nurturing relationships that helped them feel safe, valued, and confident within the setting.
- Children benefitted from high quality play and learning experiences, indoors and outdoors, which supported exploration, creativity and steady progress.
- Children's rights, voice, and identity were embedded throughout daily experiences, promoting belonging, inclusion and empowered participation.
- Families were valued partners, and their contributions strengthened continuity of care and supported positive outcomes for children.
- Strong leadership and a reflective, skilled staff team drove continuous improvement, ensuring consistently high quality experiences for children.

From this inspection we evaluated this service as:

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

Leadership	5 - Very Good
Children play and learn	5 - Very Good
Children are supported to achieve	5 - Very Good

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

Inspection report

Leadership 5 - Very Good

Quality Indicator: Leadership and management of staff and resources

We found major strengths in this aspect of the setting's work and identified very few areas for improvement; therefore, we evaluated this quality indicator as **very good**.

The vision and values of the service were clearly embedded and consistently reflected throughout the inspection. Children, families and staff were actively involved in shaping these. This demonstrated high aspirations that were grounded in nurture, respect, equality and kindness. One parent commented, "The staff in the service make the nursery an excellent place for my child to nurture and grow." As a result, children knew they mattered, felt safe and were confident within the setting.

Children benefitted from a strong, passionate and reflective staff team. Staff were proud of the journey they had taken together and demonstrated a clear commitment to one another, to children and to families. A well established ethos of self evaluation contributed to high quality care, play, and learning. Change was well planned, informed, and evaluated. This ensured it was meaningful and at the right pace for children to thrive.

Leadership fostered a culture of trust and autonomy, which enabled staff to actively contribute to the improvement agenda. Work to promote children's and families' understanding of UNCRC (United Nations Convention of the Rights of the Child) rights and Makaton was a strong focus. Children were empowered to make decisions and take responsibility for designing their learning spaces. For example, consultation activities showed how children influenced developments within the construction and home areas. This supported a sense of belonging, ownership, and pride.

Staff consistently engaged in self-evaluation using best practice guidance. They had recently begun using the new A Quality Improvement Framework for the Early Learning and Childcare Sectors. Quality assurance processes were robust. Timely audits and peer moderation activities supported meaningful reflection, identified areas for review, and informed measurable improvements. We suggested extending peer moderation to further consider individual staff strengths and areas for development. This would continue to enhance professional practice and outcomes for children.

Families' views were central to driving positive change within the service. A variety of methods were used to gather feedback and communicate where changes had been made. One parent commented, "Overall the nursery is fantastic!!! Which is down to the care, support, and knowledge from the staff." Another said, "We are often asked for feedback and ideas." This evidenced that families' voices were valued and acted upon.

A skilled and stable staff team had been maintained over time, ensuring continuity of care for children. Induction checklists were shared with students to support their understanding of the service's high expectations. As a result, children and families benefitted from consistent relationships and predictable support.

Staff worked effectively together and demonstrated flexibility to meet children's needs. Accurate registers were maintained, and consistent messaging through SIMOA (Safety, Inspect, Monitor, Observe, Act) supported children's safety. This meant that children experienced a safe and well managed environment.

Inspection report

Children play and learn 5 - Very Good

Quality Indicator: Playing, learning and developing

We found major strengths in this aspect of the setting's work and identified very few areas for improvement; therefore, we evaluated this quality indicator as **very good**.

Children were busy, happy, and fully engaged in their play and learning. Staff used open questioning and wondering aloud to extend critical thinking and problem solving skills. Staff were confident and provided experiences matched to each child's stage of development. Children accessed sensory play, schematic play, and challenging activities that supported thinking skills. These experiences helped children make progress at a pace right for them.

Interactions were warm, kind, nurturing, and fun. Staff had formed strong attachments and knew each child's needs very well. Children played positively with peers and developed secure friendships. Strategies like "big deal, little deal" were embedded to support conflict resolution. These approaches helped children self regulate and understand their emotions.

Children were confident in their play due to consistent communication strategies. Staff and children used Makaton, communication boards, and visuals. These supported every child to share their voice during play. One parent said, "Staff supported my child's needs and encouraged confidence and independence." This helped children feel valued and developed a strong sense of belonging.

Children accessed varied experiences that supported numeracy, literacy, curiosity, and creativity. Books were placed meaningfully to support interests and extend learning. Children explored shadows in the dark den and discussed what they created. These experiences showed that the child led environment promoted exploration and discovery.

Children shaped their play spaces through regular reviews and planning discussions. Floor books showed children's ownership and influence on nursery developments. This ensured their choices and ideas strengthened their learning experiences.

Outdoor play was an important part of children's learning. Children and staff were proud of recent outdoor developments. Planned areas encouraged creativity, curiosity, and imaginative play. Children used loose parts to design and build with confidence. Mud kitchen play supported sensory exploration and rich language. One parent stated, "Outdoor play was a normal part of their routine." This ensured children benefitted from learning across all nursery spaces.

Learning journals captured children's achievements, experiences, and voice. Next steps were identified and followed to support continued progression. We suggested strengthening how non verbal voices were recorded. More consistent recording of gestures and preferences would further support children to feel included.

Strong community links enriched children's wellbeing and development. Staff ensured children accessed varied experiences within their local area. One parent said, "Children joined many activities inside nursery and in the community." This thoughtful approach supported high aspirations and helped children thrive.

Inspection report

Children are supported to achieve 5 - Very Good

Quality Indicator: Nurturing care and support

We found major strengths in this aspect of the setting's work and identified very few areas for improvement; therefore, we evaluated this quality indicator as **very good**.

Staff created a warm, nurturing, and emotionally supportive environment that helped children feel secure and valued. Their calm, caring and responsive interactions supported children to express their feelings and build early self regulation skills. Staff used decider skills, co regulation, and calming sensory approaches, such as soft lighting and gentle music, to support emotional wellbeing. These practices showed that children's emotional needs were understood and consistently met.

Transitions were managed with sensitivity and careful planning. Staff used visual routines, clear verbal prompts, and consistent adults to help children understand what would happen next. This approach helped children, including those who needed additional support, move smoothly between activities. As a result, children experienced predictable routines that helped them feel settled and ready to engage in play.

Children's privacy, dignity, and independence were respected throughout the day. Staff encouraged children to take responsibility for simple tasks to promote independence. During snack, children cut fruit and vegetables with appropriate support, helping them develop practical life skills. Lunchtime was relaxed and unhurried, however longer waiting times reduced opportunities to consistently build independence. The team recognised this and planned to strengthen practice further to support children's developing life skills.

The curriculum and environment promoted children's rights and identity very effectively. Staff used the UNCRC (United Nations Convention on the Rights of the Child) to guide interactions and decision making. Learning walls, identity projects, and cultural displays helped children learn about themselves and others. Children spoke confidently and proudly about their backgrounds. One child told us, "Look at this - I come from Syria." A family member shared that their child's halal/vegetarian diet "had always been followed and respected." These approaches strengthened belonging, inclusion, and respect across the setting.

Personal planning was effective and responsive. Plans were detailed, strengths based and focused on each child's stage of development. These were updated promptly when needs changed and showed strong links to GIRFEC (Getting it Right for Every Child). Families told us they had regular opportunities to review and sign off plans and observe their children in nursery. This resulted in consistent, individualised support that helped children make steady progress based and focused on each child's stage of development.

Strong partnership working with families enhanced children's care and support. Parents contributed to journals through speech bubble comments, "More About Me" updates, and ongoing communication via online platforms. This ensured staff held relevant knowledge of each child and helped families feel included and valued. As a result, children experienced strong continuity between home and nursery.

Inspection report**Complaints**

There have been no complaints upheld since the last inspection. Details of any older upheld complaints are published at www.careinspectorate.com.

Inspection report

Detailed evaluations

Leadership	5 - Very Good
Leadership and management of staff and resources	5 - Very Good
Children play and learn	5 - Very Good
Playing, learning and developing	5 - Very Good
Children are supported to achieve	5 - Very Good
Nurturing care and support	5 - Very Good

Inspection report

To find out more

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

Care services in Scotland cannot operate unless they are registered with the Care Inspectorate. We inspect, award grades and help services to improve. We also investigate complaints about care services and can take action when things aren't good enough.

Please get in touch with us if you would like more information or have any concerns about a care service.

You can also read more about our work online at www.careinspectorate.com

Contact us

Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY

enquiries@careinspectorate.com

0345 600 9527

Find us on Facebook

Twitter: @careinspect

Other languages and formats

This report is available in other languages and formats on request.

Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànanan eile ma nìthear iartras.

অনুব্রাহসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

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

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

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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

APPENDIX 3



Frances Wright Nursery School Day Care of Children

28 Ann Street
Dundee
DD3 7DG

Telephone: 01382 436 406

Type of inspection:
Unannounced

Completed on:
30 May 2025

Service provided by:
Dundee City Council

Service provider number:
SP2003004034

Service no:
CS2003015792



This page is intentionally left blank

Inspection report

About the service

Frances Wright Nursery School is a day care of children service which provides early learning and childcare and specialist provision for children from across the City of Dundee. The nursery is located in the Dundee area. The nursery is registered to provide a care service to a maximum of 130 children from age three until they are of an age to attend Primary School. This service is managed on a peripatetic basis. The manager is also the manager of Baluniefield Nursery School.

The nursery is a purpose-built premises and is situated within a wider school campus. The nursery has access to their own enclosed outdoor spaces where individual rooms have direct access to. There is one main large play room with an additional eight smaller rooms. These smaller rooms are used to support children's individual needs. The service is situated in a built up area within Dundee and is close to local amenities such as, shops and parks.

About the inspection

This was an unannounced inspection carried out by two inspectors, which took place on Tuesday 27 and Wednesday 28 May between 08:30 and 16:00. To prepare for the inspection we reviewed information about this service. This included previous inspection findings, registration and complaints information, information submitted by the service and intelligence gathered throughout the inspection year.

To inform our evaluations we:

- spoke with children using the service
- received feedback from nine families
- spoke with staff and management
- observed practice and children's experiences
- reviewed documents.

"As part of this inspection we undertook a focus area. We have gathered specific information to help us understand more about how services support children's safety, wellbeing and engagement in their play and learning.

This included reviewing the following aspects:

- staff deployment
- safety of the physical environment, indoors and outdoors
- the quality of personal plans and how well children's needs are being met.
- children's engagement with the experiences provided in their setting

This information will be anonymised and analysed to help inform our future work with services."

Inspection report

Key messages

- Children's learning experiences had been enhanced through a wide range of rich and stimulating resources across play spaces.
- Children benefitted from the use of different areas throughout the service that supported them with their individual development.
- Children experienced very warm, caring and nurturing support from a skilled staff team who knew them well.
- Children were happy while they explored different environments throughout their play.
- Children's individual needs were carefully considered to ensure their experiences were meaningful.
- Staff were passionate and dedicated to improving children and their families outcomes.

From this inspection we evaluated this service as:

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

How good is our care, play and learning?	5 - Very Good
How good is our setting?	5 - Very Good
How good is our leadership?	5 - Very Good
How good is our staff team?	5 - Very Good

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

Inspection report

How good is our care, play and learning?

5 - Very Good

We found significant strengths in aspects of the care provided and how these supported positive outcomes for children, therefore we evaluated this key question as very good.

Quality indicator 1.1 Nurturing care and support

Children experienced kind, warm and caring interactions from staff. They knew children well and were responsive to their needs, wants and cues. Staff were down at children's level when engaging in play and conversations. They were mindful and ensured they were at eye level with all children throughout these interactions. Children were seen to actively seek out staff for comfort and reassurance if they wanted it. As a result, children throughout the service felt safe and loved.

Children and their families benefitted from strong trusting relationships with staff throughout the service. A parent told us, "the staff are friendly, open and always willing to help". Another parent shared, "staff are approachable and supportive of my child and their needs". Relationships had been established with other agencies and professionals which supported children's individual needs. As a result, families and their children felt respected and their care, play and learning was enhanced.

Children had personal care plans in place that gathered important information that helped the staff meet their individual care and support needs. Plans were reviewed with parents in a variety of different ways, for example over the phone conversations. We discussed ways the service could streamline the information gathered to ensure parents have opportunities to view the appropriate information. The management team were proactive and had devised new forms with the support of appropriate guidance before the end of the inspection.

Medication storage and systems were in place that ensured children were kept safe in the event they required medication. Best practice guidance was followed and used to support improvements. For example, when audits took place, management had identified signs and symptoms were not always clear. Management had looked at ways to review forms to ensure it is clear on all paperwork. Medication was reviewed monthly with parent's signatures and dates. Very good systems were in place that supported visiting professionals who administered medication to some children. This further supported children's overall wellbeing.

Most children experienced a relaxed, sociable and unhurried mealtime. We discussed different ways with the management team how this experience could be developed further. For example, providing more space on tables where children were eating. Staff had shared that sometimes lunchtime can be quite stressful and overwhelming. The service had shared this is an ongoing area for improvement and planned to revisit the mealtimes. This further development would enhance children and staff's overall mealtime experiences.

Children were kept safe while they attended the service. Staff were trained and confident in child protection procedures. They could confidently identify concerns and knew who their child protection officers were. Policies and procedures were in place and regularly reviewed by all staff. A flow chart was displayed within the office. This ensured staff were able to follow correct processes and provide appropriate support to children and their families when needed.

Quality indicator 1.3 Play and learning

Inspection report

Children were seen to be having fun and fully engaged in their play and learning. Laughter was heard by children who played indoors and outdoors. A balance of planned and spontaneous activities were available to children. Children's interests were well considered and influenced resources available to them. A parent told us, "staff take the time to find out what motivated our daughter individually and to figure out activities she will enjoy participating in, whilst recognising and respecting their dislikes and limitations". This helped children to extend their interests further. As a result, children were actively involved in leading their play and learning experiences.

Language, literacy and numeracy opportunities were woven throughout the children's learning environment. Meaningful signs supported children to develop their independence skills, for example sequencing signs for washing their hands or how to use the toilet. Further consideration was given to individual children's needs and stages of development. For example, providing children with sensory objects to use as a form of communication. Children were seen engaging with staff, using mathematical language, such as "can you find number two?" or "What number is this?" Focus stories were available to children. This was developed further with the use of focus words within the stories, such as 'soft'. Activities were planned using these focus words and children shared "I made a picture with only soft bits I found". These opportunities helped children to develop their language, knowledge and communication skills in a meaningful way.

Planning approaches were child centred, responsive to children's interests and linked to their identified next steps. Different frameworks were used to support children's developmental stages. For example, the Curriculum for Excellence and Routes for Learning ensured staff provided appropriate activities for all children. Planning was reviewed by staff at least every six weeks. Additional discussions took place regularly within staff teams, where they reviewed the environment and reflected on their own practice to help them identify how they could improve children's experiences. As a result, children were challenged in a way that was right for them to achieve and thrive.

High quality observations supported children to extend their interests and learning further. For example, children sharing their interests and cultures from home. Children's learning was documented within their individual journals that they had access to as they wished. They were proud to show visitors and their families their learning. One child shared, "this is when we found a worm in our garden and looked at how it moves, it wiggles, you know". Another child proudly told us, "my daddy took me to the park in this picture and I showed my friends how high I went on the swing". Children's and families voice were captured within the learning journals. Children were confident to take ownership of their play and learning, and celebrated their achievements with others.

Children had opportunities to explore their local community. For example, walks to local parks, visits to the Urban Beach, Science Centre and Camperdown Park. A parent told us, "My child goes on class trips to various places throughout the year". Another parent shared, "our child often goes on walks around the local community, to parks and the library". Multigenerational links were supported through visits to schools within the campus. Residents from the local care home visited the campus and took part in activities with the children from the nursery and the school. This gave children the opportunity to begin to build relationships with a range of different people throughout their community.

How good is our setting?

5 - Very Good

We found significant strengths in aspects of the care provided and how these supported positive outcomes for children, therefore we evaluated this key question as very good.

Inspection report

Quality indicator 2.2: Children experience high quality facilities

Children were cared for in a welcoming environment that had plenty of natural light and furnished to a high standard. The use of dimmer lights helped to create a cosy and homely feel for children. Natural resources were woven throughout the environments, for example on displays and loose parts play. As a result, this helped children to regulate their emotions and create calming environments when needed.

Children's safety was well considered while they explored their environments. Risks were assessed and documented in robust risk assessments which were regularly reviewed. The service used SIMOA (Safety, Inspect, Monitor, Observe and Act) campaign by the Care Inspectorate to develop children's understanding on how to manage their own safety. Children were given leader roles, such as SIMOA helpers where they helped staff risk assess different areas within their environments. Number boards were displayed within rooms with information, such as how many children and staff were attending on that day. Regular head counts took place within rooms and when transitioning to different areas within the service. This ensured children were kept safe and were beginning to understand how to keep themselves and others safe.

Children benefitted from direct access to outside spaces from each room. Free flow access was mostly offered throughout the service. In rooms where free flow access was limited, staff worked hard to ensure they followed children's interests and provided access to outside spaces when they wished. The outside area is an area the service is working to develop and have recently made improvements, such as the addition of large planters. This helped children to explore different types of play and activities, such as planting.

Effective infection, prevention and control measures were in place. Regular cleaning of the service took place, this included cleaning down equipment after it was used. Children and staff washed their hands at appropriate times of the day, for example before eating or after messy play. We discussed with the service to be mindful how they were storing items in toilet areas to help reduce the spread of infection. Children's absences were monitored and any illness that presented within the service was shared with families and appropriate absence procedures were followed. These procedures further supported to reduce the spread of infection throughout the service.

Children's individual needs were further developed with the use of carefully planned spaces throughout the service. Sensory rooms that were easily accessible to the smaller rooms provided children with daily opportunities to explore different resources. A soft play area was available and was a favourite area most of the children liked to play in. These experiences supported children with developing their gross and fine motor skills in a way that was right for them.

How good is our leadership?

5 - Very Good

We found significant strengths in aspects of the care provided and how these supported positive outcomes for children, therefore we evaluated this key question as very good.

Quality indicator 3.1: Quality assurance and improvement are led well

Children and families benefitted from a manager and staff team who were enthusiastic and committed to delivering quality experiences for them. The staff were proactive and began to make improvements throughout the inspection process. For example, reviewing and updating some documentation. As a result, children's outcomes were enhanced by a dedicated staff team who wanted to get it right for them.

Families and children were meaningfully involved within the service.

Inspection report

There were barriers on how some of the families were involved in their children's nursery journey. For example, children who used the provided transport to be able to attend the nursery. The use of phone calls, emails and news letters supported with communication. One parent told us, "my child comes by bus daily but we have been welcomed on trips and to stay and play sessions. Staff always available on Seesaw and the phone if we ever have any queries". Termly meetings took place with families, where their views of their children's care was gathered. Some parents have attended nursery and lead some activities, such as cooking days. These experiences helped children to celebrate their learning with their families in a meaningful way. Quality assurance systems were in place that helped the management team deliver a quality service. Calendars were used and broken down into monthly tasks. This helped the management team to identify priorities and what was expected to be achieved throughout that timeframe.

A meaningful improvement plan was in place with clear priorities, for example outdoor learning. We could see areas within the outside spaces had been recently developed. Staff shared the next steps to further enhance the outdoor learning experiences for children. Plans had been adapted throughout the year to highlight the progress that had been made. Self-evaluation processes were in place that further supported the staff team with the nursery improvement journey. For example, learning walks took place by management throughout the play spaces and the observations were shared with the staff. This helped room teams to come together to identify how they could improve children's outcomes and experiences further.

Children benefitted from a staff team who were keen to develop their leadership skills throughout the service. For example, staff had ambassador roles where they took part in additional training and provided different experiences for children. Staff were passionate and spoke proudly about their roles and how these impacted children's learning. As a result, children's play and learning experiences were enhanced.

How good is our staff team?

5 - Very Good

We found significant strengths in aspects of the care provided and how these supported positive outcomes for children, therefore we evaluated this key question as very good.

Quality indicator 4.3 staff deployment

Children benefitted from a happy, caring and nurturing staff team who knew them well and were focused on providing high-quality care and support. Children were cared for by a staff team who were passionate about getting it right for all the children in their care. A parent told us, "staff respond quickly to queries and concerns, maintain open dialogue, proactive in learning about my child's needs and developing inclusive spaces to contribute to children's development and success". Another parent shared, "the staff are always open and keen for me to raise any issues/concerns I may have, so these are addressed". As a result, positive relationships had been formed with children and their families.

Children's experiences were improved by a staff team who worked well and communicated respectfully towards each other. For example, when they were leaving an area or sharing why children were not attending on that day. Management recognised at busier times of the day can be stressful for staff. As a result, management and staff step in and support each other where possible to help with staff's overall wellbeing.

Staff were appropriately deployed throughout the day to meet children's needs. Staff were skilled in understanding when to step in and support children with their play or allow it to develop on its own. There was consistent staff teams within individual rooms. This contributed to effective team working and helped them to deliver positive outcomes and enhance experiences for children.

Inspection report

Children's daily experiences were supported by a staff team with a mix of knowledge, skills and experiences. Qualified staff supported staff who were undertaking training. They shared that they felt supported by their staff team and were happy while they attended their work. This contributed to a positive ethos throughout the service.

Staff undertook regular training that linked to children's needs or identified improvements. An overview training plan supported the management team to identify where further training was needed. We discussed ways staff could evaluate training they had taken part in. This would further support staff to reflect on what they had learnt and how it would improve children's outcomes and experiences.

Complaints

There have been no complaints upheld since the last inspection. Details of any older upheld complaints are published at www.careinspectorate.com.

Inspection report

Detailed evaluations

How good is our care, play and learning?	5 - Very Good
1.1 Nurturing care and support	5 - Very Good
1.3 Play and learning	5 - Very Good
How good is our setting?	5 - Very Good
2.2 Children experience high quality facilities	5 - Very Good
How good is our leadership?	5 - Very Good
3.1 Quality assurance and improvement are led well	5 - Very Good
How good is our staff team?	5 - Very Good
4.3 Staff deployment	5 - Very Good

Inspection report

To find out more

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

Care services in Scotland cannot operate unless they are registered with the Care Inspectorate. We inspect, award grades and help services to improve. We also investigate complaints about care services and can take action when things aren't good enough.

Please get in touch with us if you would like more information or have any concerns about a care service.

You can also read more about our work online at www.careinspectorate.com

Contact us

Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY

enquiries@careinspectorate.com

0345 600 9527

Find us on Facebook

Twitter: @careinspect

Other languages and formats

This report is available in other languages and formats on request.

Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànanan eile ma nithear iartras.

অনুরোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

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

ਬੇਨਤੀ 'ਤੇ ਇਹ ਪ੍ਰਕਾਸ਼ਨ ਹੋਰ ਭਾਸ਼ਾ ਅਤੇ ਫਾਰਮੈਟ ਵਿੱਚ ਉਪਲਬਧ ਹੈ।

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: CARE INSPECTORATE REPORTS ON CHILDREN'S HOUSES

REPORT BY: INTERIM EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE

REPORT NO: 151 - 2026

1.0 PURPOSE OF REPORT

- 1.1 This report provides a summary of Care Inspectorate findings in recent inspections of Children's Houses at Craigie Cottage, Millview Cottage and Drummond House.

2.0 RECOMMENDATION

- 2.1 It is recommended that the Scrutiny Committee notes the contents of this report, including findings and work being undertaken to progress further improvements.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from the agreement of this report.

4.0 BACKGROUND

- 4.1 All inspections were unannounced and focussed on Key Question 7 of the Care Inspectorate's Quality Framework, where the two quality indicators are:

1.27.1 - children are safe, feel loved and get the most out of life; and

1.37.2 - leaders and staff have the capacity to meet needs and rights.

Quality Indicator	Craigie Cottage	Millview Cottage	Drummond House
7.1 Children and young people are safe, feel loved and get the most out of life.	2024	2022	2023
	Adequate	Very good	Good
	2025	2025	2025
	Very good	Weak	Very Good
Quality Indicator	2024	2022	2023
7.2 Leaders and staff have the capacity and resources to meet and champion children and young people's needs and rights.	Good	Good	Good
	2025	2025	2025
	Very Good	Adequate	Not assessed

Craigie Cottage

- 4.2 This inspection took place in May 2025, and the Care Inspectorate found that all requirements and areas for improvement from the previous inspection were met. The service demonstrated significant strengths and improvement, moving from Adequate and Good to Very Good for both quality indicators. Key messages included:

- Children's needs were well understood thus they were emotionally and physically safe.
- Children benefited from warm, compassionate and nurturing relationships.
- The stable and therapeutic care provided by the team allowed children to flourish.

- Children were meaningfully engaged in their communities.
 - Leaders were highly skilled, committed and had an inspirational vision for the service.
- 4.3 The inspector found high quality personal plans reflected the individual needs and wishes of children and underpinned the outcome focused, trauma informed and compassionate care that they experienced. Children were supported to develop their own goals that ensured their hopes, aspirations and personal preferences were the main drivers in their care.
- 4.4 There were no requirements or areas for improvement other than the house team being encouraged to strive for excellence and continuous improvement. As part of a leadership development programme with all Children's House and Area Team Managers, this approach has been shared to promote consistently high standards and ambition.

Millview Cottage

- 4.5 This was an unannounced inspection which took place in September 2025. The inspection identified mixed performance. While staff were safely recruited, caring and supported and some young people flourished, improvements were required in advocacy access, quality assurance, risk management and learning from incidents. Key messages included:
- Most young people were safe most of the time.
 - Young people's access to independent advocacy should improve.
 - Some young people flourished whilst living in Millview.
 - Learning from incidents of restrictive practice must improve.
 - Young people were cared for by caring and committed staff.
 - Young people's experiences must be robustly evaluated through quality assurance.
- 4.6 As context, the inspector noted that Millview had struggled to adapt to historic matching decisions on some young people with complex needs and found it challenging to care for them in a way that supported them to fulfil their potential. Improvements were needed in relation to the recording of risk assessment/management and notifications of incidents.
- 4.7 At the time of inspection, a more assertive approach to external oversight provided assurance that there was already a drive to ensure these young people were better understood and plans were underway to ensure the care they received was more tailored to meet their individual needs.
- 4.8 This was recognised by the inspectors, who reinforced this with 3 related requirements and 1 related area for improvement. An Improvement Plan was developed immediately and has been actively progressed with continued weekly external managerial oversight, support and challenge.
- 4.8.1 **Requirement 1:** *By 31 March 2026, the provider must ensure that young people are cared for by a team who have the required skills to engage all young people meaningfully in their care.*
- 4.8.2 Managers are all now trained in the PACE model and all staff have completed Essential Starting models including Trauma, Nurture, Child Protection and Restrictive Practice and PACE. Team Meetings are used to reflect on good practice and identify additional practice support needed, with themes recorded and incorporated into the House Development Plan.
- 4.8.3 **Requirement 2:** *By 31 March 2026, the provider should ensure that young people are effectively supported as their needs and risks are well understood.*

- 4.8.4 'My House Plans' are now relevant to what young people want to achieve and include risk assessments covering all aspects of risk they may experience, with additional audits carried out to provide assurance. A Missing Persons Procedure for all Children's Houses has been updated and implemented with quarterly reporting to senior management.
- 4.8.5 **Requirement 3:** *By 31 January 2026 the provider must ensure that young people are cared for by a knowledgeable, well trained and supported workforce, with robust quality assurance systems in place which have managerial oversight.*
- 4.8.6 As well as the points highlighted above, the service-wide improvement plan is being implemented with a child-friendly version for young people. Within Millview, daily planners are in place for all children to ensure their needs are met. A strengthened staff supervision format has been implemented across the service.
- 4.8.7 **Area for Improvement:** *To ensure young people's safety and wellbeing the provider should ensure that young people's voices are heard, rights upheld and wishes known. To do this at a minimum the provider should ensure that children and young people have access to an independent advocacy service relevant to their needs.*
- 4.8.8 *Who Cares?* Now visits the house regularly and staff have an area in the house highlighting children's rights and contact details for advocacy. A Voice and Participation Group has been established and provides training to staff. The group is developing a Children's Charter 2026 which will be finalised by Autumn 2026.

Drummond House

- 4.9 This was an unannounced inspection which took place in December 2025, noting significant strengths and improvements since the previous inspection in 2023. Key messages included:
- Young people were safer because of their care in Drummond House.
 - Young people experienced compassionate, nurturing and trauma informed care
 - Young people were skillfully supported to meaningfully maintain relationships
 - Young people were at the heart of their care
- 4.10 The inspector found skilled leaders who assertively and authoritatively addressed risks, contributed towards a multi-agency approach and prevent harm. Young people experienced stable and therapeutic care because relationships were prioritised and based on a good understanding of trauma. They had fun and were involved in decisions affecting them.
- 4.11 Leaders were confident in understanding young people's right to continuing care and were passionate in ensuring these rights were upheld. High quality personal plans reflected the individual needs, wishes and voices of young people, and they underpinned the outcome focused, trauma informed and compassionate care that young people experienced.
- 4.12 All 3 areas for improvement from the previous inspection in 2023 were fully met and there had been no complaints There were no new requirements or areas for improvement.

5.0 CONCLUSION

- 5.1 In two of these inspections, Craigie Cottage and Drummond House had made significant progress and are now graded as Very Good but Millview Cottage was experiencing specific challenges at the time and this was reflected in the weakened grades. At the time, the house struggled to care for an individual child who had significantly complex needs.

5.2 Going forward, to continue to enhance oversight and improvement across all 7 Children's Houses, including through pro-active and timeous responses to any emerging issues, a service-wide Improvement Plan with 8 key priority areas is being implemented. The plan is overseen by the Senior Service Manager and focuses on:

- Leadership
- Partnership Approach
- Policy & Procedure
- Inclusion & Participation
- Model of Care
- Staff support, learning and development
- Staff recruitment and retention
- Quality Assurance

5.3 This has been supported by a Leadership Programme for House Managers and Practice Managers directly overseeing the Houses. Self-evaluation has now been completed with positive findings. Verbal feedback from our Link Inspector about all 3 houses and others reinforces the positive progress being made.

6.0 POLICY IMPLICATIONS

6.1 No changes to policy, procedures or funding are required.

7.0 CONSULTATIONS

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

8.0 BACKGROUND PAPERS

8.1 Appendices attached.

Glyn Lloyd
Interim Executive Director of Children and Families Service
Chief Social Work Officer

Alison Penman
Interim Head of Children's and Justice Services

MAY 2026

APPENDIX 1



Craigie Cottage Care Home Service

Dundee

Type of inspection:
Unannounced

Completed on:
10 May 2025

Service provided by:
Dundee City Council

Service provider number:
SP2003004034

Service no:
CS2003000483



This page is intentionally left blank

Inspection report

About the service

Craigie Cottage is a residential care home for children and young people and has six registered places. The service is provided by Dundee City Council and the aims and objectives set out to provide a short to medium term residential placement for children under thirteen.

The house is a large, detached property, set out over one floor, with six en-suite bedrooms. There is a large living room, kitchen and dining room and there are additional social spaces that can be used flexibly for a range of activities. The house has a large, enclosed garden to the rear. The service is located in a residential area close to the centre of Dundee with good access local amenities and nearby transport links.

About the inspection

This was an unannounced inspection which took place on 6 , 7 and 8 May 2025. The inspection was carried out by one inspector from the Care Inspectorate.

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

In making our evaluations of the service we:

- spoke with people using the service and their representatives;
- spoke with staff and management;
- observed practice and daily life;
- reviewed documents;
- spoke with visiting professionals.

The provider of this service is a corporate parent, with statutory responsibilities to look after and accommodate children. This may mean that the duty to care for children and young people on an emergency basis, or with highly complex needs, is their highest safeguarding priority.

In these circumstances our expectations, focus on outcomes and evaluations remain identical to other providers. We may, however, provide some additional narrative in the body of the report to reflect the impact of these duties, should it be relevant to this particular service.

Inspection report**Key messages**

Children's needs were well understood thus they were emotionally and physically safe.
Children benefitted from warm, compassionate and nurturing relationships.
The stable and therapeutic care provided by the team allowed children to flourish.
Children were meaningfully engaged in their communities.
Leaders were highly skilled and committed and had an inspirational vision for the service.

From this inspection we evaluated this service as:

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

How well do we support children and young people's rights and wellbeing?	5 - Very Good

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

Inspection report

How well do we support children and young people's rights and wellbeing?

5 - Very Good

We found significant strengths in the care provided and how these supported positive outcomes for children, therefore we evaluated this key question as very good.

Children were thriving in Craigie Cottage, and they were emotionally and physically safer because of their care. They benefitted from consistent, nurturing and fun staff. The team were able to use the strong relationships they had built with the children to identify and reduce risks. Children's needs were well understood, and this combined with a flexible, emotionally containing and responsive approach by staff, ensured children were supported to navigate difficult feelings and experiences thus build their resilience.

Children experienced therapeutic and stable care, and the use of restraint was minimal and followed best practice. When used, physical restraint was undertaken therapeutically, and to protect children from harm and only as a last resort, as compassionate and attuned relationships were highly effective in supporting them during difficult times. Children had access to a wide range of responsible adults outside the service who worked in partnership with the Craigie team to meet their needs.

Children had meaningful connections to family and adults who were important to them. The team's therapeutic approach and strong professional partnerships, meant adults worked well together to ensure children had the opportunity to safely reconnect and build stronger bonds with those they had been separated from. This gave children a strong sense of belonging and strengthened their sense of identity.

All children in Craigie Cottage had meaningful access to learning and some children were flourishing in education. They all received individually tailored support to participate fully in learning and maximise attainment and attendance. When accessing learning proved difficult, the team passionately advocated for what was best for their children, thus everyone was effectively supported to learn in a way that was right for them.

Children were in good health, had lots of fun and had access to great outdoor space that offered age-appropriate play experiences. The respectful care they experienced was reflected in the cared for environment they lived in and the healthy home cooked food that was prepared for them. Children were involved in decisions about house life that were reflective of their age and stage and were supported to engage in their care and the decisions affecting them.

High quality personal plans reflected the individual needs and wishes of children, and underpinned the outcome focused, trauma informed and compassionate care that they experienced. Children were supported to develop their own goals that ensured their hopes, aspirations and personal preferences were the main drivers in their care.

A skilled and highly committed leadership team, which was now fully staffed, ensured the culture was supportive and empowering. The managers modelled consistently high standards of practice and successfully championed the best possible outcomes for children. There had been a significant effort to support the team to provide trauma and attachment informed care and this was ensuring children were recovering from their past experiences.

External managers were clear about their roles and responsibilities and effectively performed these. They played a key role in monitoring the quality of children and young people's experiences, safeguarding and

Inspection report

improving outcomes.

Children's transitions were minimised because of considered matching decisions, and this supported the house to feel settled, and allowed children to grow together. As a local authority service, there were occasions when children had to be cared for at short notice. When children had arrived in an emergency with limited opportunity to fully assess their needs, leaders were quick to respond in ensuring the correct professional network and staffing arrangements were in place to effectively support all the children.

Children's needs were effectively met as the carefully considered approach to staffing ensured they were supported by the right staff with the right skills. This dynamic approach was driven by leaders who understood that children needed the adults to constantly adapt to get it right for them.

Passionate leadership, self-evaluation and improvement activities drove forward how the service was being delivered. This was centred around the recognition that all children have the right to access excellent care and was based on a very good understanding of the significant impact that care has on children's lives.

Inspection report

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

Requirements

Requirement 1

Requirement 1

By 30 September 2024, the provider must ensure that children are cared for in an environment that is safe and supports their development and wellbeing.

To do this the provider must, at a minimum:

- a) robustly make safe all damaged windows and doors;
- b) ensure that an assessment of risk is undertaken to prioritise repair of all damage;
- c) ensure that an environmental review is undertaken and a clear plan devised, to minimise further damage and develop a house that reflects the developmental needs of the children living there.

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

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

'My environment is secure and safe '(HSCS 5.19) and

'The premises have been adapted, equipped and furnished to meet my needs and wishes'(HSCS 5.18

This requirement was made on 2 May 2024.

Action taken on previous requirement

The service has developed robust quality assurances that ensures the environment is now well maintained. All fixtures and fittings were intact and necessary repairs actioned quickly. Strong connections with property managers ensured the need of children were prioritised through quick responses to maintenance requirements. The caring adults were proudly ensuring the house was furnished in a homely, child friendly manner.

Met - within timescales

Inspection report

What the service has done to meet any areas for improvement we made at or since the last inspection

Areas for improvement

Previous area for improvement 1

To promote children's safety and sense of wellbeing, the service should ensure that all staff can confidently recognise signs of escalating risk and when to intervene in incidents.

This should include but is not limited to, providing reflective opportunities for the team to consider thresholds of risks and through post incident debrief, consider if intervention was timely and proportionate.

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

'I am protected from harm because people are alert and respond to signs of significant deterioration in my health and wellbeing, that I may be unhappy or may be at risk of harm' (HSCS 3.21).

This area for improvement was made on 2 May 2024.

Action taken since then

The service has implemented highly individualised support plans that clearly outline children's needs and how best to support them. All staff are trained in CALM physical intervention, regular supervision and debrief offers opportunities for staff to reflect on practice.

Previous area for improvement 2

To support children's safety and wellbeing, the service should ensure that risk assessments further develop to ensure all staff have clear guidance when managing and responding to risks.

This should include but is not limited to, accurately detail the likelihood and impact of specific risks, with clearly defined strategies, and responsibilities of what people should do and when. This should include when to notify the Care Inspectorate.

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

'I am protected from harm, neglect, abuse, bullying and exploitation by people who have a clear understanding of their roles and responsibilities'. (HSCS 3.20).

This area for improvement was made on 2 May 2024.

Action taken since then

The service has implemented a robust model of risk assessment that clearly details the needs and strengths of young people. They offer highly individualised approaches to supporting young people and are maintained to a high standard through robust managerial oversight.

Inspection report

Complaints

There have been no complaints upheld since the last inspection. Details of any older upheld complaints are published at www.careinspectorate.com.

Detailed evaluations

How well do we support children and young people's rights and wellbeing?	5 - Very Good
7.1 Children and young people are safe, feel loved and get the most out of life	5 - Very Good
7.2 Leaders and staff have the capacity and resources to meet and champion children and young people's needs and rights	5 - Very Good

Inspection report

To find out more

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

Care services in Scotland cannot operate unless they are registered with the Care Inspectorate. We inspect, award grades and help services to improve. We also investigate complaints about care services and can take action when things aren't good enough.

Please get in touch with us if you would like more information or have any concerns about a care service.

You can also read more about our work online at www.careinspectorate.com

Contact us

Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY

enquiries@careinspectorate.com

0345 600 9527

Find us on Facebook

Twitter: @careinspect

Other languages and formats

This report is available in other languages and formats on request.

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

অনুরোধপাশে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

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

ਬੇਨਤੀ 'ਤੇ ਹਿੱਦ ਪ੍ਰਕਾਸ਼ਨ ਹੋਰ ਭਾਸ਼ਾ ਅਤੇ ਟਿੱਪਣੀ ਭਾਸ਼ਾਵਾਂ ਵਿੱਚ ਉਪਲਬਧ ਹੋ।

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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

APPENDIX 2



Drummond House Care Home Service

Dundee

Type of inspection:
Unannounced

Completed on:
11 December 2025

Service provided by:
Dundee City Council

Service provider number:
SP2003004034

Service no:
CS2003034640



This page is intentionally left blank

Inspection report

About the service

Drummond House is a residential care home provided by Dundee City Council and is registered to care for up to 7 children and young people. The single storey premises is located in a quiet residential area of Dundee, close to travel links, local shops and amenities. All children and young people living in Drummond House have their own, spacious en-suite bedroom, large living dining room, a hobby room and people living there have their own private garden space equipped with a trampoline and outdoor seating.

About the inspection

This was an unannounced inspection which took place on 10 December and 11 December 2025. The inspection was carried out by one inspector from the Care Inspectorate.

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

In making our evaluations of the service we:

- spoke with people using the service;
- spoke with staff and management;
- observed practice and daily life;
- reviewed documents;
- spoke with visiting professionals.

Inspection report

Key messages

Young people were safer as a result of their care in Drummond House.

Young people experienced compassionate, nurturing and trauma informed care.

Young people were skilfully supported to meaningfully maintain relationships with those important to them.

Young people were at the heart of their care, their voices were encouraged and their rights were respected.

From this inspection we evaluated this service as:

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

How well do we support children and young people's rights and wellbeing?	5 - Very Good

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

Inspection report

How well do we support children and young people's rights and wellbeing?

5 - Very Good

We found significant strengths in the care provided, and how these supported positive outcomes for young people, therefore, we evaluated this key question as very good.

Young people were safer as a result of living in Drummond House. The confident staff team, led by skilled leaders who assertively and authoritatively addressed risks, effectively contributed to a multi-agency approach to minimise and prevent harm to people. The team knew young people well and the trusting, non-judgmental relationships they developed allowed young people a safe space to explore their needs and choices.

People living in the service all had access to external professionals and the strong collaborative approach to young people's care, where communication was a strength, led to the effective and timely implementation of national protection guidance.

Young people experienced stable and therapeutic care because relationships were prioritised and based on a good understanding of trauma. Use of restraint was extremely rare as the team at Drummond House skilfully and effectively used their compassionate and connected relationships with young people to support them during difficult times. Use of wider restrictive practice was carefully considered and proportionately applied to protect young people and this was effectively balanced with upholding young people's rights

Young people's needs were well understood, and the skilful use of reflective practice, professional psychological consultation and a flexible and responsive approach by staff, supported young people to navigate the risks they faced and build their resilience.

Young people had fun and the respectful care they experienced was reflected in the warm and well equipped environment they lived in. They were involved in all decisions about house life and were supported to engage in their care, and the decisions affecting them. One young person told us, 'I'm involved in decisions the way any young person should be'.

Young people had access to health provision that was reflective of their individual circumstances and the team understood young people's health needs well. Shared opportunities to eat together and be active together, promoted good physical and mental health and staff assertively addressed barriers to young people's well-being.

Family and friends, where possible, were welcomed into the house and time together was skilfully supported in a variety of settings. The attuned relationships young people developed with sensitive and experienced staff, allowed young people to be meaningfully and safely develop or maintain relationships with those who were most important to them.

Young people's hopes and aspirations were embraced and supported. When young people were unsure about their future plans, the team offered a range of experiences to help them make informed choices. When young people faced barriers to fulfilling their potential, the team passionately advocated on their behalf. A strong message of hope and value was embedded in the culture of the service, this helped young people to believe in a positive future.

Inspection report

The service was highly committed to young people staying for as long as they need and want to and they supported enduring relationships. Leaders were confident in understanding young people's right to continuing care and were passionate in ensuring these rights were upheld.

High quality personal plans reflected the individual needs, wishes and voices of young people, and they underpinned the outcome focused, trauma informed and compassionate care that young people experienced.

Inspection report

What the service has done to meet any areas for improvement we made at or since the last inspection

Areas for improvement

Previous area for improvement 1

To protect young people and uphold their rights, the service should ensure that practice, policy and procedures are underpinned by current legislation and best practice.

This should include, but is not limited to review of current procedure of room checks, and monitoring of staff practice in this area.

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

'My human rights are protected and promoted and I experience no discrimination'. (HSCS 1.2);

'I am supported to understand and uphold my rights'. (HSCS 2.3).

This area for improvement was made on 17 April 2023.

Action taken since then

The service have revised and updated both their policy and practice in relation to room checks involving young people and advocacy services. Staff confidently apply a rights based approach to this whilst upholding their health and safety responsibility to ensure the environment is safe.

Previous area for improvement 2

To protect young people's wellbeing, the provider should ensure that leaders are supported and confident to manage all relevant aspects of the service. This should include but is not exclusive to providing leaders with the necessary support and training to effectively address practice or performance issues, to review the current role of the registered manager within the service, to ensure leaders are clear in their responsibility to follow Care Inspectorate guidance.

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

'I use a service and organisation that are well led and managed'. (HSCS 4.23).

This area for improvement was made on 17 April 2023.

Action taken since then

Managerial lines of accountability now well established. Leaders have embedded a clear and consistent supervision structure.

Inspection report

Previous area for improvement 3

To support young people's wellbeing, learning and development, the provider should ensure all staff have access to relevant training and effective supervision. This should include but is not limited to, implementing a consistent model of supervision for all staff and develop oversight of staff learning and development needs and training.

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

'I have confidence in people because they are trained, competent and skilled, are able to reflect on their practice and follow their professional and organisational codes'.
(HSCS 3.14).

This area for improvement was made on 17 April 2023.

Action taken since then

The provider has developed a new system for the recording, auditing and evaluation of staff training. Staff training is now an integral part of the service's development plans and a consistent model of supervision has been embedded.

Complaints

There have been no complaints upheld since the last inspection. Details of any older upheld complaints are published at www.careinspectorate.com.

Detailed evaluations

How well do we support children and young people's rights and wellbeing?	5 - Very Good
7.1 Children and young people are safe, feel loved and get the most out of life	5 - Very Good

Inspection report

To find out more

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

Care services in Scotland cannot operate unless they are registered with the Care Inspectorate. We inspect, award grades and help services to improve. We also investigate complaints about care services and can take action when things aren't good enough.

Please get in touch with us if you would like more information or have any concerns about a care service.

You can also read more about our work online at www.careinspectorate.com

Contact us

Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY

enquiries@careinspectorate.com

0345 600 9527

Find us on Facebook

Twitter: @careinspect

Other languages and formats

This report is available in other languages and formats on request.

Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànanan eile ma nìthear iarrtas.

অনুবোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

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

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

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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

This page is intentionally left blank

APPENDIX 3



Millview Cottage Care Home Service

DUNDEE

Type of inspection:
Unannounced

Completed on:
23 September 2025

Service provided by:
Dundee City Council

Service provider number:
SP2003004034

Service no:
CS2003000496



This page is intentionally left blank

Inspection report

About the service

Millview Cottage is a residential care home for up to six young people. It is provided by Dundee City Council and is located close to the centre of Dundee. The location offers good transport links and easy access to a wide range of shops and community services.

The service provides modern accommodation on one level in six single bedrooms with en-suite facilities. Young people have use of a large sitting room, dining kitchen, activities room, cinema room and meeting room. The home is surrounded by spacious gardens with an outdoor sports area.

About the inspection

This was an unannounced inspection which took place on 11 September, 12 September, 15 September and 17 September 2025. The inspection was carried out by one inspector from the Care Inspectorate.

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

In making our evaluations of the service we:

- spoke with people using the service and where possible, their representatives;
- spoke with 10 staff and management;
- observed practice and daily life;
- reviewed documents;
- spoke with visiting professionals.

The provider of this service is a corporate parent, with statutory responsibilities to look after and accommodate children. This may mean that the duty to care for children and young people on an emergency basis, or with highly complex needs, is their highest safeguarding priority.

In these circumstances our expectations, focus on outcomes and evaluations remain identical to other providers. We may, however, provide some additional narrative in the body of the report to reflect the impact of these duties, should it be relevant to this particular service.

Inspection report

Key messages

- Most young people were safe most of the time.
- Young people's access to independent advocacy should improve.
- Some young people flourished whilst living in Millview.
- Learning from incidents of restrictive practice must improve.
- Young people were cared for by caring and committed staff.
- Young people's experiences must be robustly evaluated through better quality assurance.

From this inspection we evaluated this service as:

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

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

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

Inspection report

How well do we support children and young people's rights and wellbeing?

2 - Weak

We evaluated two quality indicators within this key question. 7.1 was evaluated as weak and 7.2 was evaluated as adequate, thus the service was graded overall as weak, as whilst we identified some strengths, these were compromised by weaknesses.

Quality indicator 7.1: Children and young people are safe, feel loved and get the most out of life.

Most people living in the service were safe most of the time and the caring adults in the service understood the critical role they played in protecting young people. At times safety was compromised as the complexity of some young people's needs, meant the team did not always have the required environment or resources to effectively and consistently contain behaviour that challenged. This led to some restriction in the spaces young people could use and affected the atmosphere of the house.

Young people all had access to adults from out with the service and there was a drive to strengthen partnerships with named social workers. Staff were passionate in their desire to advocate on young people's behalf, but the independent advocacy provision was not sufficient nor specialised enough to ensure all children's voices, views and experiences were heard and understood. (See area for improvement 1).

Where young people's needs were understood, routines reflected their needs, and day to day life was predictable, but for others daily life was stressful and uncertain.

Since the last inspection a complaint was upheld in June 2025 and two requirements were made relating to the use of restrictive practice at the service. We found that although progress had been made to ensure that young people were supported by adults who were trained and accountable, since the complaint was upheld, it was difficult to evaluate if restrictive practice was always proportionate and followed best practice guidance as the service had only very recently begun to sufficiently document and notify the Care Inspectorate when incidents of restraint or restriction occurred. We discussed our findings with the management team noting they had already begun to act, thus we extended the timescale of the requirement to support this. (See requirement 2 under 'What the service has done to meet any requirements or areas for improvement we made at or since the last inspection').

Some young people enjoyed warm and nurturing relationships and were flourishing because of their care. We were concerned that others, whose needs were less well understood and who did not have these established connections, were not experiencing consistent, trauma informed care that meaningfully considered their previous experiences or recognised their behaviour as a communication of their needs. Certain young people had thrived as a result of their care and their health, wellbeing and day to day accomplishments were significantly improved as result of living in Millview. Others were disadvantaged as the team were not clear how to support more difficult to reach young people to fulfil their potential and we found a lack of reflection and learning that promoted a culture of seeing things from a child's perspective. (See requirement 1).

The service was effective in safely and considerably supporting family connections, and when possible, welcomed family and friends into the house. There was a demonstrable commitment to ensuring young people understood their right to continuing care.

The variability in young people's experiences was also evident in personal plans. Some young people's care

Inspection report

was driven by good quality risk assessment and personal plans that captured their needs, their strengths and what they needed from adults to achieve, stay safe and feel protected from harm. Others were limited in detail and did not provide enough individualised information to ensure adults could recognise and respond consistently when young people were in need or distressed. The latter lacked ambition nor conveyed a belief that young people could aspire and achieve, and they were overly focussed on what young people needed to change as opposed to the support they needed to thrive. (See requirement 2)

Quality indicator 7.2: Leaders and staff have the capacity and resources to meet and champion children and young people's needs and rights.

The team in Millview described supportive leaders who had a vision for the service that was underpinned by The Promise. As outlined in this report, not every young person was experiencing the care that The Promise aspires to thus we continued the area for improvement made at the last inspection

There was a structure of quality assurance at Millview, reflective of the model for all the local authorities' residential houses, however, there was a lack of documented evidence to assure us that young people's experiences were being evaluated, as the expected quality assurance was incomplete. Notifications of incidents had not been made to the Care Inspectorate as required and there was no staffing needs assessment to ensure the individual needs of young people were met. We had made an area for improvement at the last inspection, and we were concerned that current quality assurance within the service was not robust enough to monitor and evaluate people's experiences. (See requirement 3.)

Since the last inspection, external manager arrangements had changed several times, and it was unclear how previous external oversight had contributed to ensuring the service had the capacity to meet and champion young people's needs and rights. Historic matching decisions had led to some young people with complex needs moving into Millview, and the service had been unable to care for them in a way that supported them to fulfil their potential. In recent weeks a more assertive approach to external oversight assured us that there was a drive to ensure specific young people were better understood and plans were underway to ensure the care they received was more tailored to their individual needs.

Young people were cared for by many committed and caring staff who were safely recruited and supported through induction. Whilst staff described a positive experience of supervision and development, we could not see how robust learning and evaluation of all young people's experiences meaningfully drove improvement in the service. (See requirement 3).

Requirements

1. By 31 March 2026 the provider must ensure that young people are cared for by a team who have the required skills to engage all young people meaningfully in their care.

To do this the provider must at a minimum;

- a) Implement a model of practice that ensures all young people experience consistent, compassionate, trauma informed care.
- b) ensure model of practice creates a culture of reflection and learning that is focussed on evaluating all young peoples day experiences of care.

Inspection report

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

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

'I experience high quality care and support based on relevant evidence, guidance and best practice'. (HSCS 4.11).

2. By 31 March 2026 the provider should ensure that young people are effectively supported as their needs and risks are well understood.

To do this the provider must at a minimum:

- a) Implement a recognised model of risk assessment that takes account of all potential vulnerabilities a young person may experience.
- b) Develop support plans that clearly guide caring adults to effectively support peoples needs in the least restrictive way possible.
- c) Develop personal plans that support young people to fulfil their potential.

This is in order to comply with Regulation 5(1)(3)(personal plans); of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/ 210)

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

'My personal plan (sometimes referred to as a care plan) is right for me because it sets out how my needs will be met, as well as my wishes and choices'. (HSCS 1.15).

3. By 31 January 2026 the provider must ensure that young people are cared for by a knowledgeable, well-trained and supported workforce, with robust quality assurance systems in place which have managerial oversight.

To do this the provider must, as a minimum:

- a) Deliver and accurately record staff training to demonstrate a well-trained and skilled workforce.
- b) Deliver and document formal supervision for all staff.
- c) Develop accurate aims and objectives which accurately reflect the service being provided.
- d) Develop a service development plan that is informed by the evaluation of young people's experiences.
- e) Undertake and implement a staffing needs assessment which determines how the needs of young people will be met.
- f) Implement robust quality assurance processes which have managerial overview.

Inspection report

This is in order to comply with Regulation 4(1)(a) (welfare of users); Regulation 4(1)(a) of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011 (SSI 2011/ 210) and Regulation 7(1) of the Health and Care (Staffing) (Scotland) Act 2019

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

'I experience high quality care and support based on relevant evidence, guidance and best practice'. (HSCS 4.11); and

'I benefit from a culture of continuous improvement, with the organisation having robust and transparent quality assurance processes'. (HSCS 4.19).

Areas for improvement

1. To ensure young people's safety and wellbeing, the provider should ensure that young people's voices are heard, rights upheld and wishes known.

To do this, at a minimum, the provider should ensure that children and young people have access to an independent advocacy service relevant to their needs

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

'My views will always be sought and my choices respected, including when I have reduced capacity to fully make my own decisions'. (HSCS 2.11).

Inspection report

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

Requirements

Requirement 1

This requirement was made following a complaint investigation.

By 31 July 2025, the provider must ensure that no child or young person is subject to restrictions to their liberty unless it is the only practicable means of securing the welfare and safety of the child or young person.

In particular, the provider must:

- a) Ensure that all children and young people's personal plans and risk assessments are appropriately detailed and updated regularly in relation to the use of restraint and restrictive practices.
- b) Ensure clear guidance is given to staff about safe strategies to use, based on the individual needs of the children and young people.
- c) Ensure that any use of restraint or restrictive practice is documented, includes pertinent detail and is shared timeously with relevant partner agencies, including the social work department, the Care Inspectorate and any other relevant agencies.
- d) Ensure that restrictive practices are effectively overseen by management to ensure staff compliance with training and practice standards.
- e) Ensure managers analyse and review incidents where restraint or restrictive practice has been used to decipher any patterns and learning needs for the staff team.
- f) Ensure any incidents of improper use of restrictive practice are dealt with appropriately

To be completed by: 31 July 2025

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

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

'If my independence, control and choice are restricted, this complies with relevant legislation and any restrictions are justified, kept to a minimum and carried out sensitively'. (HSCS 1.3).

This requirement was made on 27 June 2025.

Inspection report

Action taken on previous requirement

The service has ensured that all staff are trained in a recognised model of physical intervention, thus increasing staff confidence and accountability in the justification for restrictive practice. For those impacted by restrictive practice a clear risk assessment was in place. Notifications to relevant people, including the Care Inspectorate, were now being submitted.

Met - outwith timescales

Requirement 2

This requirement was made following a complaint investigation.

By 31 July 2025, the provider must ensure that all incidents of concern are addressed with staff and documented effectively.

In particular, the provider must:

- a) Record all incidents on an incident form, particularly where there is injury to staff or young people.
- b) Ensure that individual de-briefs are carried out with staff following all incidents, particularly where there is injury to staff or young people. Support offered and provided is recorded clearly and actions reviewed by managers.
- c) Record an analysis of the strategies used by staff and ensure this identifies staff learning to improve future practice.
- d) Ensure that any incident where there is harm to staff or young people includes pertinent detail and is shared timeously with relevant partner agencies, including the social work department, the Care Inspectorate and any other relevant agencies.

To be completed by: 31 July 2025

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

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

'I experience high quality care and support based on relevant evidence, guidance and best practice'. (HSCS 4.11).

This requirement was made on 27 June 2025.

Inspection report

Action taken on previous requirement

Whilst the service had implemented a model of debrief they focussed solely on the experiences of adults and failed to consistently identify learning or evaluate the experiences of the young person who had been subjected to restrictive practice.

Not met

What the service has done to meet any areas for improvement we made at or since the last inspection

Areas for improvement

Previous area for improvement 1

To support young people's wellbeing and safety, the service should ensure staff are confident in understanding their role in assessing, documenting and managing risk. This should include, but is not limited to, implementing a model of risk assessment that recognises all aspects of young people's vulnerability, and which informs support plans that clearly details how risk will be managed and mitigated.

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

'I am protected from harm, neglect, abuse, bullying and exploitation by people who have a clear understanding of their responsibilities'. (HSCS 3.20).

This area for improvement was made on 5 October 2022.

Action taken since then

The service had made some progress and some young people had comprehensive personal plans that supported the understanding and management of risk, however, this was not in place for every young person living in the service and given the impact we made a requirement.

Previous area for improvement 2

To support positive outcomes for young people, the service should further implement the principles of the promise. This should include but is not exclusive to, developing service aims and objectives that are aspirational and reflect the rights of young people.

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

'I get the most out of life because the people and the organisation who support and care for me have an enabling attitude and believe in my potential'. (HSCS 1.6).

This area for improvement was made on 5 October 2022.

Inspection report

Action taken since then

The service had undertaken development work that led to staff having some knowledge of aspects of the promise but not all young people were benefiting from a consistent application of these aspirational values, thus we continued this area for improvement.

Previous area for improvement 3

To optimise young people's experiences, the service should ensure continuous improvement is well informed. This should include but is not limited to, review and update of the service development plan that reflects stakeholder feedback and evaluation of quality assurance processes.

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

'I benefit from a culture of continuous improvement, with the organisation having robust and transparent quality assurance processes'. (HSCS 4.19).

This area for improvement was made on 5 October 2022.

Action taken since then

The provider had devised a model of quality assurance that intended to evaluate people's experiences but the service had no documented evidence that this was regularly carried out. Given the findings of this inspection and the impact on people, we made a requirement.

Complaints

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

Detailed evaluations

How well do we support children and young people's rights and wellbeing?	2 - Weak
7.1 Children and young people are safe, feel loved and get the most out of life	2 - Weak
7.2 Leaders and staff have the capacity and resources to meet and champion children and young people's needs and rights	3 - Adequate

Inspection report

To find out more

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

Care services in Scotland cannot operate unless they are registered with the Care Inspectorate. We inspect, award grades and help services to improve. We also investigate complaints about care services and can take action when things aren't good enough.

Please get in touch with us if you would like more information or have any concerns about a care service.

You can also read more about our work online at www.careinspectorate.com

Contact us

Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY

enquiries@careinspectorate.com

0345 600 9527

Find us on Facebook

Twitter: @careinspect

Other languages and formats

This report is available in other languages and formats on request.

Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànanan eile ma nìthear iarrtas.

অনুব্রহ্মাণ্যে এই প্রকাশনাটি অন্য ভাষাটি এবং আলাদা ভাবে পাওয়া যায়।

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

ਇਸਦੀ 'ਤੇ ਹਿੰਦ ਪ੍ਰਦੇਸ਼ ਦੇ ਹੋਰ ਭਾਗਾਂ ਅਤੇ ਹੋਰ ਭਾਗਾਂ ਵਿੱਚ ਉਪਲਬਧ ਹੈ।

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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

This page is intentionally left blank

ITEM No ...5.....

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: ANNUAL COMPLAINTS REPORT 2025/2026

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 119-2026

1. PURPOSE

The Annual Report on Complaints for 2025/26, contained in Appendix 1, presents an update on performance regarding corporate complaints in 2025/26, with comparisons to previous years, and shows how the Council continues to learn from complaints.

2. RECOMMENDATIONS

It is recommended that Committee notes:

- a the key performance indicators (KPIs) on complaints closed between 1 April 2025 and 31 March 2026, with trends from previous periods – full report is attached as Appendix 1;
- b a summary of complaints about the Council received by and determined by the Scottish Public Services Ombudsman during 2025/26;
- c examples of the range and volume of transactions the Council has with customers and citizens as a context for the number of complaints received – contained in Appendix 2;
- d examples of how complaints have been used to improve services;
- e examples of compliments received about Council services, and
- f results of the satisfaction survey sent to people who made complaints in 2025/26.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the agreement of this report.

4. BACKGROUND

- 4.1 The model Complaints Handling Procedure for Local Authorities requires that regular reports are produced for elected members. This is the annual report covering complaints closed between 1 April 2025 and 31 March 2026.
- 4.2 In terms of performance management, the report includes data on key complaint handling indicators and results from the quarterly satisfaction surveys sent to those who had complaints closed during 2025/2026.
- 4.3 The Model Complaints Handling Procedure places a duty on public bodies to demonstrate how they used complaints to improve their services. The attached report gives examples of customer feedback gathered through corporate complaints and how this has been used to improve processes.
- 4.4 Appendix 2 includes infographics giving examples of the range and number of transactions the Council has with customers and citizens, providing context for the number of complaints received. In 2025/26 the Council recorded tens of millions of individual interactions with our citizens, including:
 - 5.63m of household waste and bin collections completed
 - 16,500 households supported with Council Tax Reduction

- 57,450 of house repairs carried out
- 178,860 calls answered by Customer Services
- 18,360 children attending and being educated in Dundee schools each day.

5. OVERVIEW OF PERFORMANCE

- 5.1 The report presented in Appendix 1 contains detailed information in relation to Key Performance Indicators (KPIs) and trends to give a comprehensive picture on how complaints were handled in 2025/26. This is summarised as follows:
- a) The Council closed 1041 complaints in 2025/26 compared to 833 in 2024/25, being a 25% increase. There were 850 Stage 1 complaints and 191 Stage 2 complaints.
 - b) 53.74% of Stage 1 complaints (457 out of 850) were completed within the 5-day target – a decrease from 66.8% in 2024/25.
 - c) The average number of days taken to close Stage 1 complaints was 9.1, compared to 5.9 in 2024/25.
 - d) 41.88% of Stage 2 complaints (80 out of 191) were completed within the 20-day target, compared to 49.3% in 2024/25.
 - e) The average number of days to handle Stage 2 complaints was 33.5, compared to 24.9 in 2024/25.
 - f) The top reason for complaints in 2025/26 was “Failure to provide a service” - 30.6%. The second most common reason for complaints was “Treatment by or attitude of a member of staff” - 18.2%.
- 5.2 The KPIs for both stages of complaints are designed to drive improvement in the promptness of responses, rather than being absolute standards that every case is expected to meet. Stage 2 cases especially can be about cross service, complex and/or sensitive issues.
- 5.3 The Council saw a 25% increase on the number of complaints compared to the previous year. This trend is also being recorded by other councils and reported across the Local Authority Complaints Handlers Network (LACHN). LACHN meetings are attended by a representative from the SPSO office, who has reported a similar pattern of increase in the number of complaints they receive, and their complexity, over the recent financial year. A key factor that may be contributing to the rise in number and complexity of complaints, which was not noted in previous years, is the increasing public awareness and use of AI tools, where members of the public use AI platforms to help them draft their complaints. AI-generated complaints frequently quote various acts and legislation, where Investigating Officers may need to seek advice from senior officers and/or consult legal colleagues before issuing a response.
- 5.4 To address the increasing number of complaints that the Council receives and improve performance, a number of actions were undertaken during 2025/26, and some are being taken forward into 2026/27.
- Handling Complaints training sessions are held regularly throughout the year with a return to in-person sessions from June 2026. Online sessions will also be available to ensure flexibility.
 - Bespoke Handling Complaints training was delivered to Neighbourhood Services and is offered to other services.
 - Continuation of issuing monthly updates to the Council Leadership Team on complaints performance.
 - The guidance for employees on complaint handling document has been reviewed and updated.
 - A new E-Learning module “Introduction to Corporate Complaints” was developed for all frontline employees, aiming to increase awareness of the Council’s complaints procedure. A paper version of the module is also available for employees with no access to ICT facilities.

- Work is underway to develop training on Child Friendly Complaints with launch being planned during 2026/27.
- A new Corporate Complaints Dashboard is being developed to make it easier for services to track their performance on complaints in real time and develop service improvements to improve performance.

5.5 In addition to the above, performance and improvements will be monitored and discussed at the Council Leadership Team, the Complaints Review Group and within individual services. The “Learning from Complaints” section demonstrates the Council’s continued commitment to improving the service that is provided to the citizens of Dundee, as well as the processes to prevent the same issues from recurring. A number of complaints led to senior managers within services speaking to their team members to ensure that improving customer experience is at the heart of service delivery.

6. STATISTICS FROM THE SCOTTISH PUBLIC SERVICES OMBUDSMAN

6.1 39 complaints were received by the Ombudsman about Dundee City Council in 2025/26, compared to 35 in 2024/25. This represented 1.8% of complaints received by the Ombudsman about all local authorities in the year 2025/26. Out of the 39 complaints, “Housing” was the most frequent subject complained about (18 cases), followed by “Social Work” (8 cases).

6.2 The Ombudsman determined 38 cases in 2025/26 and no cases which reached the SPSO’s Investigation stage. More detail is provided in Section 5 of Appendix 1.

7. POLICY IMPLICATIONS

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

7.2 The complaints recording database includes a feature that asks Investigating Officers to note whether any complaints relate to an equalities issue or a protected characteristic - age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, sex or sexual orientation. Over the course of 2025/26, there were 25 complaints related to equalities or a protected characteristic. Two complaints related to ‘race’, one complaint was related to ‘age’ one was in relation to ‘sex’ and 21 complaints were in relation to ‘disability’. Complaint case files for these complaints were drawn to the attention of Council’s Equality and Fairness Officer and any recommendations arising from these complaints, or any issues identified, are taken up with the services concerned. Feedback and learning from these complaints will be discussed by the Council’s Corporate Equality and Diversity Group.

8. CONSULTATIONS

The Council Management Team was consulted in the preparation of this report.

9. BACKGROUND PAPERS

None.

GREGORY COLGAN
CHIEF EXECUTIVE

DATE: 1 JUNE 2026

ANDREA CALDER
HEAD OF CHIEF EXECUTIVE’S SERVICE

This page is intentionally left blank

Dundee City Council

Annual Report on Complaints

2025-2026

This page is intentionally left blank

1. INTRODUCTION

Dundee City Council is committed to providing high-quality customer services and values complaints to improve its services. The Council's Complaints Handling Procedure (CHP) is designed to resolve customer dissatisfaction as close to the point of service delivery as possible.

Complaints are treated as a valuable source of customer feedback and we strive to deal with them well, carrying out thorough, fair, and impartial investigations and making evidence-based decisions.

If something has gone wrong, complaints let us put things right, they help us to learn lessons, and to improve our processes to prevent the same problems from happening again.

The Chief Executive provides leadership and direction to ensure an effective CHP and that the Council learns from the complaints received.

2. DUNDEE CITY COUNCIL COMPLAINTS PROCEDURE

The Scottish Local Authorities Model Complaints Handling Procedure which defines a complaint as follows is used by the Council:

“an expression of dissatisfaction about the Council’s action or lack of action or about the standard of service provided by or on its behalf”

Our Complaints Handling Procedure has two stages:

- At Stage 1 of the complaints process, the target is to respond within 5 working days, unless there are exceptional circumstances. The target time for Stage 1 complaints can be extended to up to 10 working days if necessary. Stage 1 complaints are also referred to as “Frontline” complaints.
- Stage 2 complaints process is used if the complaint is particularly serious or complex and can't be dealt with within 10 days, or if the person remains dissatisfied after they've had a Stage 1 response. Stage 2 of our complaints process is also called the “Investigation” stage.

If the complainant remains dissatisfied following Stage 2 of our complaints process, they can raise the complaint further by contacting the Scottish Public Services Ombudsman.

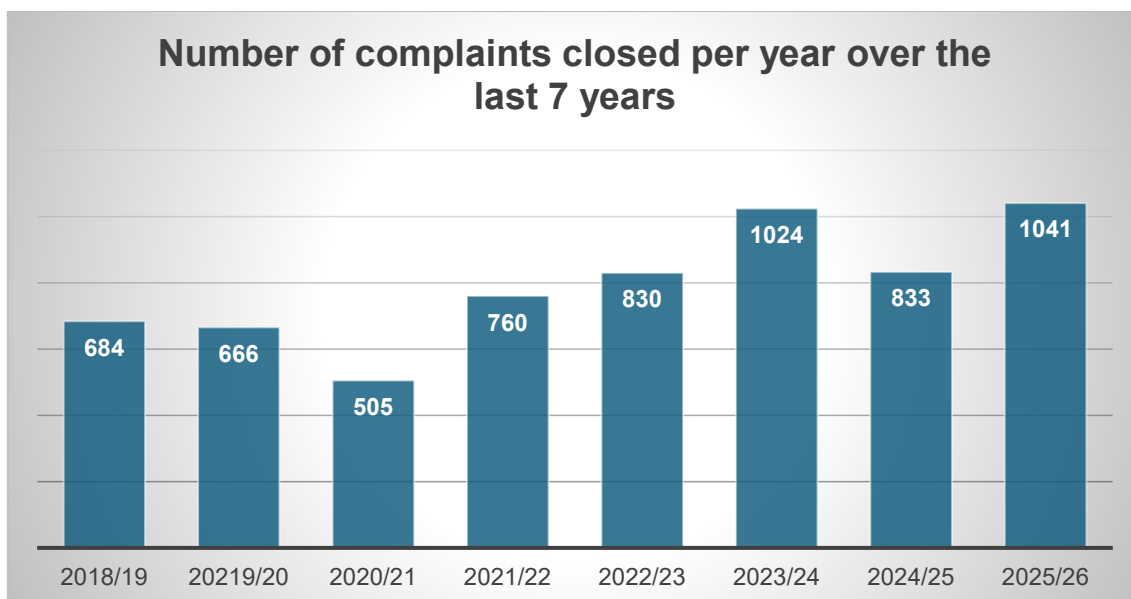
3. KEY PERFORMANCE INDICATORS

The Scottish Public Services Ombudsman places a duty on Local Authorities to record and report on key data related to the complaints handling process. Our performance data on handling complaints during 2025/26 is presented below, with regards to all complaints closed during the period of 1 April 2025 to 31 March 2026.

3.1 Number of complaints closed

The chart below shows the total number of complaints closed per year in the last seven years. In 2025/26 there were a total of 1041 complaints closed. This is an increase in number of complaints of 24.8% compared to 2024/25, and the highest number of complaints recorded since 2019/20.

This is consistent with the national trend observed by other Local Authorities and reported by the Scottish Public Services Ombudsman.



Detailed breakdown of complaints closed by services in the last seven years is illustrated in the table below. In 2025/26 every service, except for Children and Families: Criminal Justice recorded an increase in number of complaints closed.

In January 2025, Neighbourhood Services: Communities, Safety and Protection service was merged with the Housing and Construction, under new name of Neighbourhood Services: Housing, Construction and Communities. Data in the chart below for “Housing, Construction and Communities” from 2025/26 onwards will also include complaints relating to Communities.

Service	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Corporate Services	71	80	83	92	108	68	83
Children & Families							
Education	98	41	70	83	93	110	125
Children's Services	43	30	37	60	52	36	60
Criminal Justice	8	3	4	7	5	11	3
Neighbourhood Services							
Housing, Construction and Communities	177	130	162	199	316	292	334
Environment Services	136	129	263	228	232	183	239
Communities, Safety & Protection (ceased)	22	19	31	41	59	27	n/a
City Development	56	48	58	76	117	78	120
Chief Executive's	4	2	2	0	1	0	1
Dundee Health & Social Care Partnership	51	23	50	44	41	28	76
Totals	666	505	760	830	1024	833	1041

Nature of complaints

“Nature of complaints” are categories that are set by the Scottish Public Services Ombudsman. They help councils to identify trends in complaints made by members of the public. This information is used to identify training needs or areas of improvement across the Council.

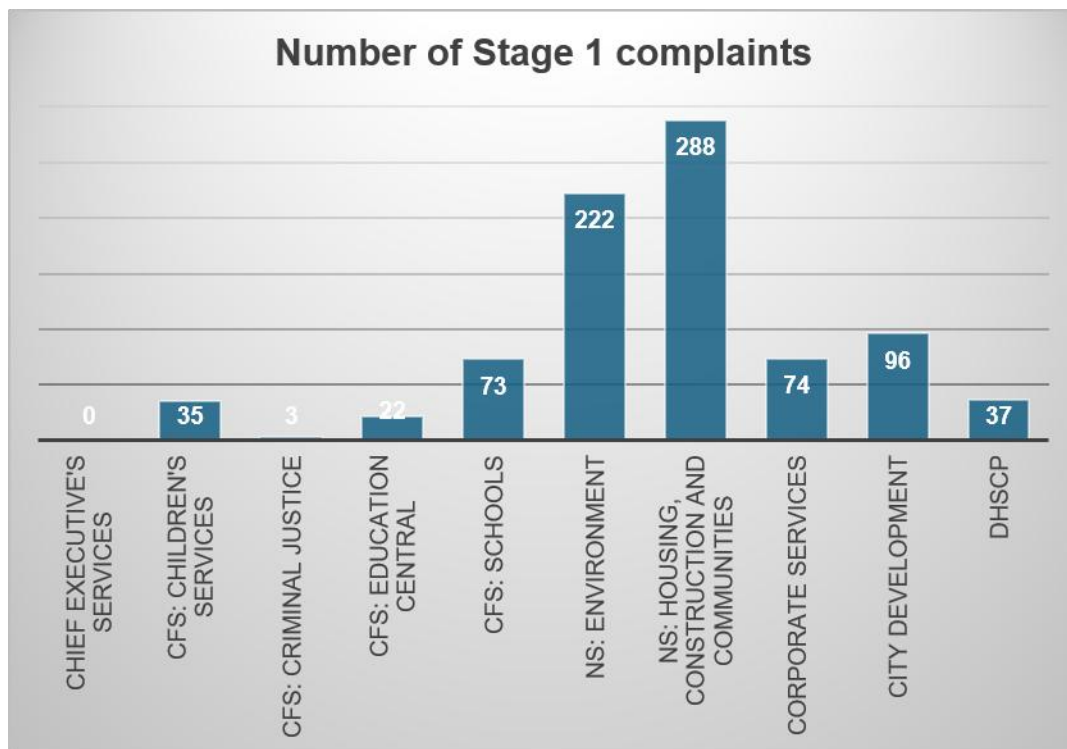
The top two reasons for complaints closed in 2025/26 was “Failure to provide a service” and “Treatment by or attitude of a member of staff”.

Nature of Complaint	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Delay in responding to enquiries and requests	16.3%	18.2%	22.8%	16.2%	20.9%	23.5%	15.4% (160)
Failure to meet our service standards	17.8%	15.5%	16.4%	17.0%	16.9%	16.8%	13.8% (144)
Treatment by or attitude of a member of staff	24.8%	20.3%	18.9%	20.2%	20.5%	21.2%	18.2% (189)
Failure to provide a service	25.6%	24.6%	27.2%	34.1%	26.8%	25.4%	30.6% (319)
Dissatisfaction with our policy	11.2%	14.1%	11.4%	8.6%	10.5%	8.4%	15.9% (166)
Failure to follow the proper administrative process	4.3%	7.3%	3.3%	3.9%	4.4%	4.6%	5.8% (60)
Refusal to give advice or answer questions	0%	0%	0%	0%	0%	0%	0.3% (3)

3.2 Overview of Stage 1 and Stage 2 Complaints

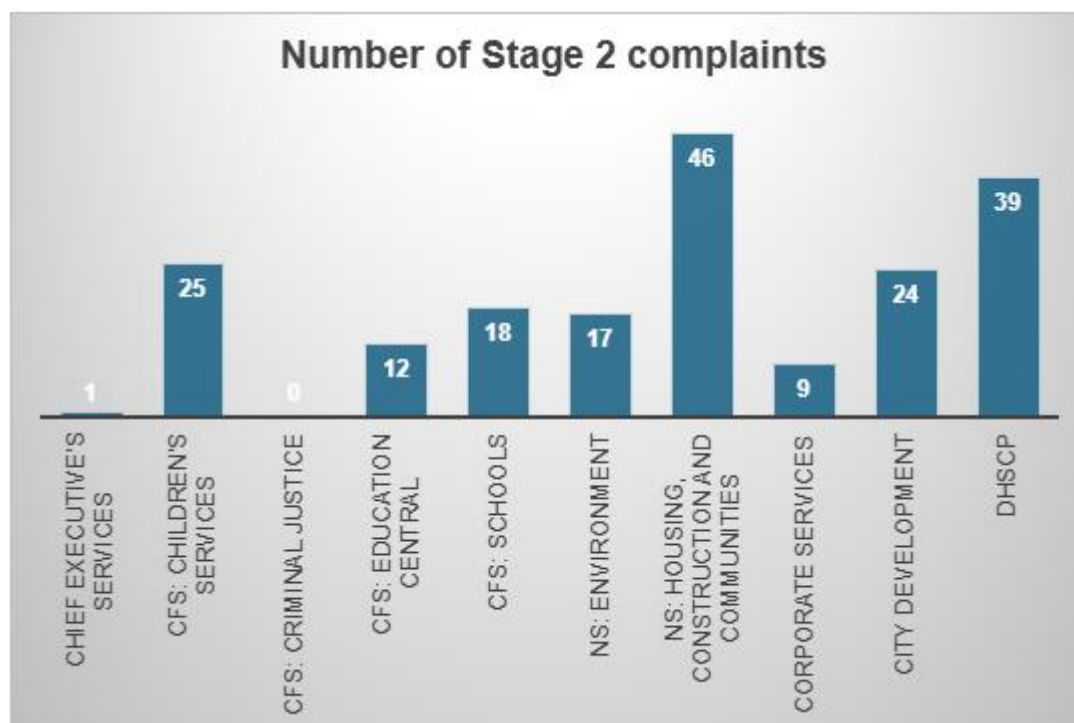
Stage 1 (Frontline) Complaints

In 2025/26 a total of 850 complaints were closed at Stage 1. The diagram below shows that Neighbourhood Services – Housing, Construction and Communities had the highest number of Stage 1 complaints (288), followed by Neighbourhood Services – Environment (222), while Chief Executive’s Services recorded 0 complaints.

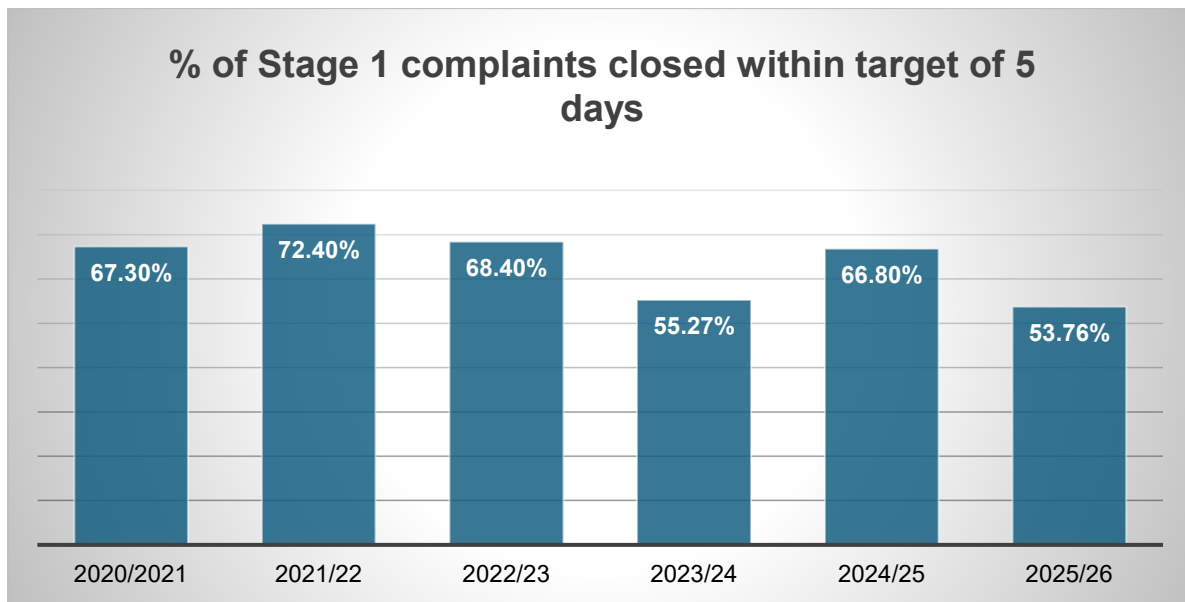


Stage 2 (Investigation) Complaints

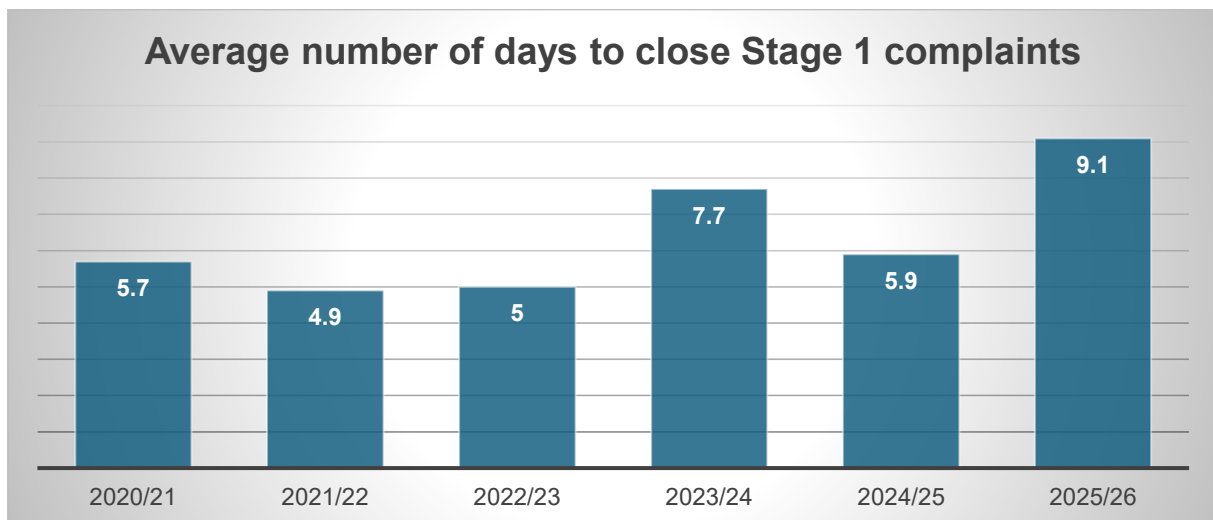
In 2025/26 191 complaints were closed at Stage 2. 81 of those were opened at Stage 2, and 110 were escalated from previously being considered at Stage 1. The diagram below shows that Neighbourhood Services – Housing, Construction and Communities had the highest number of Stage 2 complaints (46), followed by Dundee Health and Social Care Partnership with 39 Stage 2 complaints.



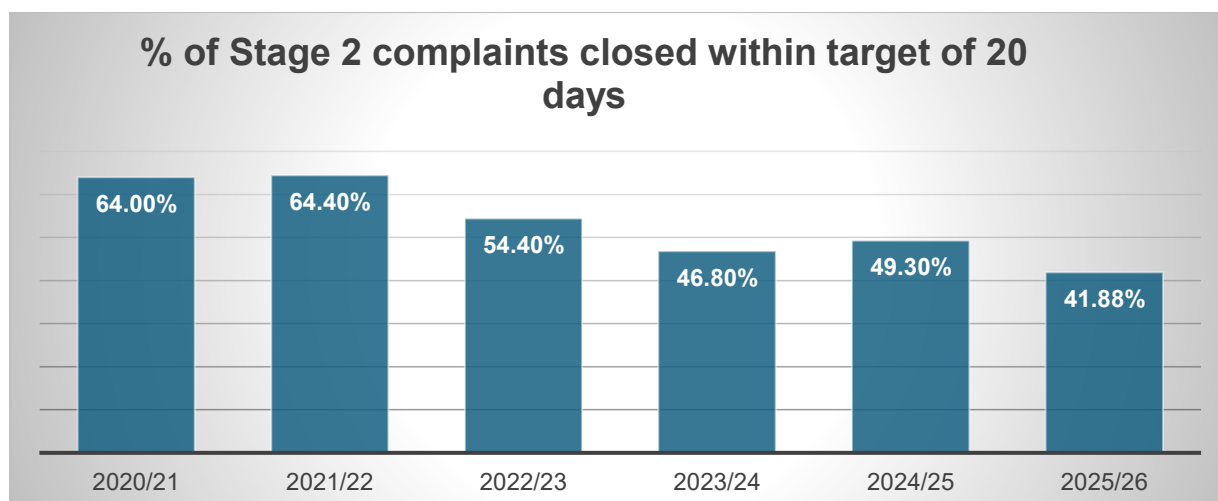
3.3 Stage 1 complaints closed within the target of 5 working days



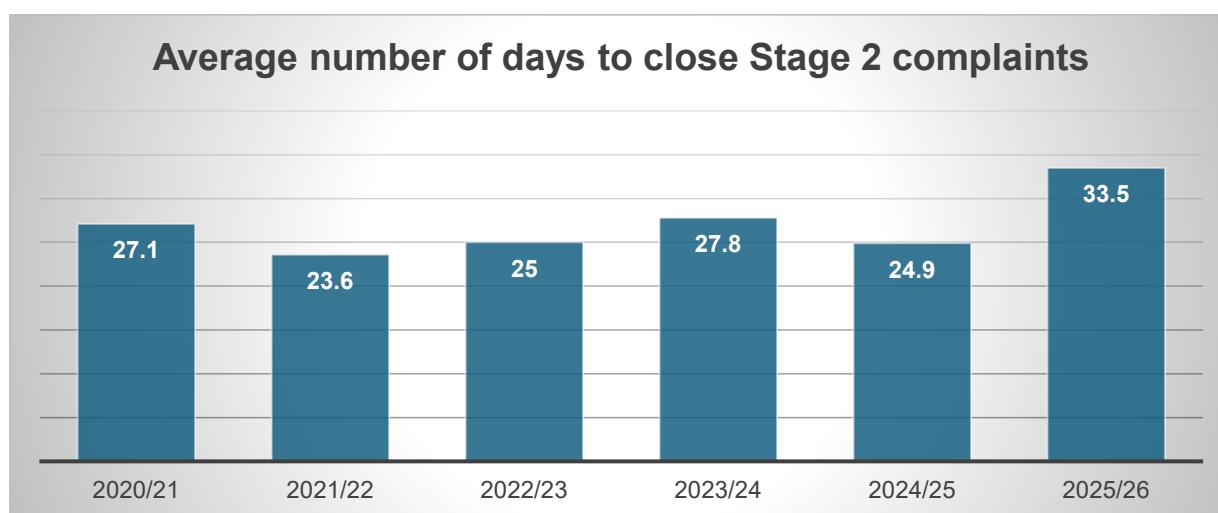
3.4 Average number of days taken to close Stage 1 complaints.



3.5 Stage 2 complaints closed within the target of 20 working days



3.6 Average number of days to close Stage 2 complaints

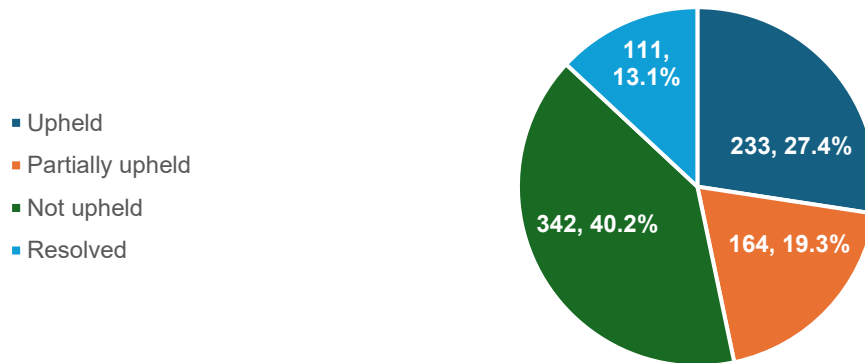


3.7 Outcomes of complaints closed.

Stage 1 Complaints

The majority of Stage 1 complaints were either upheld (27.4%) or partially upheld (19.3%). 40.2% of complaints were not upheld, and 13.1% of complaints were “resolved”, where a resolution was agreed with the complainant, without a decision being made whether to uphold the complaint or not.

Outcomes of Stage 1 complaints in 2025/26



Stage 1 outcomes for Dundee City Council in year 2025/26 compared to benchmark of the Scottish average and our Family Group average for year 2024/25 is provided in the table below. Benchmarking complaints data for 2025/26 is not yet available.

Outcome	Dundee 2024/25	Dundee 2025/26	Family Group 2024/25	Scottish Average 2024/25
Upheld	28.2%	27.4%	36%	40%
Not Upheld	43.5%	40.2%	30%	30.1%
Partially Upheld	17%	19.3%	20.9%	15.3%
Resolved	11.2%	13.1%	13.2%	13.9%

Stage 2 Complaints

The majority of Stage 2 complaints were either upheld (22.5%) or partially upheld (25.7%). 46.1% of complaints were not upheld and the “resolved” outcome was used in only 5.8% of cases.

Outcomes of Stage 2 complaints in 2025/26



Stage 2 outcomes for Dundee City Council in year 2025/26 compared to benchmark of the Scottish average and our Family Group average for year 2024/25 is provided in the table below.

Outcome	Dundee 2024/25	Dundee 2025/26	Family Group 2024/25	Scottish Average 2024/25
Upheld	18.4%	22.5%	15.6%	23.2%
Not Upheld	55.1%	46.1%	45.1%	47.9%
Partially Upheld	22.4%	22.6%	25%	22.1%
Resolved	4.1%	5.8%	12.9%	6.5%

4. COMPLEX COMPLAINTS

While the target in the complaints handling procedure for dealing with complaints at Stage 2 is 20 days, this can be extended without any limit, as it is acknowledged by the Ombudsman that many complaints at this stage will be more complex and take longer to investigate. Data for the last 6 years on the number of cases closed in each time period is shown in the table below:

Year	20 days or less	21-39 days	40-99 days	100 days +
2025/2026	49	64	49	5
2024/2025	74	30	14	1
2023/2024	75	36	19	2
2022/2023	85	40	10	1
2021/2022	91	29	11	1
2020/2021	60	11	13	3

5. STATISTICS FROM THE SCOTTISH PUBLIC SERVICES OMBUDSMAN FOR 2024/25

39 complaints were received by the Ombudsman about Dundee City Council in 2025/26, compared to 35 in 2024/25, representing a 11.4% increase. This rate of increase in number of cases received by the SPSO is similar compared to previous year.

The list of subjects of complaints received is summarised in the table below:

Subject of complaint:	No of cases:
Education	2
Environmental Health & Cleansing	1
Finance	1
Housing	18
Land and Property	1
Legal and Admin	2
Roads & Transport	4

Social Work	8
Subject Unknown (or outside of Jurisdiction)	1
Welfare Fund - Community Care Grants	1
Total	39

The Ombudsman determined a total of 38 Dundee City Council's cases in 2025/26. None of the cases were taken forward by the SPSO for a full investigation. Only complaints which reach the Investigation stage can be determined as upheld, partially upheld, resolved or not upheld.

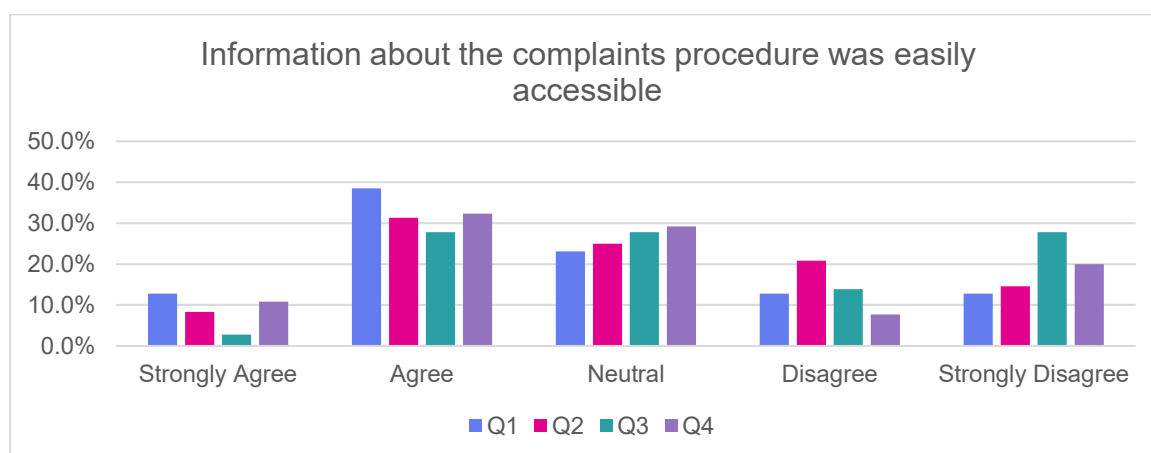
SPSO determination stage reached:	No of cases:
Assessment and Guidance	16
Triage and Early Decision	3
Preliminary Investigation	19
Investigation	0
Total	38

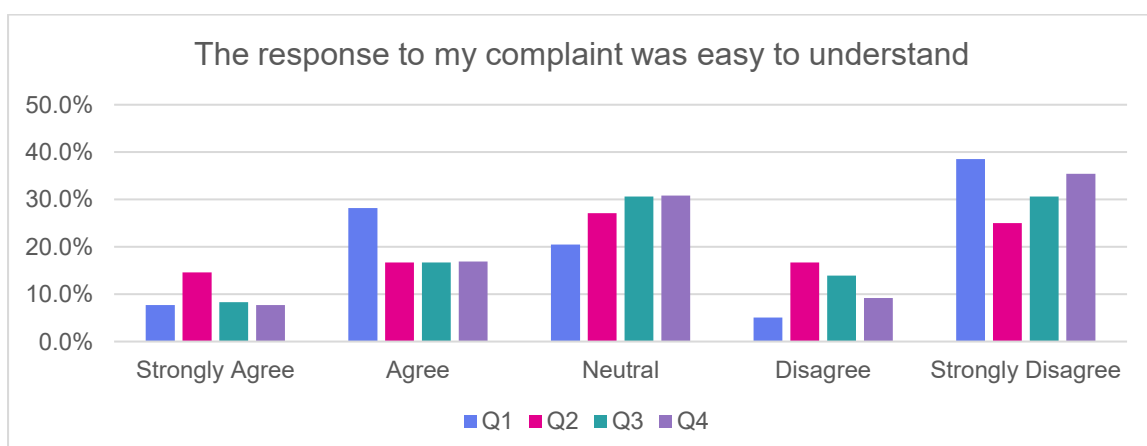
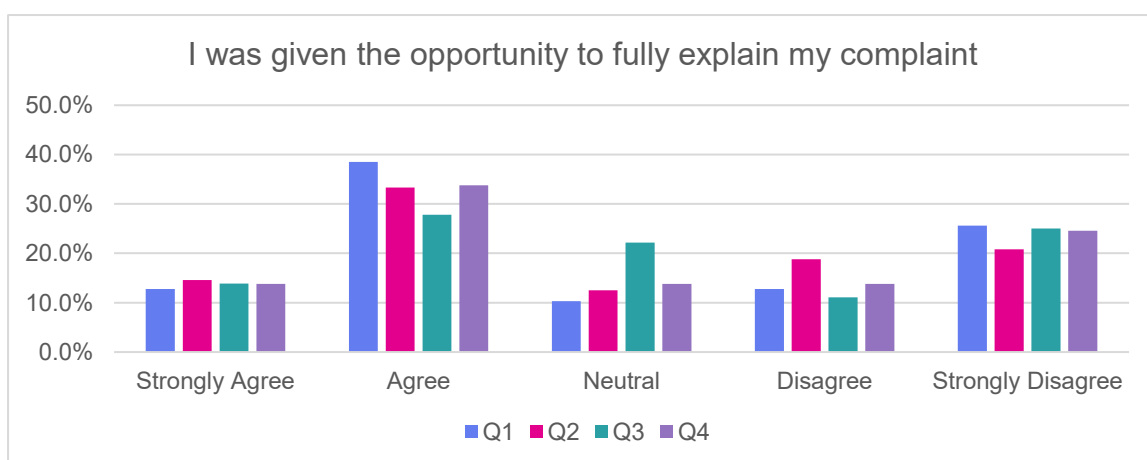
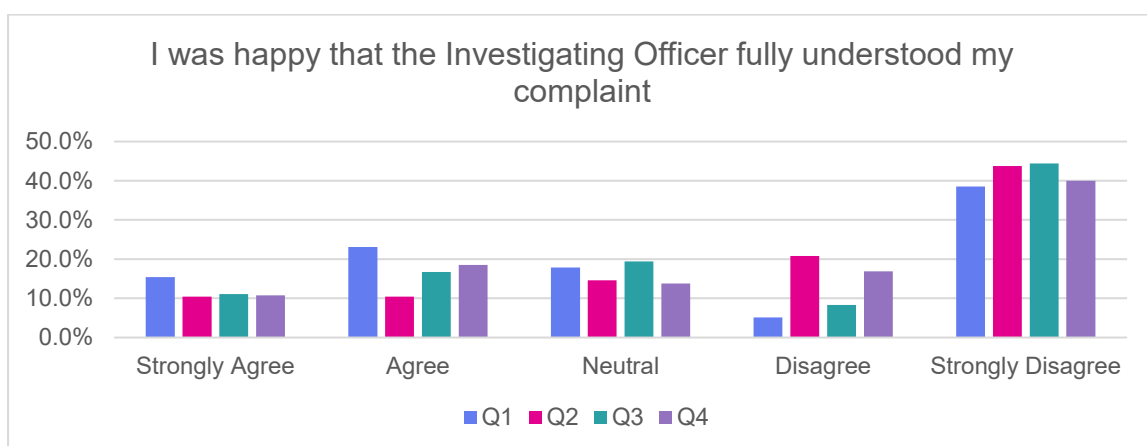
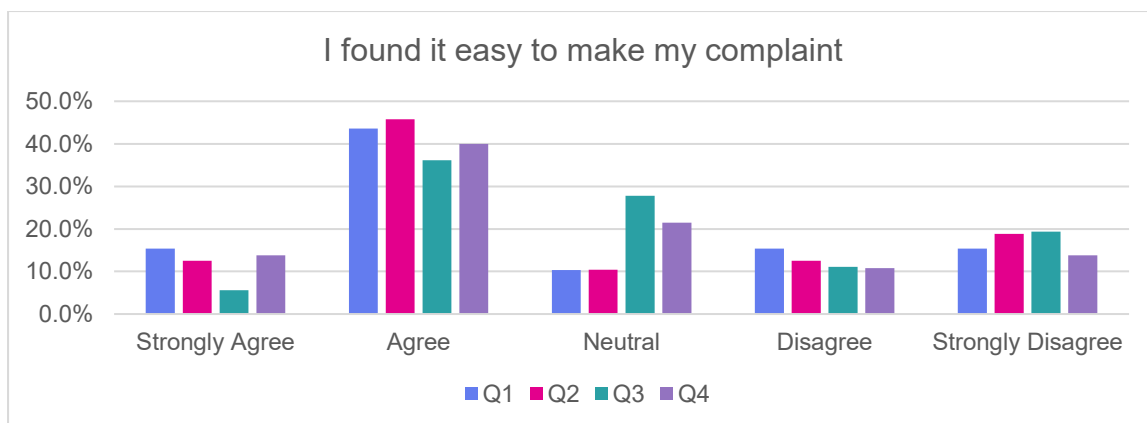
6. SATISFACTION WITH COMPLAINTS HANDLING – QUARTERLY SURVEYS

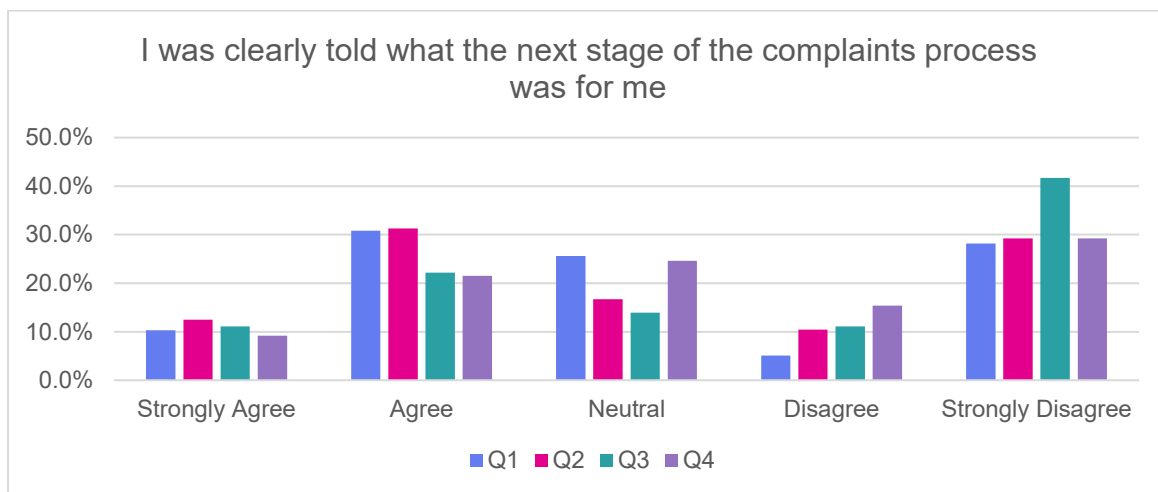
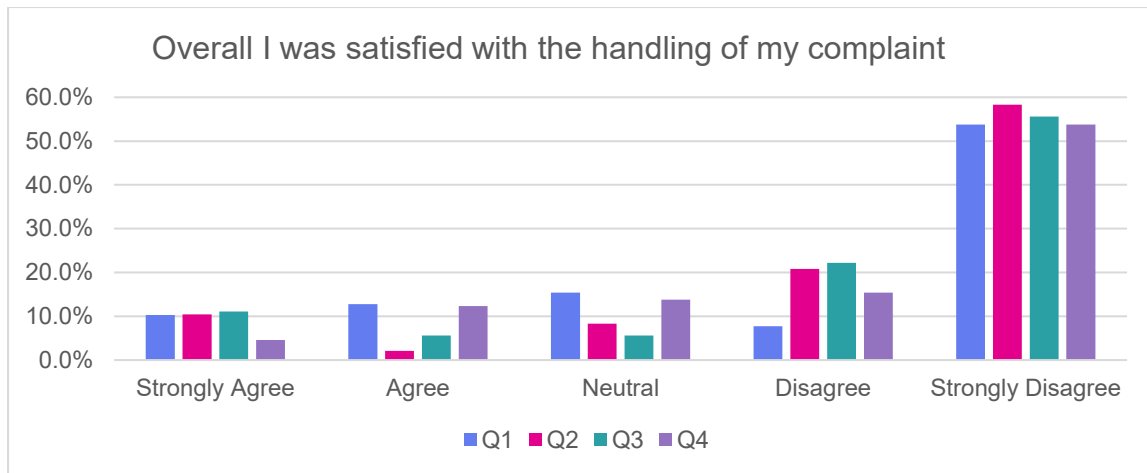
The model Complaints Handling Procedure requires the Council to report on a measure of customer satisfaction with its complaints process. To do this, quarterly surveys are issued to people who have made complaints. The survey agreed by the Scottish Local Authorities Complaint Handlers Network is issued to complaints by email. Since the survey sample consists entirely of people who have made a complaint, many of which are not upheld, it may not be surprising that satisfaction levels are not particularly high.

The response rates to our survey are low, with return rate ranging between 19% and 30%. Caution must be exercised due to the small sample who return the survey and the fact that those who remain unhappy may be more motivated to do so.

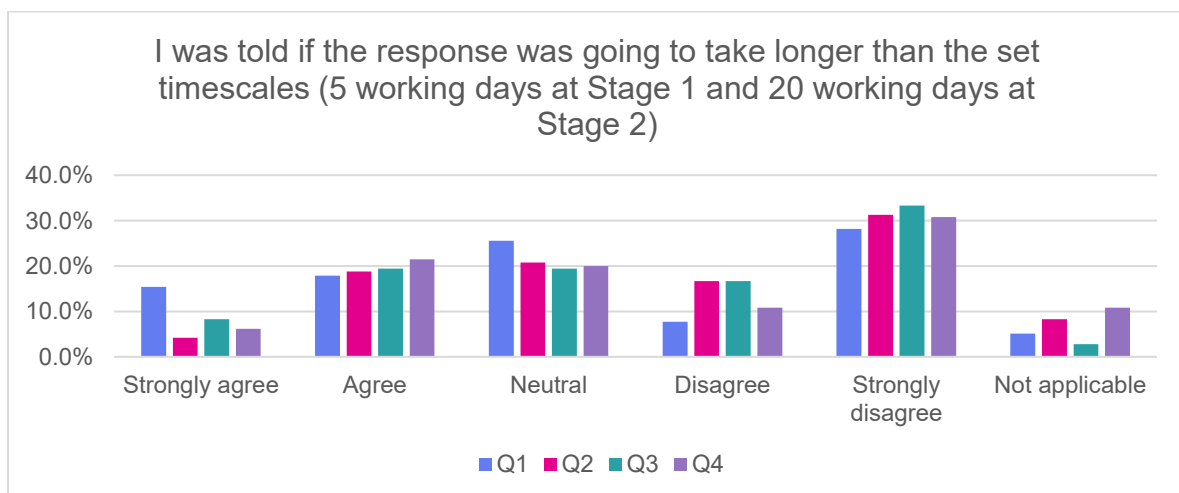
Question 1: Please indicate the extent to which you agree or disagree with the statements below:

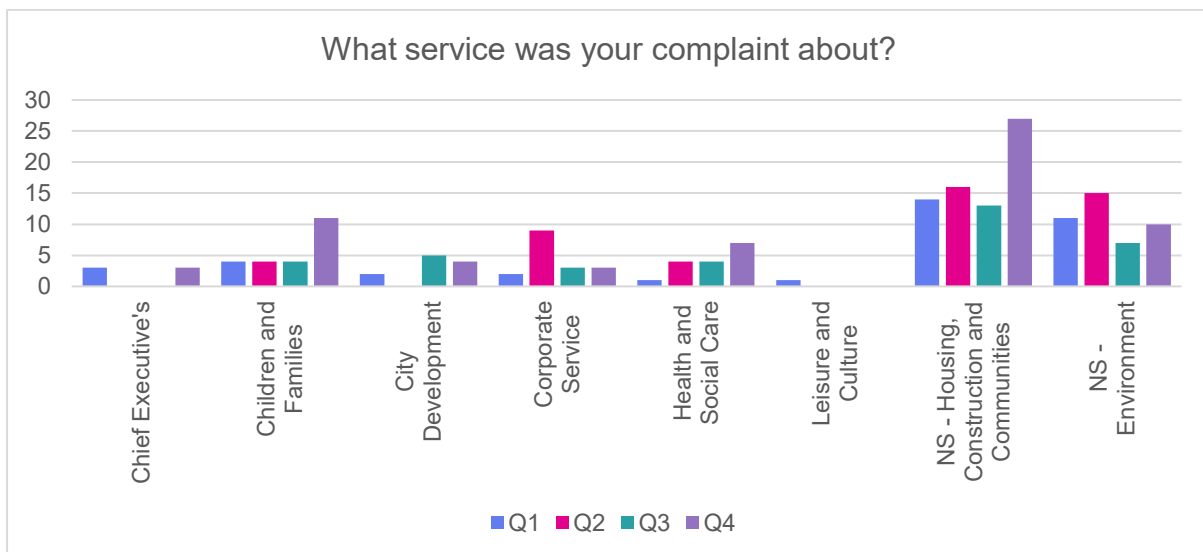
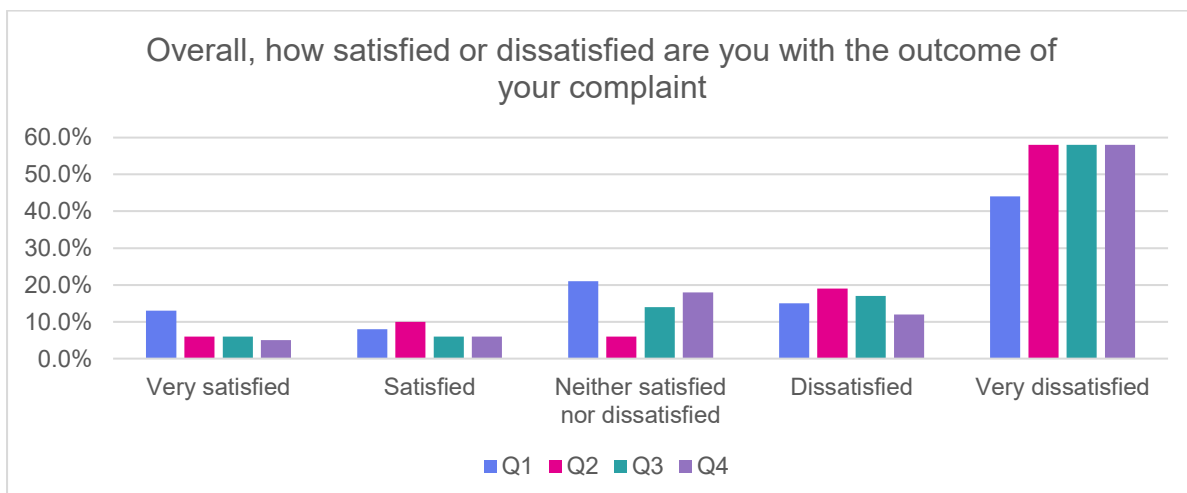






Question 2: I was told if the response was going to take longer than the set timescales (5 working days at Stage 1 and 20 working days at Stage 2)



Question 3: What service was your complaint about?**Question 4: Overall, how satisfied or dissatisfied are you with the outcome of your complaint?****7. LEARNING FROM COMPLAINTS**

When a complaint is upheld or partially upheld Investigating Officers are asked to identify the root cause of the complaint and planned service improvements, designed to prevent similar issues from recurring.

Planned Service Improvements can involve speaking to individual employees, arranging training for teams on correct use of procedures and customer care standards, or using the complaint as a 'case study' in team discussions.

However, complaints are used to identify wider process/service improvements and below are some examples of how that was done during 2025/26.

Customer complained that...	We listened; we acted...
A parent's school placing request for their child who suffers from mental health difficulties was delayed, causing distress.	Placing request process at Greenfield Academy has now been reviewed and improved. The school was in its first two weeks of existence and was managing a major transition and induction process. The pupil is now enrolled.
A tenant complained that a plasterboard repair job was put on hold half-way through and left unfinished for 3 weeks.	A subsequent repair inspection was carried out and further repair ordered.
Glass recycling container was full, with glass waste overflowing onto pavement due to collections being too infrequent.	The waste department will monitor the area for additional collections needed and arrange for signage with contact details to alert the department when additional collection is needed.
A tenant requested that a housing repairs visit takes place on a specific date. Due to lack of available staff, a visit was carried out on a different date when she was not at the property.	Housing repairs team will ensure that tenants will receive a phone call if staff unable to attend at the requested date.
A customer made an enquiry regarding an HMO property, and it was not responded to.	The team responsible will improve note keeping ensuring all enquiries are answered in a timely manner.
School did not adhere to the complaints timescales for responding to a Stage 1 complaint.	School staff undertook additional training on Handling Complaints.
Numerous bins collections were missed around the same area.	Waste team to review workload and make necessary changes to ensure collections are timely and regular.
A resident complained that position of a bus stop is causing issues accessing it.	Arrangements are being made for the bus stop to be moved.
A tenant received a demand for payment letter for two months' rent as his direct debit failed to be collected by Dundee City Council.	Rent recovery team will carry out a full review of the rent direct debit process.
Communal waste bins have not been emptied 11 out of 32 weeks.	Some of the collections were made impossible due to cars parked on the side, blocking access to the bins. The team have arranged for the lowering of the kerb and the addition of a painted pathway, which would allow for bins to be moved safely to the collection vehicle.
The Environmental Health team visited the wrong property during an investigation into noise nuisance, while there was no response to a calling card left at the source property and this was not followed up upon by the team.	The Environmental Health team has now agreed that if it is not clear to the officers as to which property is responsible at the time of their visit, they should continue to visit any property that has not responded to a calling card. Only after all persons / properties that are potentially the source of the noise have been contacted, and the source has been clearly identified would other properties no longer be pursued.

A complainant appealed a LEZ penalty charge notice, and their appeal was rejected. The system allowed further appeals to be logged and acknowledged for the same PCN, giving the incorrect impression that further appeals were possible, leading to confusion over the LEZ appeal process.	The council will investigate and address the LEZ appeal system loophole.
A customer fell into arrears with his community alarm invoice payments, but he had not realised this, as debt was not timely chased, allowing for the instalments to accumulate.	New recovery process will be put in place whereby debt will be highlighted and chased more frequently.
A parent applied for a nursery funded place for their child but were declined a place due to not being in the nursery's catchment area. The parent felt the guidance around nursery place allocations and catchment areas was insufficient, misleading and contradictory.	The Council will review the current Admission Guidance to ensure it provides clear, transparent and easily understood information on how local areas are used when allocating nursery places. The Council will provide additional guidance and training to staff to ensure that only accurate, relevant and appropriate information is shared with parents during discussions about nursery placements and related processes.

8. COMPLIMENTS

In addition to complaints, the Council also receives many compliments from members of the public, who are satisfied with the service provided. Below are examples of compliments received between October 2025 and March 2026 from customers, either directly to the service concerned, or via the "Tell Us About Good Service" online form on the Council's website.

"I just wanted to recognise great service from the crew on the garden waste collection. I had forgotten to put the bin out (again) and the guys obviously spotted me running to the garden and wated until I had checked how full the bin was before heading off. I did not ask them to do this and wanted to thank them for holding off. Thankfully the bin was not full."
"Last week, a pest control officer came to our home but forgot to leave a card to say he had visited. Because of this, I contacted you to ask the status of visits. This email is to confirm he had in fact visited, but the trace of bait was out of sight. That was my error. I am thankful to the officers who come out and think praise is due. I would recommend this Council service if asked. Thank you for your help."
"Would like to thank the street cleaners for their help this morning, neighbour had bad fall and could not get up, one of the street cleaners came over to help as I was unable to get the man up; he called his colleague for assistance and they both managed to get him up, thank you."
"Thank you for eventually removing these abandoned caravans. They, and the advertising trailers, are an eyesore for residents and visitors coming into Dundee. I would hope that this does not occur again and has to be reported by a member of the public to get action."
"Missed brown bin collection now rectified - Contacting to express my gratitude for the quick response. Many thanks!"
"Thanks for sending roofers to check water on the shared landing. They were very professional. They were also very understanding when I was upset. Fine gentleman."
"Missed bin now collected. Many thanks for organising this and also for the way your member of staff handled the initial query. Gold stars al around! Good job!"

"I just want to thank the Council for their understanding and sensible approach to the issue of parking around the high school of Dundee at collection time. As a family of 2 working parents, it is one less stressor to know we can park without concern of penalty for the brief period needed to collect our children. The news of Bell Street reopening with similar plan of limited free parking is also very welcome. Many thanks"

"Good afternoon, I would just like to say what an absolutely awesome job the painter did on my hallway landing and bedroom wall. It was very badly affected by mould due to my flat roof needing replaced, his hard work, advice and friendly nature were very much appreciated. Many thanks."

Email sent to Customer Services: "I would also like to thank your colleague, who was very conscientious and called me back when the call got cut off and followed up first thing the following Monday. I very much appreciate his exemplary service."

Email to Customer Services adviser: "I just wanted to formally record my thanks to you and the team for the speed, courtesy and kindness in your help with sorting out an additional bin for my mum. It was there when I visited this weekend and I am incredibly grateful for your help. You were brilliant, thank you."

An email to Customer Services received from a complainant who received assistance from an adviser: "Thankfully I had a really nice lady today and I would like to say she's an asset to the council; she really helped me today and kept me calm during my frustration."

An email regarding a NEC replacement card: "Thank you so much for the email and the Customer Service telephone number. All dealt with, evidence uploaded and new card ordered within a few minutes. First class service a male adviser and yourself. He said he'd put me through to a survey about the experience but unfortunately, the line was cut off, so no feedback given. However, I am more than happy for my feedback to be passed on to him."

A thank you email to Customer Services: "Just to let you know that mums bin was emptied yesterday, thank you so much for all your help, it's much appreciated and very kind of you."

NEC replacement card: "Just to let you know, the customer phoned in simply to say thank you, as she has just received her replacement card."

A customer got in touch to send a "thank you" to a male gardener who went over and above that morning cutting her grass. She appreciates everything the gardeners do and wanted to pass this on.

Email from a social worker based at the Ninewells Hospital discharge team: "Just wanted to drop a note and say how much we appreciated today and the time you gave us, the home you have created for residents is exceptional."

An email to all the staff at Menzieshill House: "Just want to say a HUGE 'thank you' to all your wonderful people for all the love, care and compassion given to my mum over the past three years and especially during the last week before she passed. There are care homes and care homes and then there is Menzieshill House! My mum was happy and enjoyed all of your lovely activities. A big thank you too to the wonderful catering staff who made meals and baked snacks for my sister and I while we sat by mum's bed during her final days. How very kind of them and much appreciated by us! Keep doing what you're doing. You are one of a kind!"

"I can't thank you enough, for all your help and support over the past FEW years! You have helped us cope with looking after my Mum at home, as well as supporting us with her care in the nursing home. We could not have possibly had a better person than you to help us. You have quite simply been fantastic, and we couldn't have managed as long as we did, without you. Please tell your bosses they need to give you a wage rise at least!!! You have earned every penny of it, and then some. We will be forever grateful for what you have done. Once again, thank you very much!"

"I just wanted to send a quick email to thank you for allocating the X's case for assessment and review. We had a very positive meeting yesterday and I have also emailed your colleague to thank him for his understanding and compassion. He listened to our views and concerns and demonstrated genuine empathy which was so very reassuring for us after such a stressful time. I know how stretched and demanding your jobs are at times but think it's really important to recognise when things are handled sensitively and positively as in our situation.

X has settled so well in Harestane which is down to the approach of the staff team, they have been such a great support. Although we see a marked decline in their cognitive ability, we know that they are safe and being very well cared for."

Email to DHSCP care manager: "Thank you for your kind words and thank you for your help and support, you made a difficult time a lot easier."

Email sent to the Connect team: "I had a bout of ill health last month that slowed things down for me. However, the difference your efforts made in mine and my parents' households has been immense and this isn't an exaggeration. There was always a sense of anxiety and frustration about how to make ends meet and we just didn't realise how much of a toll this took on our mental health until that worry was no longer there. Everyone is less stressed and things just feel lighter in these last couple of months. So, we wanted you to know how much your help has made a difference to us and just how much we appreciate it. Many thanks and hope you have a wonderful holiday season."

Email to Council Advice Services Manager: "We met with your female worker now on three occasions and I can't tell you what an asset this young lady is to your team. From our first meeting she was professional, compassionate and displays a non-judgemental approach when dealing with us. She has gone way over and above to help resolve issues around benefits etc. Hence my main reason for emailing you. If this is this culture within your team you should be very proud."

From a "Thank You" cards to Council Advice Services:

"Whatever the outcome today, I cannot thank you enough for what you have done for me, it is very much appreciated"

"I am sending this card to let you know that your adviser has been a great help and support with all my struggles. She is easy to talk to, cheerful and has a fab sense of humour. I have never been nervous approaching her and that makes a huge difference to me."

*Thank you for everything you have done for me."

"With my very grateful thanks for all your help."

I recently opened an enquiry, the matter has been resolved within a few hours, and the correspondent was great at explaining what happened and what steps they've taken to resolve it. I appreciate it moving quickly and being properly listened to.

The Bin collectors in Lawside road were carrying out their work with a spring in their step. They looked as if they were enjoying their work- it really lifted my spirits to see them.

I phoned about renewing my Dad's blue badge last Wednesday. The lady I spoke to was really helpful - I'm afraid I didn't take her name. I followed her instructions and applied for the renewal on Sunday, and the application was processed by lunchtime today. I'd like to say thanks for such a great service. My Dad would be lost without his blue badge, and we'd find it much harder to get him out - which is important for his mental and physical health.

Well done to the team who look after the woodland at Camperdown Park. It is an absolute delight to walk around the well-maintained paths and woodland. Today the snowdrops were looking so beautiful.

G. kept me informed and her colleague P. was also helpful when I phoned back. Today BT have contractors mending the drain cover and road. Hopefully this fixes the issue. Thanks again.

We recently asked for a bathroom repair, which turned out to be more complicated than expected. However, you sent G. the carpenter, K. the floor covering expert and M. the plumber. Their professionalism, tidiness and enthusiasm for their work have certainly been reflected in a now excellent bathroom. Please pass on our compliments to all three for a great job well done.

Thank you for repairing the water leak on Macalpine Road very quickly.

Thank you very much for your very quick response in repairing the craters on Harrison Avenue and there were many. It is refreshing to know that Dundee Council respond quickly to road conditions. You did the same quick response in repairing the water leak on Macalpine Road opposite the Crematorium. Well done.

I know DCC get a lot of flack but I had two young painters, decorators in, they did great job, lovely boys, helpful, nice. Credit to DCC, so just to let you know.

Hi I'm a resident of Fintry. I just wanted to email and say that I have noticed a great difference in Fintry area with our new litter picker who goes around picking up off the streets. It makes such a difference to the area, especially after bin collections. He's doing a great job! Always smiling and friendly as well. I hope he continues to work in the community, I know he is highly liked and appreciated.

For the past 16 years my family and I have been DCC tenants. I would like to take this opportunity to express my sincere and heartfelt appreciation for the outstanding support we have received from our caretaker, during our time here. A. has always kept the building clean, well maintained, and running smoothly while dealing with numerous day-to-day issues, as you might imagine. There was never a dull moment in the multis, yet he consistently showed a positive and caring attitude towards everyone. He regularly asked how our children were doing and always made tenants feel welcome and supported.

During our heating emergency just before Christmas, A. was incredibly supportive. He provided us with fans and regularly checked in on us to make sure our family stayed warm when outside temperatures were below zero. His kindness, quick action, and genuine concern made a very difficult situation much easier for us at a particularly stressful time of year. His thoughtfulness was also evident shortly before we moved out, when—due to a misunderstanding—Dundee City Council sent a joiner to change our locks while we were still tenants. A. took the keys from the joiner and personally gave them to me, sparing us a trip to collect them from the council offices. He was aware that I had broken my leg and had reduced mobility, and his help meant more to us than he probably realised. When we then discovered that our key fobs were no longer working, A. again stepped in and helped us obtain new ones within 24 hours.

A. has always been helpful, polite, and approachable—nothing was ever too much trouble for him. He is a genuinely caring person, and you should be very proud to have someone like him on your team. He made a massive difference in our lives while we were tenants. His dedication, compassion, and tireless hard work created a positive and supportive environment for our family, and we will always be deeply grateful for everything he has done for us. I hope you are able to pass this message on to A, with a very big thank you from our family. It truly meant more to us than words can express.

I just wanted to get in touch to say what a fantastic job our local street sweeper is doing. He is very friendly, really personable, always has a cheery word for folk, is out there in all weathers and is hard working. I have lived in Fintry for a long time and have never seen the area looking so good! He must be a huge asset to your team and is a wonderful advert for the Council. Thank you so much.

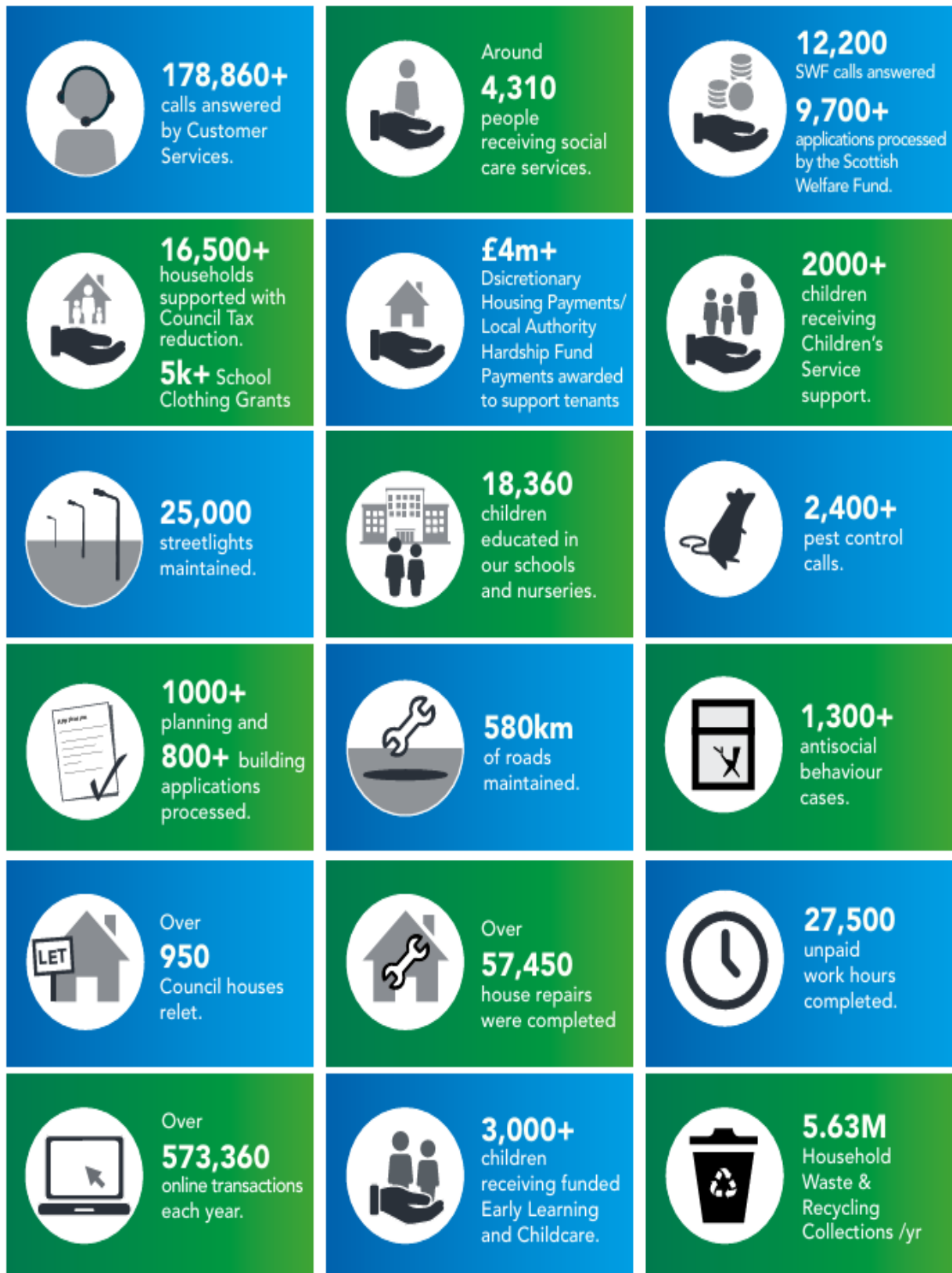
Just wondered if you could pass on my thanks to the DCC guys who were there at a family interment yesterday morning at Balgay Cemetery. They were so respectful and helpful at the burial, and it was commented on by others attending. I'd be grateful if you could pass on our appreciation possibly via a supervisor. Many thanks.

A message received for an employee from the Waste Management Service: Thank you A five-star service.

A message to Customer Services employee: Hi, Thank you so much for your efficient support! I was delighted to receive the bus card yesterday! Even though the scheme and my new bus card will only be valid for one week, I am thrilled to have it and could not wait to share the good news with you and E! This could not have happened so quickly with the kindness and support from both of you, and I am truly grateful! Your help has made such a meaningful difference.

This page is intentionally left blank

EXAMPLES OF THE VOLUME OF TRANSACTIONS THE COUNCIL DEALT WITH IN 2025/26



This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 108-26

1.0 PURPOSE OF REPORT

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

2.0 RECOMMENDATIONS

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

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

- 4.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. On completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.
- 4.2. In arriving at the overall assurance level for each audit, the assurance levels within the individual objectives do not always carry equal weighting. Findings from the audit are considered in total against the scope and risk levels to arrive at the overall assurance opinion.
- 4.3. Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above since the last Scrutiny meeting are provided at Appendix A. The full reports are available to Elected Members on request. Reporting in Appendix A covers:

Audit	Assurance level		
Social Work Contracts and Payments	Substantial Assurance		
Cash Handling	Claverhouse Cash Office - No Assurance	East Cash Office - Limited Assurance	General Findings - Substantial Assurance
HRA Budgetary Control	Substantial Assurance		
Housing Stock / External Wall Insulation	Limited Assurance		
AI Governance	Advisory		

Homelessness	Substantial Assurance

- 4.4. Internal audit recommendations are categorised as either relating to the design of the control system (Design) or compliance with the operation of the controls (Operational).

5.0 POLICY IMPLICATIONS

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

6.0 CONSULTATIONS

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

7.0 BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

3 JUNE 2026

(i) **INTERNAL AUDIT REPORT 2023/13**

Client	Dundee Health and Social Care Partnership
Subject	Social Work - Contracts and Payments

Executive Summary

Conclusion

Substantial Assurance

Processes to manage expenditure under the National Care Home Contract are generally operating effectively, however we have observed weaknesses in payment administration processes which could result in failures to detect inaccuracies arising from error or changes in circumstance. We have raised a small number of recommendations, however strengthening these processes may depend on negotiation of corporate support resources between the HSCP and the Council.

Background

Dundee Health and Social Care Partnership (DHSCP) is responsible for delivering person centred adult health and social care services to the people of Dundee. The Partnership consists of Dundee City Council, NHS Tayside and providers of health and care services from across the third and independent sectors.

There is a National Care Home Contract (NCHC) in place which defines the terms of local authority placements into private or voluntary sector care homes. The fee structure is negotiated annually between COSLA, Scottish Care and Coalition of Care & Support Providers in Scotland (CCPS). All 28 care homes in Dundee have signed up to the NCHC, with three homes owned and operated by Dundee City Council.

In order to meet the needs of the people within Dundee, the Partnership also purchases services from a number of third-party voluntary bodies. These organisations provide services to many sectors of the community, including older people and adults with disabilities. The provision of these services is covered by contracts with the relevant organisation. Monitoring arrangements require to be robust in order to ensure that the Partnership is receiving best value for money and that the service specification is being met.

For financial year 2024/25, there are over 200 different services being provided by approximately 100 voluntary bodies under these contracts. Payments to these bodies are made via the Mosaic system for regular monthly block payments, with other payments made as part of the 'purchase to pay' process on the Civica ledger system.

Budgeted payments for 2024/25 are approximately £106m which includes £36m paid to care home providers.

Scope

Review of contract and commissioning arrangements (including payments) within DHSCP to assess their adequacy and effectiveness, excluding areas already covered in the previous Viability of External Providers audit report.

Objectives

		Action Priority			
		C	H	M	L
Objective 1: Ensure the system for contract arrangements in DHSCP has adequate internal controls in place.	Limited Assurance	-	1	1	-
Objective 2: Confirm commissioning arrangements are adequate and provide best value.	Comprehensive Assurance	-	-	-	-
Objective 3: Review payments made by Social Work for adults and ensure they have been authorised correctly using the Mosaic system and/or Civica.	Substantial Assurance	-	-	1	-
Objective 4: Ensure adequate budget monitoring is in place on a regular basis.	Comprehensive Assurance	-	-	-	-
TOTAL		-	1	2	-

Nature of Recommendations

All of the recommendations made relate to the design of controls, indicating that there are areas where the existing control framework could be strengthened to provide greater assurance that controls are operating effectively.

Key Findings

We identified a number of areas of good practice:

- Payment processes are semi-automated, and make use of provider and contract rate information which is pre-configured in MOSAIC, helping to ensure that payment arrangements entered by Care staff use accurate rates.
- At a Council level, Care Home placements are commissioned on an individual basis. Contract monitoring is led nationally, and work is underway to develop a Contract Monitoring approach within the Council which does not duplicate these processes.
- The approvals required to issue payments are integrated into MOSAIC functionality which automatically retains audit trails. Audit testing did not identify any issues with payment authorisation.
- National Commissioning arrangements mean that the primary task of the HSCP is managing demand and budget. Budgetary information is regularly prepared, and reporting formats are tailored for senior management and operational budget holders.

We have identified the following areas for improvement. All of the recommendations raised in this report have been addressed by management at time of reporting, although the resolution to the first area related to corporate support for the MOSAIC system is a temporary solution and subject to the completion of longer-term initiatives to find a permanent solution.

- There are limited resources made available to the HSCP by Council IT functions for the update and maintenance of information on which payment processes rely. More broadly, no structured arrangement is in place to negotiate and agree the level of support available to the HSCP from Council functions. There may be opportunities to reduce reliance on IT administrative resource by designing MOSAIC workflows which allow tasks to be carried out by clerical staff, however this may require upfront investment of resource.

- The main internal control providing assurance over the accuracy of Care Home payments is a requirement that providers verify and sign off remittances, however these are not systematically retained. As such, we are unable to provide assurance that this process is operating as expected.
- Payment process provides a means for Care Homes to raise any issues in returned remittances, but there is no systematic tracking which provides assurances that all such issues are resolved. Implementing stronger record keeping would provide assurance that issues notified by providers are followed up and tracked to resolution.

Impact on risk register

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

- DCC001 Financial Sustainability (inherent risk score 5x4, residual risk score 5x5)
- DCC012 Integration Joint Board/Dundee Health and Social Care Partnership (inherent risk score 5x5, residual risk score 5x4)
- HSCR00a1 Restrictions on Public Sector Funding (inherent risk score 4x5, residual risk score 5x5, target risk score 4x3)

This review relates to a payment process, and as such has a direct impact on financial sustainability risks. In addition to this, the review considered issues relating to the HSCP's relationship with providers, and the corporate services support provided to the HSCP by Dundee City Council which are not explicitly identified in the HSCP's high level risk registers.

The review has raised recommendations in terms of strengthening controls which provide assurance that payment processes are operating effectively to ensure that payments to providers are accurate and complete, which in turn impacts on the HSCP's relationship with providers.

Issues with these processes appear to have root causes which relate to the level of resource available to implement and manage effective process, and in particular the level of support available to the HSCP from Dundee City Council. The HSCP recognises these risks in a specific Workforce risk register, and in initiatives currently taking place to transfer some clerical and administrative responsibilities and the associated staff to Dundee City Council Corporate Business Support Services (CBSS).

Risk owners should consider the extent to which they have adequate assurance that staffing resource and availability is adequate to support control processes, and where this has been identified as an issue, whether this is appropriately reflected in risk scoring.

(ii) INTERNAL AUDIT REPORT 2025/01

Client	Corporate Finance / Dundee Health and Social Care Partnership
Subject	Cash Handling

Executive Summary

Conclusion

No Assurance: Claverhouse Social Work Office

Limited Assurance: East Cash Office

Substantial Assurance: General Findings

There are significant weaknesses in Cash Handling controls at the Claverhouse Social Work office, and to a lesser extent the East Cash Office. Controls at Council locations which handle smaller petty cash and imprest accounts are generally proportionate and work effectively.

We have made recommendations specific to the Claverhouse Social Work Office and the East Cash Office, presented as site specific action plans, as well as a small number of lower priority general recommendations applicable to all Council locations which handle cash.

Since the completion of audit fieldwork additional issues have arisen relating to the staffing of the East Cash Office and the recruitment of an internal cash courier driver. The controls we have assessed depend on adequate staffing being in place in order to be effective.

The issues arising from this report were discussed with management during the completion of this audit and immediate action was initiated to address them.

Background

The Council handles significant cash volumes across multiple service areas for operational purposes. Cash handling operations are managed through the central cash office at the East Cash Office, which is staffed by a cash office supervisor, a cashier and a securities courier. This team coordinates cash activities across various Council services alongside Corporate Business Support Services and accountancy. Secure transportation of cash between the East Cash Office and the bank is carried out by Loomis, a cash in transit / cash collection organisation. Cash transported within other locations is done so through an internal courier driver.

The main types of cash handling include:

- Cash that is collected from various Council services and operations
- Cash that is held centrally or in other locations across Council services
- Cash that is managed on behalf of vulnerable clients under statutory arrangements

Cash handling activities are dispersed across many different locations throughout the Council and may present challenges in ensuring consistent procedures and adequate oversight. Areas of risk include those handling vulnerable people's money and locations with limited supervision.

Scope

Review of the arrangements in place within the Council for the management and handling of cash.

This review was conducted alongside an investigation carried out by the Council's Counter Fraud function, which impacted some of the locations visited by Internal Audit in the course of the review. Where appropriate, we have taken cognisance of the findings of that investigation in forming our conclusions. Co-ordination of action plans arising from both this report and the Corporate Fraud report is ongoing.

Processes were reviewed across a sample of locations, which hold different volumes of cash. The locations visited throughout fieldwork were:

- East Cash Office
- Claverhouse Social Work Office
- Marchbanks Depot
- Brown Street Kennels
- Craigie Cottage Residential Home
- Millview Cottage Residential Home

Objectives

		Action Priority			
		C	H	M	L
Objective 1 - Cash is handled in accordance with established policies and procedures	Limited Assurance	-			
Objective 2 - Cash that is collected, held and managed is properly authorised, accurately recorded and subject to appropriate reconciliation and monitoring	Limited Assurance	-	3	-	-
Objective 3 - Physical security arrangements for cash storage and banking are adequate to prevent loss and there is segregation of duties throughout cash handling processes	Substantial Assurance	-	1	-	1
Objective 4 - Management information is regularly compiled and reported on to monitor cash handling activities, identify discrepancies and highlight developing risks across dispersed locations	Substantial Assurance	-	-	-	-
TOTAL		-	6	1	1

Nature of Recommendations

5 of the recommendations relate to the design of controls, of which 4 are graded as high priority. This primarily reflects the inadequacy of controls observed at the Claverhouse Social Work Office, and the level of risk associated with operations at that location and the East Cash Office.

The remaining actions relate to issues of control operation at lower risk locations.

This suggests that the control framework at the higher risk sites visited as part of audit fieldwork requires review.

Key Findings

We carried out fieldwork across a sample of locations which represent a broad range of complexity of procedures and volume of cash handled. A number of our findings relate to particular Council locations which represent areas of higher risk, and as such, we considered it appropriate to present findings for these locations separately.

- In respect of the Claverhouse Social Work Office, we found the following areas for improvement:
- No documented processes and procedures for cash handling are in place.
- Record keeping is not adequate to reliably record cash uplifted by Adult Social Work (Dundee Health and Social Care Partnership) staff.
- Different Adult Social Work (Dundee Health and Social Care Partnership) Teams use different record keeping systems to record cash deliveries and collections, creating a risk that these are mis-recorded.
- Records of cash collection do not provide any assurance that staff adhere to Council policy limiting the amount of cash permitted to be carried by a single person.
- Cash balances are not periodically counted.
- Although outside the scope of this review, we also observed that the Claverhouse cash safe is used by Adult Social Work (Dundee Health and Social Care Partnership) staff to hold non-cash valuables and property belonging to clients, but no records are kept of ownership or responsibility for these items.

In respect of the East Cash Office, we found the following areas for improvement:

- There is limited documentation of processes and procedures.
- The loss of the internal courier function has resulted in cash office staff regularly delivering cash themselves. This change removes the segregation of duties that previously existed between cash preparation and delivery.

In addition to the above, we make the following other observations:

- Some generic procedure documentation is in place, particularly for petty cash and imprest balances, however these are not comprehensive.
- Petty cash balances in residential homes exceed the £100 limit set out in the Petty Cash Guidance.
- Petty Cash and imprest balances are reconciled to the ledger annually as part of accounts preparation. We observed one instance in which a return did not appear to have been fully completed and signed off.

Audit Actions Completed

All of the recommendations in the report have now been completed with evidence of completion as outlined in the action plan provided.

Impact on risk register

The Corporate and Corporate Finance risk registers included, at time of audit, the following risks:

- DCC001 Financial Sustainability (Inherent Risk 5x4, Residual Risk 5x5)
- DCC013 Fraud & Corruption (Inherent Risk 4x5, Residual Risk 4x3)
- CSCF008 Compliance (Inherent Risk 5x5, Residual Risk 4x3)
- CSCF010 Finance - Management (Inherent Risk 5x5, Residual Risk 5x5)

The most relevant risks are DCC013 Fraud & Corruption and CSCF008 Compliance. DCC013 captures the potential for financial loss through misappropriation, while CSCF008 addresses the risk of failing to operate in accordance with procedures and policies, these risks capture broad fraud and compliance implications. Our review found that while strong cash handling processes exist across most locations, control weaknesses were concentrated at one site managing vulnerable client funds. These risks do not explicitly reference the vulnerabilities associated with cash held under appointeeship arrangements for vulnerable clients, nor the heightened safeguarding and reputational consequences if these arrangements fail.

The risk registers identify job-related training and awareness as a mitigating control, assessed as partially effective, which aligns with our observation of inconsistent staff awareness of procedures observed during the audit. Other controls that would strengthen resilience, such as documented exception procedures and physical verification of cash, are not currently recorded.

Risk owners should consider whether the nature of appointeeship arrangements and the vulnerabilities of the client group warrant more explicit recognition in the risk registers and whether additional mitigating controls recommended by this audit should be added to support a more accurate residual risk position.

(iii) **INTERNAL AUDIT REPORT 2025/03**

Client	Neighbourhood Services
Subject	HRA Budgetary Control

Executive Summary

Conclusion

Substantial Assurance

The Council has established policy guidance for revenue and capital budget monitoring through corporate Budgetary Control Manuals, supported by a structured framework of monthly monitoring meetings and regular reporting through governance forums to committee.

While monitoring processes are generally operating effectively, Housing is unable to independently monitor or verify Construction Services costs which represent a significant element of HRA expenditure, and there are design weaknesses in capital monitoring tools which reduce the effectiveness of variance monitoring.

Management have already taken positive steps through the development of a Financial Recovery Plan and supporting Action Plan to strengthen the control environment.

Background

The Housing Revenue Account (HRA) is a ring-fenced financial account governed by the Housing (Scotland) Act 1987 which sets out the requirements for local authorities to maintain a dedicated housing revenue account in relation to their housing stock. It is one of a number of accounts forming part of the usable reserves of the Council. The HRA underpins Council housing finances for 12,503 housing stock as well as other non-housing properties across Dundee with the total gross expenditure requirement for 2025/26 amounting to £64.102 million. Legislative requirements mandate that all income from Council housing rents, service charges and housing related grants must be allocated specifically to housing services, which prevents cross-subsidisation with General Fund Council activities. The HRA comprises specific revenue streams and expenditure categories dedicated to housing operations.

Monthly budget monitoring commences with the first report covering the period ending 31 May, providing a breakdown of the variances and projections including reasons for variances, which is then reported to the City Governance Committee. Projections showed significant concerns around forecasting accuracy, indicating a £4 million overspend for 2024/25, and £2.7 million for 2025/26. This highlighted potential weaknesses in forecasting methodologies and raised questions regarding the effectiveness of current risk management approaches in providing reliable management information.

Management are reviewing HRA budget monitoring and control processes to improve forecasting accuracy and strengthen financial oversight.

Scope

Review of budget management and monitoring processes in relation to Housing Revenue Account funds.

Objectives

		Action Priority			
		C	H	M	L
Processes are in place to monitor HRA revenue spending against approved budgets, identify variances when they occur, enable appropriate mitigating action when required and produce reliable forecasts.	Substantial Assurance	-	-	1	-
Processes are in place to monitor HRA Capital spending against approved budgets, identify variances when they occur, enable appropriate mitigating action when required, and produce reliable forecasts that include appropriate estimates for project costs.	Substantial Assurance	-	-	1	-
HRA transactions are coded to identifiable budget areas and budget responsibilities are clearly allocated within the ledger structure to enable budget monitoring.	Comprehensive Assurance	-	-	-	1
Budget monitoring information is reviewed through appropriate forums and compiled into regular reports that provide clear and relevant information to senior management and elected members.	Substantial Assurance	-	-	1	-
TOTAL		-	-	3	1

Nature of Objectives

Three of the recommendations (two medium, one low) relate to the design of controls, and one (medium/low) to the operation of an existing control. This indicates that while the overall monitoring framework is generally sound, enhancements are needed in both design and operational practices to strengthen compliance and reduce risk.

Key Findings

We identified a number of areas of good practice:

- Within system limitations, financial monitoring processes include all expected controls, which operate as designed.
- Budgets and forecasts are informed by historical performance and operational experience, and are reviewed and updated monthly.
- Management have developed a Financial Recovery Plan and supporting Action Plan to strengthen HRA revenue monitoring.
- The Housing Capital Investment Management Team provides monthly oversight of individual capital projects.
- Guidance is in place which sets out the principles and responsibilities for HRA revenue and capital budget monitoring.
- The HRA ledger structure has been rationalised to support effective budget monitoring, and budget responsibilities are clearly allocated. Routine Monitoring includes review for transaction coding accuracy and non-HRA transactions.

- The oversight structure includes the Repairs Operations Board, with a remit to provide operational and financial governance for HRA repairs.
- HRA budget monitoring information is compiled into regular reports that provide clear and relevant information to senior management and Elected Members.

We identified the following area for improvement, which is reflected in improvement plans that the Service had already put in place:

- Legacy systems restrict the ability of Construction Services to produce good quality financial information, complicating budget monitoring and the process by which Housing is billed for Construction Services work. Construction cost information requires extensive manual preparation and analysis, however a project is underway to implement a replacement costing system.

We have identified the following areas for improvement:

- We identified design weakness in the spreadsheet used for capital monitoring, which could affect scrutiny of budget variances at the level of individual projects.
- Staff have received training to support them in the budget monitoring process but operational level procedural guidance is limited.
- The Repairs Operations Board provides operational and financial governance for HRA repairs, but has not met consistently.

Impact on Risk Register

The (Service) risk register included, at time of audit, the following risks:

- DCC010 Major Project Delivery (Inherent risk 5x3, Residual Risk 4x3)
- NSCo003 Finance / Sustainability (Inherent Risk 4x5, Residual Risk 4x3)
- NSCo009 Procurement / Supply Chain (Inherent risk 5x4, Residual risk 4x3)
- NSHC001 Finance Inherent Risk (4x5) Residual Risk (4x3)

The most relevant risks to this audit are the two finance risks (NSHC001 and NSCo003), which capture the potential for insufficient funding due to increasing costs, reduced budgets and loss of income, and DCC010 which covers the risk that major projects are not delivered on time or to budget. All three list capital and revenue monitoring as a key mitigating control, while NSCo003 specifically references monthly monitoring meetings and various forums in place to review budget expenditure. These controls are directly relevant to the scope of this review.

The audit found that while the core monitoring controls are generally operating effectively, there are areas where control effectiveness is weaker than the risk register implies, including design weaknesses in capital monitoring tools, inconsistent operation of a key governance forum, and key-person dependency in revenue monitoring processes. Risk owners should consider whether their current assessment of control effectiveness remains appropriate in light of these findings.

Implementation of the findings from this review would strengthen the effectiveness of the monitoring controls listed in the risk register and support the current residual risk assessments. Risk owners should review whether the control descriptions in Pentana accurately reflect the current operating position and update their assessment of control effectiveness where appropriate.

(iv) INTERNAL AUDIT REPORT 2024/20

Client	Corporate
Subject	Housing Stock-External Wall Insulation

Executive Summary

Conclusion

Limited Assurance

This audit covered both advisory and assurance objectives. The advisory objectives focused on identifying the root causes of two past failures and capturing lessons learned in relation to:

- I. Works identified after August 2021
- II. Building Warrants and Completion Certificates relating to the British Gas works

The other objectives require to provide assurance on the effectiveness of the Council's current arrangements for the delivery of housing capital works.

We reviewed the delay in implementing recommendations from the September 2022 Design & Property Architecture Services report, as commissioned by the Housing Service. There was a two-year gap between the time when the recommendations were initially proposed and fully implemented; while we found the various council services maintained ongoing discussions relating to costs and the procurement route, the absence of a formal instruction to progress and late appointment of technical officers, resulted in unclear roles, ineffective action tracking and unclear/limited oversight.

We investigated why building warrants and completion certificates weren't secured for the External Wall Insulation (EWI) work carried out by British Gas (BG) in 2013/14. Based on the available documentation, we identified BG had the contractual obligation to carry out the building warrant process, with the Housing Service having overall responsibility for the oversight and governance for this programme of work. A potential over-reliance on BG to apply for building warrants and a lack of contract management and oversight during and after the works were identified as key contributing factors.

We recommend that Housing Service should define and communicate roles and responsibilities for housing projects, and ensure that appropriately qualified staff are allocated to carry out these roles. This will ensure clear lines of responsibility for specific tasks, including the building warrant process. Secondly, we recommend updating the partnership agreement between Housing and Design & Property, which outlines the principles for the oversight of housing capital project delivery.

In terms of the compliance, Design & Property projects are managed within a fully externally accredited quality management system (QMS), ensuring a systematic approach to project delivery. Using such a system ensures there are touch down checks throughout the process which details specific tasks, for example, building standard applications are administered at relevant stages of each project. This external reviewer reviews the QMS system on a 6 monthly basis with 3 yearly certification renewal. The current certification was renewed in February 2025.

Our findings confirm that continued formal appointments of technical officers, along with updates to the Partnership agreement will enhance support for both ongoing and future capital projects.

The Housing Service have appointed Design and Property to review the entire estate to check for any historic issues with building warrants, with a view to delivery of a thorough, council-wide compliance check.

Background

This background has been summarised from the two reports noted as reference sources.

Dundee City Council Housing Service commissioned an installation programme of External Wall Insulation (EWI) between 2011 and 2013 directly with British Gas, for a selection of housing stock across the city (10 x Multi Storey Blocks and low rise at Kirk Street and Yeaman's Lane). As was common practice at the time, Dundee City Council engaged with utility companies to identify the funding which could be made available.

The project was taken forward under a Utility providers own contract based on the principles of design and build. All permissions and approvals, including building regulation compliance, planning, and building controls, are the responsibility of British Gas. This programme of work started in July 2013 and completed in October 2014.

In August 2021, there was fire damage to the stairwell and bedroom above at 37-48 Yeaman's Lane. The Housing Service appointed the Design and Property Service to carry out site investigations, which reported that the EWI at this block had not been installed in accordance with the design and specification contained within the contract agreed between British Gas and the Housing Service. Following the fire, it was also established that no building warrant had been sought for the EWI installation works.

The Housing Service included the fire damage reinstatement at 37-48 Yeaman's Lane into an existing EWI contract between the Housing Service and OVO Energy Solutions Limited. It is noted that due to the urgent nature of the works being carried out, the appropriate procedure for reporting matters to Committee was not followed. Under appointment by Housing, Design & Property City Engineers certified the structural integrity of OVO Energy Solutions Limited's replacement EWI proposals as part of the warrant process. The rectification was complete in January 2023, and the completion certificate was accepted April 2023.

Design & Property Architectural Services were appointed to review and assess the wider development of 1-48 Yeaman's Lane and 39-120 Kirk Street and to present their findings to the Housing Service. Their assessment indicated that the expected procedures may not have been fully followed and recommended that the EWI on the remaining 13 low-rise blocks be inspected, with any necessary rectification work undertaken. The report considered three options and recommended that only option 3 was viable (being to remove completely the existing EWI system and install a new system comparable to the stair façade reinstatement at 37-48 Yeaman's Lane).

To proceed with the work outlined in the Report, Design & Property staff clarified that a survey was required for the tasks to be undertaken.

Scope

The review covered both advisory and assurance aspects of housing capital works. The advisory review focused on identifying root causes of past failures and lessons for improvement, while the assurance review assessed current processes to evaluate their effectiveness.

Conclusion

		Action Priority			
		C	H	M	L
Advisory Objective 1: Identify why the recommendations in option 3 of the report were not implemented fully before 2025 through: - A review of the decision-making process used to assess the conclusions in the September 2022 Design & Property Architecture Services report issued in November 2022 and decide on what action to take, and - A review of activity in services to implement the agreed action(s).	Advisory	-	1	-	-
Advisory Objective 2a: Identify why the required building warrants and completion certificates were not obtained in 2013/14 through: - Consideration of adequacy of Housing Service controls over direct appointment Design and Build contracts to ensure that building warrants and completion certificates were obtained, and - Compliance with controls Advisory Objective 2b: Review the role of the Housing Service in commissioning, approving and monitoring the British Gas project through: - Interviews with relevant staff, and - Review of available documentation including where possible contracts, correspondence, contract monitoring reports, committee reports, and procedural guidance	Advisory	1	-	-	-
Assurance Objective 1: Current arrangements within Housing are designed to ensure that conclusions in commissioned reports are reviewed appropriately and relevant recommendations taken forward within a reasonable timeframe.	Limited Assurance	-	-	1	-
Assurance Objective 2: Current arrangements are designed to ensure full compliance with building regulations and legislation for all capital projects regardless of the delivery method used to commission the work.	Substantial Assurance	-	-	-	1
TOTAL		1	1	1	1

Nature of Recommendations

Four recommendations - including the one designated as critical priority and one as high priority - relate to issues identified with the design of existing controls, and represent instances in which the Housing Service process requires revision to adequately address and manage risks.

Key Findings

We identified the following areas of good practice:

- A Partnership Agreement was in place between the 'Construction Services', 'Housing' and 'Design & Property' Service areas for the period from April 2021 to March 2024. This agreement provides oversight for the delivery of housing programmed works through the council's internal construction/maintenance contractor, while outlining roles and responsibilities of each of the three service areas within the council and their partnership roles. The Partnership Agreement assists in providing a proactive statement of approach and more efficient management of planned maintenance, reactive repairs, and capital projects.
- There is an Overarching Framework Agreement developed in 2022 which sets out the provisions of the relationship between the Head of Housing & Construction and the Head of Design & Property in relation to the delivery of construction projects utilising the internal construction services service.
- Under the current Overarching Framework Agreement, there are clear roles and responsibilities that set out which officers across the Housing Service and Design & Property Service are responsible to submit the building warrant application and to see it through to completion, whilst ensuring compliance with the overall design.
- Design & Property have building standards and legislative checks within the design process, including reviewing the design against the Building Regulations, submitting applications for Planning Permission and Building Warrant where necessary. This process is encompassed within the departmental quality management system. The QMS is audited by an experienced external reviewer, who confirmed that the current process is efficient. Additionally, City Development recently received a LRQA Certificate, the outcome is 'the organisation demonstrated appropriate knowledge of certification, management systems ISO standard requirements. This indicates that the process is effective to manage construction projects. Regular internal audits are conducted every few months, with spot checks on ongoing projects to help ensure continued compliance.
- Building Standards Service, Design & Property and the Housing Service are carrying out a cross-checking review of all Dundee City Council properties that have had EWI installations to assess if the relevant Building Warrant certification is in place. Seven have been finalised, two are in progress, and the remaining six are to be extended with the wider estate review.

We have identified the following areas for improvement:

- There was no formal action plan, clearly defined roles or robust oversight to ensure the implementation of the recommendations of the September 2022 report commissioned by the Housing Service in an efficient and effective manner.
- There was a lack of Housing Service oversight to ensure regulatory compliance before, during and after the EWI construction work undertaken by British Gas.
- There was limited arrangement in place to ensure that conclusions in the commissioned report were reviewed by either Housing Service or Design and Property, and the recommendations acted upon within a reasonable timeframe.
- There is limited visibility of Building Standards compliance at Executive or Governance Board level, which may reduce the effectiveness of scrutiny and assurance across capital projects.

Impact on Risk Register

The Dundee City Council's Corporate and Service risk registers include the following risks relevant to this review: Neighbourhood Services Service Risk Register:

- NHSC006 Health and Safety (Current - Impact 4 x Likelihood 3)
- NHSC007 Partners and Suppliers (Current - Impact 4 x Likelihood 4)
- NHSC009 Property Management (Council Housing) (Current Impact 4 x Likelihood 3)

(v) INTERNAL AUDIT REPORT 2025/25

Client	Corporate
Subject	Artificial Intelligence (AI) Governance

Executive Summary

Conclusion

Advisory Report
Our review identified that the Council has recognised key processes required as part of efficient and effective adoption of AI tools. The Council is cognisant of the need to build a robust framework to support the lifecycle of AI tools within the organisation, and has begun to plan for and implement key elements of this. An AI Usage Policy has been implemented to provide a framework for the procurement, adoption and use of AI tools within the Council. This sets out practical requirements that the Council has or plans to integrate into processes to ensure that the use of AI tools is managed appropriately. The adoption of AI within the Council remains an evolving project, and there are a number of key procedural elements which have not yet been implemented in practice. These include: • Development of an end-to-end procurement process including requirements for business cases and appropriate approval. • The need for a standard, repeatable risk assessment to be carried out across all AI procurements. • The creation of an AI Supplier Evaluation Checklist to be used as standard across all AI procurements. • Inclusion of benefits realisation and lessons learned as standard parts of the project management process, particularly during the pilots of AI tools. • Development and implementation of an annual review process to conduct ongoing monitoring over the ethical, security and data protection controls afforded by AI tools. The Council should continue to work to address these areas as a priority to prevent further shadow AI tools (AI solutions that have been deployed without having formal, corporate approval) being used or procurements being undertaken without sufficient risk management and governance oversight. The Council should also perform a review to identify where shadow AI is currently in place and assess how its use complies with policy.

Background

The opportunities afforded to organisations from adopting AI technologies are regular discussion points in organisations and in the media.

AI systems provide organisations with the potential to drive significant benefits through automation and machine learning. This allows organisations to potentially enhance operational efficiency, enable innovation, and improve decision-making.

AI implementation can be complex, costly, and contain significant risk. If AI systems are not implemented with due consideration of ethics and governance issues, organisations can suffer significant reputational, financial, and operational consequences.

At present, there is no formal legislation in relation to AI within the UK. Instead, the UK Government is, for now, taking a cross-sector approach to AI regulation. Regulators are expected to set out how they plan to implement five AI principles in their respective sector. In time, it is expected that the UK will introduce legislation, based around the EU AI Act.

ISO42001, the AI Management Standard, provides leading practice and requirements for establishing, implementing, maintaining and continually improving AI within organisations.

The Council is committed to exploring the opportunities of adopting AI. Examples of AI technologies being explored or being used are Magic Notes for health and social care staff and CoPilot as part of the Microsoft 365 suite to improve use of productivity tools.

Scope

The objective of this audit was to review the Council's approach to adoption of AI and to confirm that there is adequate governance over proposed and actual use of AI systems. In addition, we also sought to confirm that ethical, fair and legal use of data is a key consideration in the decision-making process when proposing and approving the use of AI systems.

The following service was in scope for this review:

Corporate Services – Digital and Customer Services (Digital)

Objectives

		Action Priority			
		C	H	M	L
1. There are adequate policies and procedures in place for adoption of AI systems.	Advisory	-	-	2	-
2. There are adequate risk assessment and governance processes over adoption of AI systems.	Advisory	-	6	1	-
3. Processes are in place to confirm that externally developed AI systems are secure and process data in line with regulatory requirements.	Advisory	-	2	1	-
4. There are formal processes to measure the performance and success of AI systems in place.	Advisory	-	2	-	-
TOTAL		-	10	4	-

Nature of Recommendations

12 recommendations relate to issues identified with the design of existing controls, and represent instances in which the control framework requires revisions to adequately address risks. The remaining two recommendations relate to issues identified with the operation of existing controls.

Key Findings

We have identified the following areas for improvement:

- The AI Usage Policy does not sufficiently outline requirements surrounding roles, responsibilities and governance requirements.
- There is not yet a standardised process for proposing and procuring a new AI tool, with no mandated need for a business case, benefits realisation, and lessons learned activities.

- Policy requirements relating to risk assessment, training and awareness, and ongoing monitoring have not yet been implemented in practice.
- There is inconsistent completion of Data Protection Impact Assessments, with varied approaches to risk assessment taken.

Impact on Risk Register

The Corporate and Service Risk Registers include the following risks relevant to this review:

- CSIT011 Failure to Modernise (Inherent Risk 4x5, Residual Risk 3x2)

Our review has identified findings against the above risks:

- While the risk of failing to modernise is being considered and managed, AI related risks are not currently captured on the corporate risk register. Although the inclusion of AI risk is planned, the weaknesses identified in our review underscore the importance of considering the wider impacts of AI on the corporate risk register.

Management has provided a formal response on how the recommendations contained within this report will be addressed. The response, set out in Appendix 1, is aligned to the implementation of the ISO 42001 AI Management System (AIMS).

(vi) **INTERNAL AUDIT REPORT 2025/15**

Client	Neighbourhood Services
Subject	Homelessness

Executive Summary

Conclusion

Substantial Assurance

The Council's arrangements to develop and monitor the Rapid Rehousing Transition Plan are broadly sound, however the Service is operating under significant structural pressure, managing approximately 1,000 open homeless cases against a capacity of approximately 500 within existing resource constraints.

The review found that planning processes were well evidenced, and monitoring and reporting processes are operating effectively, including processes for reporting to, and engaging with, Scottish Government.

We have identified two medium risk areas for improvement, which are related to recording of management decisions, and the strength of contract monitoring processes with housing providers.

Background

Dundee City Council's Rapid Rehousing Transition Plan (RRTP) sets out the Council's approach to addressing homelessness with six key objectives:

- Ending rough sleeping
- Preventing homelessness
- Improving temporary accommodation standards
- Reducing time spent in temporary accommodation
- Increasing the supply of permanent accommodation
- Providing appropriate support and accommodation

Originally intended as a five-year plan, it has been extended beyond its original 2019 - 2024 timeframe in line with continued Scottish Government funding (£286,000 for 2025/26).

Significant demand pressures have emerged with homelessness applications increasing by 18% to 1,638 in 2024/25. Temporary accommodation usage stood at 431 households at the end of 2024/25 (a 5% decrease from 456 at the end of 2023/24), but this remains approximately 70% higher than the baseline year and significantly above the projected reduction to 153 households by 2022/23. Contributing factors include COVID-19 impacts, economic pressures, legislative changes affecting private landlords, and humanitarian crises requiring emergency accommodation.

The Scottish Parliament declared a national housing emergency in May 2024, with the Scottish Housing Regulator identifying heightened risk of systemic failure in several local authorities' homelessness services including Dundee City Council.

This review will examine the effectiveness of the Council's homelessness planning and monitoring arrangements in response to these performance and regulatory concerns.

Scope

Review of the development and progress of the Council's plans to address Homelessness.

Objectives

		Action Priority			
		C	H	M	L
The Council's processes for developing and updating the RRTP ensure realistic targets are set based on appropriate evidence and stakeholder engagement.	Comprehensive Assurance	-	-	-	1
The development and progression of the RRTP appropriately address Scottish Housing Regulator requirements and upcoming legislative changes.	Comprehensive Assurance	-	-	-	-
Processes exist to identify and respond to significant changes in demand and external factors that impact plan delivery.	Comprehensive Assurance	-	-	-	1
Progress monitoring arrangements effectively track plan delivery and prompt appropriate action when performance deviates from targets.	Substantial Assurance	-	-	2	-
TOTAL		-	-	2	2

Nature of Recommendations

Two of the recommendations relate to the design of controls (one medium and one low) and two relate to the operation of existing controls (one medium and one low). This indicates that while the overall planning and monitoring framework is broadly sound, enhancements are needed in both the design and operation of supporting controls to strengthen governance arrangements and reduce the risk of gaps in the documentary record.

Key Findings

We identified a number of areas of good practice:

- Historical demand data is actively analysed using detailed tools, and this analysis demonstrably feeds into Homelessness planning assumptions year on year.
- Lived experience and stakeholder feedback are actively gathered and feed into homelessness planning.
- Regulatory compliance processes are well-established, with Scottish Housing Regulator engagement and production of the Annual Assurance Statement operating through a structured annual reporting cycle.
- Legislative and policy changes are monitored through multiple channels including sector forums, professional memberships and national working groups, and are incorporated into strategic planning and service delivery arrangement.
- Demand pressures are actively monitored and emerging risks identified through a range of data tools and sector engagement.
- Budget monitoring is operating effectively with variances escalated promptly to senior management.
- Performance is reported through a structured framework, including annual reporting to Committee and regular review at governance forums.

- Quarterly statutory homelessness returns are submitted to Scottish Government and are subject to external quality assurance.

We have identified the following areas for improvement:

- The Council chairs the Homelessness Strategic Partnership Group (SPG) which provides a forum for collaboration between the Council, NHS, and third sector partners. The SPG is one of the groups which oversees performance against plan targets. The departure of a member of Council staff has resulted in the loss of most of the records of the Group's proceedings and agreed actions. We have recommended that the Service implements a more robust means of recording the group's proceedings.
- Some records of monitoring meetings with third sector service providers have been lost due to the departure of a second member of staff, meaning that we were unable to evidence that provider performance monitoring processes have operated as intended. Agreeing a designated location to retain these records will provide assurance over the integrity of these processes.
- Actions noted in the monthly revenue monitoring spreadsheets are not systematically recorded, meaning it cannot always be determined that actions which have been agreed have been implemented.
- There is no documentation of the rationale or data underpinning planning assumptions that are incorporated into plans. While the specific assumptions used are recorded in the published output documents, maintaining a record of the rationale for the assumptions chosen will help to support assessment of their validity when plans are reviewed.

Impact on Risk Register

The (Service) risk register included, at time of audit, the following risks:

- DCC004a CITY PLAN - Failure to Adequately Address Poverty / Inequalities Inherent Risk (5x4) Residual Risk (5x3)
- NSHC004 Compliance Inherent Risk (5x5) Residual Risk (3x3)
- NSHC009 Property Management (Council Housing) Inherent Risk (5x4) Residual Risk (4x3)
- NSHC010 Emergency Response Inherent Risk (5x5) Residual Risk (4x3)

The most relevant risk to this audit is NSHC004, which lists a number of controls directly relevant to this review, including the Annual Assurance Statement, SHR engagement, budget monitoring, third sector partner oversight, Committee reporting and quarterly governance monitoring through the SPG. The audit found that the majority of these controls are operating effectively and the residual risk assessment is broadly consistent with the findings of this review. The loss of SPG minutes and gaps in records of provider monitoring arrangements arose from specific circumstances rather than systemic control failures, and steps are already being taken to address both. Risk owners should nonetheless consider whether the current residual risk assessment remains appropriate pending full resolution of these issues.

The audit identified a number of controls, which operate effectively, that are not currently listed as mitigating controls against NSHC004. The Unsuitable Accommodation Order (UAO) breach tracking and associated Scottish Government reporting process, the R RTP annual monitoring return, and the legislative monitoring arrangements through sector membership and the TFC Housing Options Hub all provide meaningful mitigation against the compliance risk and may warrant inclusion in the risk register to more accurately reflect the control environment in place.

The external and emerging risks identified during audit planning, including the projected rise in national homelessness demand, growing reliance on unsuitable temporary accommodation, the resource implications of the Housing (Scotland) Act 2025 Ask and Act duties, and legacy IT system constraints, are not explicitly reflected in the current risk register entries. Risk owners should consider whether these risks warrant specific documentation, particularly given the service is currently managing approximately 1,000 open homeless cases against a designed capacity of approximately 500.

Implementation of the recommendations from this review would strengthen the effectiveness of the controls listed in the risk register. Risk owners should review whether control descriptions in Pentana accurately reflect the current operating position and update their assessment of control effectiveness where appropriate.

This page is intentionally left blank

Definitions of Levels of Assurance

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

Definitions of Action Priorities

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

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 109-2026

1.0 PURPOSE OF REPORT

To submit to members of the Scrutiny Committee an update on the progress towards delivering the 2025/2026 Internal Audit Plan; the audit from previous years' plans that were not complete in June 2025, and information about the number of open internal audit recommendations.

2.0 RECOMMENDATIONS

It is recommended that the Committee:-

- (i) note progress with the Internal Audit Plan;
- (ii) note progress with the implementation of agreed internal audit recommendations; and
- (iii) note the position regarding the review of the Internal Audit Mandate and Charter.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 AUDIT PROGRESS

- 4.1 Appendix 1 notes the current stage of progress with implementing the 2025/2026 Internal Audit plan and the outstanding items brought forward from previous plans (the plan). It also includes the current position regarding previous years' internal audits with remaining open actions at 1 June 2026.
- 4.2 In order to address the backlog of work carried forward in the last few years a number of audits were removed from the plan, with some now included in the 2026/27 plan. Eight items from the remaining plan are not reported at June 2026.
- 4.3 Appendix 2 shows the total open internal audit recommendations by service, audit year and risk priority. Some progress has been made to implement and close open actions, with 40 actions closed since this was last reported in March 2026. New target dates have also been set for a number of actions. As of April 2026, the Council Leadership Team has issued instructions that Services will no longer be permitted to extend the due dates for outstanding Internal Audit Actions. Accordingly, actions where the due date has not been previously extended are reported as overdue.

5.0 INTERNAL AUDIT MANDATE AND CHARTER REVIEW

The Internal Audit Mandate and Charter were approved in April 2025. There has been no change to the guidance or regulations affecting the Mandate and Charter since then and therefore a review by the Chief Internal Auditor has concluded that no change is needed to the document at this time.

6.0 POLICY IMPLICATIONS

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

7.0 CONSULTATIONS

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

8.0 BACKGROUND PAPERS

No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Appendix 1 - Internal Audit Plan update 2025/26 plus previous years' not reported by June 2025.

Appendix 2 - Outstanding Internal Audit Agreed Actions.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 3 JUNE 2026

Appendix 1 - Internal Audit Plan update 2025/26 plus previous years' not reported by June 2025

The tables below show the progress stage of each audit, and the overall assurance level provided from completed audit work. They also include the numbers of remaining open actions for each report to allow members to assess if risks identified during the audit are now mitigated, or where risk remains outstanding.

Progress with previous years' audits not complete at June 2025

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Final Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Procurement / Contract Reviews									
Social Work Contracts and Payments	Review of contract management and commissioning arrangements, including payments, within Dundee Health and Social Care Partnership to assess their adequacy and effectiveness.	February 2025 Revised to June 2026	Complete	Substantial	-	-	-	-	3

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Procurement / Contract Reviews									
SLAs with External Bodies	Assess the extent to which the Council has adequate service level agreements in place where Council responsibilities are delivered by external bodies. To include an assessment of arrangements to ensure satisfactory service delivery and value for money.	April 2025 Revised to December 2025	Complete	Limited	-	1	4	-	None
System Reviews									
Section 75 Planning Obligations (Contractor)	Review of the arrangements in place for the recording, receipt, and monitoring of Section 75 payments/planning obligations from Developers.	February 2025 Revised to December 2025	Complete	Substantial	-	-	-	-	6
Young People in Residential Care - Missing Persons Processes	Review of the arrangements for risk assessment, planning for, and prevention of young people going missing from Residential Care. To include review of processes for identifying, recording, and responding to such instances.	April 2025 Revised to September 2025	Complete	Substantial	-	-	3	1	3

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assur.ance Level	Open Actions at 1 June 2026				Closed actions
					C	H	M	L	
Governance Reviews									
Partnership Working - Dundee Alcohol and Drugs Partnership	Review of the arrangements which underpin the Council's delivery responsibilities under the Alcohol and Drugs Partnership's Strategic Framework, including delivery plans, progress monitoring, and engagement with other members of the Partnership.	April 2025 Revised to September 2025	Complete	Comprehensive	-	-	-	-	No actions in this report
ICT Reviews									
Service Cyber Incident Readiness (contractor)	Review the adequacy of design, and operating effectiveness of key controls, established in services to ensure delivery of their key activities to a minimum agreed level, during a cyber incident.	September 2025 Revised to September 2026	Draft report issued 06/03/26 Combined with Business Continuity Planning and reissued 08/05/2026						

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Final Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Financial Reviews									
Capital Planning and Monitoring	Review of the procedures to oversee the implementation of Capital Plans, in line with the Council's Capital Investment Strategy, and monitor and scrutinise Capital expenditure.	February 2025 Revised to September 2025	Complete	Limited	-	-	1	-	1
MOSAIC system payments	Review of payment processes added mid-year at Service's request.	April 2025 Revised to February 2026	Complete	Limited	1	1	1	-	7
Systems Reviews									
Multi Agency Safeguarding Hub (MASH) Intake processes	Review of the administrative processes to support the Multi-Agency Safeguarding hub in taking timely, effective action on referrals in collaboration with Council Services and partner bodies.	April 2025 Revised to February 2026	Complete	Substantial	-	-	2	2	None
Climate Strategy and Delivery Plans	Review to be conducted using a scope and audit programme being developed by SLACIAG for use across local authorities in Scotland.	June 2025 Revised to Sept 2025	Complete	Substantial	-	-	3	1	None

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed actions
					C	H	M	L	
Other Work									
Housing Stock (External Wall Insulation)	Review the processes, procedures and programmes relating to the implementation of the works identified as required after August 2021 by the report from the Design and Property Service.	June 2025 Reported to S&AC June 2026 following legal advice	Complete	Advisory	-	-	-	-	2
				Limited	-	-	1	1	None
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, complete External Quality Assessment (EQA) of the Council's Internal Audit Service. Self-assessment provided to reviewer November 2023. Review delayed during 2024, re-started in October 2024, but further delay by reviewer. These actions are not included in the tables about open audit actions	December 2024 Revised to December 2025	Complete	Generally conforms 2 Sections					9 closed, 3 partially complete transferred to Quality Assessment Improvement Plan action plan (see Annual Report)
				Fully conforms 12 sections	-	-	-	-	

This page is intentionally left blank

2025/2026 Internal Audit Plan - Progress Report

The following table includes the 2025/26 plan.

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Finance Reviews									
Cash Handling	Review of the arrangements in place within the Council for the management and handling of cash. The audit covered Claverhouse Social Work Office: East Cash Office and general arrangements.	December 2025 Revised to June 2026	Complete	Claverhouse	-	-	-	-	All actions closed
				East Cash Office	-	-	-	-	
				General	-	-	-	-	
Treasury Management (Large Value Transactions)	Review of procedures for processing and authorisation of large value transactions involving Council funds.	February 2026 Revised to September 2026	Draft report issued 01/05/2026						
HRA Budgetary Control	Review of budget management and monitoring processes in relation to Housing Revenue Account funds.	December 2025 Revised to June 2026	Complete	Substantial	-	-	3	1	None

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
ICT Reviews									
Artificial Intelligence (AI) adoption	Review of ethics and governance in this area, potentially as an advisory review rather than an assurance audit	April 2026 Revised to June 2026	Complete	Advisory	-	10	4	-	None
Cyber Security supply chain management	Review of arrangements for management of cyber security within supply chains. This will cut across IT, Information Governance and procurement.	April 2026 revised to September 2026	Draft Report issued 05/05/2026						
Governance Reviews									
Performance Reporting	Assessment of organisational performance monitoring arrangements within Services, and their consistency with key operational plans.	Removed from Plan	Planning						
Information Governance (progress of GDPR Action Plan)	Review of Information Governance arrangements across the Council, including the progress of previous action plans.	Carried forward to 2026/27	Planning						
Dundee IJB - Implementation and Monitoring of Directions	Review of the governance and operational arrangements for the implementation and monitoring of Directions from Dundee IJB to the Council.	Carried forward to 2026/27	Complete Not started						

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Systems Reviews									
Asset Management	Review of the processes which ensure that the Council's asset management databases are complete, accurate, and kept up to date. To include processes for condition assessment.	Removed from plan due to Best Value thematic work having been carried out in this area							
Employability Services	Review of the efficiency and effectiveness of the Employability pathway, and arrangements to implement the Scottish Government's <i>No one left behind</i> policy.	Carried forward to 2026/27	Not Started						
Energy Management and Billing	Evaluation of the processes in place for energy metering and billing, including an assessment of value for money.	Carried forward to 2026/27	Not started						
Business Continuity Planning	Review of the extent to which Business Continuity Plans are in place, up to date, and consistent with Council policies and guidance, considering emergency planning and Service incident readiness plans.	April 2026 Revised to September 2026	Combined with Service Cyber Incident Readiness Draft report issued						

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
			08/05/2026						
Council Tax and Non-Domestic Rates refunds	Review of the processes and controls for managing Council Tax and Non-Domestic Rates refunds, taking cognisance of work already carried out within Digital and Customer Services on Council Tax Refunds.	April 2026 Revised to September 2026	In progress						
DWP Appointeeships	Review of the arrangements in place within the Council for the management of DWP Appointeeship clients who are deemed incapable of managing their own affairs.	Carried forward to 2026/27	Not started						
Homelessness	Review of the development and progress of the Council's plans to address Homelessness.	February 2026 Revised to June 2026	Complete	Substantial	-	-	2	2	None
Immigration Sponsorship and Visas	Review of the processes by which the Council considers and manages recruitment applications from individuals overseas and/or requiring visa sponsorship, including the update of these	December 2025 Revised to April 2026	Complete	Substantial	-	-	1	1	3

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
	policies and procedures in line with changing legislation.								
Payroll	Review of a payroll sub-process, to be selected in conjunction with Service management.	April 2026 Revised to September 2026	Planning						
Schools Administrative Support	Review of the arrangements to provide administrative and office support to schools, including arrangements for backfill in the event of absence.	February 2026 Revised to September 2026	Draft Report issued 08/05/26						
Self-Directed Support	Review of the arrangements for the uptake of and management of self- directed support within Children Services.	April 2026 Revised to September 2026	In Progress						
Other Work									
Parking Meter Procurement	Review of the procurement process for the tender with Project Number DCC/CD/111/24, to confirm that the procurement process used is consistent with Council procurement procedures and	September 2025 revised to	Complete	Advisory	-	1	1	-	5

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
	the requirements of the tender specification.	February 2026							
Purchasing outwith Civica - Fleet Purchasing (Tranman)	Review processes which are specific to the Fleet function for placing and approving orders, receipting, and approval of payments.	September 2025 revised to February 2026	Complete	Limited	-	2	2	1	None
Purchasing outwith Civica - GVA	Review processes in relation to the ordering, approval, and payment for repair work to Council buildings which are administered through the GVA system and related processes.	September 2025 revised to December 2025	Complete	Limited	-	2	3	1	None
Follow-Up	Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk.	Each meeting	Ongoing	N/A	-	-	-	-	

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
Technical Development	Review and update of the Council's Internal Audit Methodology following the implementation of Global Internal Audit Standards. Further refinement of the Council Audit Universe in consultation with Services. Development and implementation of a Data Analytics strategy and capability.	On-going	In Progress	N/A	-	-	-	-	
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of newly implemented systems and processes, or the revision and update of those processes.	N/A	Ongoing	N/A	-	-	-	-	
GIAS (UK Public Sector) Quality Self-Assessment Process	Annual self-assessment for conformance with GIAS (UK Public Sector).	June 2026	Ongoing						
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases	As required							

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level	Open Actions at 1 June 2026				Closed Actions
					C	H	M	L	
	of suspected fraud, corruption or malpractice.								

Previous Years Internal Audit Plan - Progress Report (Audits with audit actions remaining open at 1 June 2026)

The following table shows the audits from previous years that still have outstanding actions, or where the final actions have been closed since we last reported. Once all actions are closed the report will be removed at the following reporting cycle. There are four reports in that position.

Revised dates have been agreed where some actions have past their original agreed completion date, however as noted in paragraph 4.3 since April revised dates are no longer being provided.

Previous Year's Audit	Open actions	Report Number	Reported to Scrutiny Committee	Report Assurance level	Open Actions at 1 June 2026			
					C	H	M	L
Self-Directed Support		2015/29	2015/16 audit year	2 closed actions	-	-	-	-
Lone Working	3 Warning Alerts	2017/07	2017/18 audit year	2 closed actions	-	1	-	-
Joint Community Equipment Service	1 Partnership Agreement	2019/17	2019/20 audit year	4 closed actions	-	1	-	-
Follow-up Review of General Data Protection Regulations (GDPR)		2020/19	April 2021	8 closed actions	-	-	-	-
Payroll	1 Salary Additional Payments/Deductions	2021/01	June 2022	2 actions closed	-	-	-	1
Stocks and Inventories - 2020/21 Year End	2 Construction Services Stock	2021/03	Sept 2021	0 closed actions	-	1	-	-

Previous Year's Audit	Open actions	Report Number	Reported to Scrutiny Committee	Report Assurance level	Open Actions at 1 June 2026			
					C	H	M	L
Fire Risk Assessments	3 Procedures and Controls for ensuring all Relevant Properties are Fire Risk Assessed - Housing Division as Part of Neighbourhood Services	2021/22	June 2023	3 closed actions	-	1	-	-
Adaptations and Equipment for people with Disabilities	4a Adaptation Budgets and Criteria 4b Adaptation Budgets and Criteria 5a Procurement 5b Procurement	2022/04	June 2024	5 closed actions	-	4	-	-
Tay Cities Region Deal	1 Securing Business Case Approval	2022/08	Sept 2023	3 closed actions	-	1	-	-
LACD Financial Sustainability	1 Service Agreement 2 Monitoring 3 Service Level Agreements 4 Management Fee Plus 4 LACD actions	2022/09	June 2024	0 closed actions	2	2	-	-
General Ledger	2 Documentation of Controls 3 Cost Centre Structure 4 Monitoring Timetable	2022/17	Sept 2023	4 closed actions	-	1	1	1
Cyber Security	7 Testing Response and Recovery Processes	2022/20	City Governance Feb 2024	6 closed actions	-	-	1	-
Procurement	2 Contract and Supplier Management	2022/21	June 2024	4 closed actions	-	1	-	-

Previous Year's Audit	Open actions	Report Number	Reported to Scrutiny Committee	Report Assurance level	Open Actions at 1 June 2026			
					C	H	M	L
Health and Safety - Incident Reports	1 Conduct regular audits and quality checks on the incident reporting and recording 2 Improve the storing and filing of incident information 4 Promote management involvement in investigations	2022/23	Sept 2024	1 closed action	-	1	1	1
Recruitment (Contractor)	1 Formalising service areas' succession plans	2023/08	Dec 2024	0 closed actions	-	1	-	-
Permanence	1 Improve Document Storage and Accessibility 2 Enhance Meeting Documentation 3 Improve Communication about Legal Processes 4 Implement and Evaluate New Date Recording Form in MOSAIC	2023/10	April 2025	0 closed actions	-	-	4	-
Civica CX - Rent Accounting Module		2023/17	Feb 2025	1 closed actions	-	-	-	-
Health and Safety Risk Assessments and Incident Management in Schools	1 Mandatory Health and Safety Training Programme	2023/24	April 2025	2 closed actions	-	-	1	-
Safety Alarm Response Centre		2023/25	Dec 2024	5 closed actions	-	-	-	-
Microsoft Office 365 (Contractor)	3 Application Restrictions	2023/28	June 2025	6 closed actions	-	1	-	-

Previous Year's Audit	Open actions	Report Number	Reported to Scrutiny Committee	Report Assurance level	Open Actions at 1 June 2026			
					C	H	M	L
User Access Management (Contractor)	5 Civica Monitoring	2023/29	Feb 2024	4 closed actions	-	1	-	-
Risk Management (Contractor)	2 Update and Enhance the Risk Management Procedures 3 Develop and Maintain a Risk Appetite Framework 4 Strengthen Risk Identification Process and Refresh the Risk Register to reflect Current and Emerging risks 5 Ensure Risk Description is completed, and Proper Risk Ownership is assigned 6 Review and Cleanse Risk Records Across Pentana 7 Strengthening the Consistency of the Prioritisation Practices 8 Strengthening Risk Mitigation 9 Strengthening Monitoring to Drive Effective Risk Reduction	2024/04	June 2025	1 closed action	-	-	6	2
User Access Management Northgate	3B System Monitoring	2024/06	June 2025	4 closed actions	-	-	1	-
Payroll - Changes in Circumstances	2 Development of Payroll processing guidance 4 Calculation Tool Integration	2024/08	June 2025	5 closed actions	-	-	1	1

Definitions of Levels of Assurance

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

EQA definitions

Fully conforms - The assessment team concludes that the internal audit activity fully complies with all aspects of the PSIAS and the Application Note. All tests have been concluded as satisfactory and areas of good practice are likely to have been identified.

Generally conforms - The assessment team concludes that the internal audit activity has the relevant structures, policies, and procedures in place and these are applied in practice in all material respects. The majority of tests have been concluded as satisfactory and there is at least partial conformance in others. General conformance does not require complete / perfect conformance. Some areas of good practice and some minor areas of improvement may have been identified.

Partially conforms - The assessment team concludes that the internal audit activity is making efforts to comply with the requirements, is aware of the areas for development but falls short in some material respects. Some tests will have identified material areas for improvement.

Does not conform - The assessment team concludes that the internal audit activity is not aware of and is not making efforts to comply with the requirements. The majority of tests will have identified significant opportunities for improvement. The deficiencies will usually have a significant

negative impact on the activity's effectiveness and its potential to add value to the organisation. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management and the Board of the authority being assessed.

OUTSTANDING INTERNAL AUDIT AGREED ACTIONS

Agreed actions from Internal Audit recommendations are recorded in Pentana and implementation is monitored by Services and the Risk and Assurance Board. Implementation of the agreed action is the responsibility of the service area, and the risk exposure identified in the audit remains in place until the action has been completed.

The numbers of outstanding actions in Pentana for each Service, by audit year, on 1 June 2026 are noted above against individual reports and summarised in the following tables.

- Table 1 - shows actions that have not yet reached their original agreed due date.
- Table 2 - shows actions overdue from their agreed due date.

At 1 June 2026 there were 83 open actions in Pentana including actions allocated to Dundee HSCP, compared to 107 reported at 31 March 2026. 3 of these actions are critical and relate to on-going work in relation to LACD, and controls in relation to payments raised through the MOSAIC System.

There has been some progress in closing actions, with 40 actions closed. 16 new actions have been added.

From April 2026 the Council Leadership Team has issued instructions that Services will no longer be permitted to extend the due dates for outstanding Internal Audit Actions. Accordingly, actions that previously had an extended date are included in Table 2.

Table 1 - Actions not yet reached original agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No	No	No	No	No
City Development	2024/25	-	1	-	1	2
Corporate Services	2024/25	-	-	-	1	1
	2025/26	-	-	1	-	1
Neighbourhood Services	2024/25	-	-	3	1	4
	2025/26	-	-	3	1	4
1 June 2026 Totals		0	1	7	4	12
31 March 2026 Totals		0	5	18	10	33

Table 2 - Actions overdue from agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No	No	No	No	No
City Development	2022/23	-	1	-	-	1
	2024/25	-	3	5	1	9
Chief Executive's Service	2022/23	2	-	-	-	2
Children and Families	2023/24	-	-	7	1	8
	2024/25	1	1	3	2	7
Corporate Services	2021/22	-	1	-	1	2
	2022/23	-	4	2	1	7
	2023/24	-	3	1	-	4
	2024/25	-	1	10	2	13
	2025/26	-	-	-	1	1
Corporate (Council Wide)	2023/24	-	1	4	-	5
Health and Social Care Partnership	2019/20	-	1	-	-	1
	2022/23	-	3	-	-	3
Neighbourhood Services	2017/18	-	1	-	-	1
	2021/22		1	-	-	1
	2022/23	-	2	1	1	4
	2024/25	-	1	1	-	2
1 June 2026 Totals		3	24	34	10	71
31 March 2026 Totals		3	33	28	10	74

Definitions of Action Priority

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

EQA action definitions

Critical Equivalent of High
Significant Equivalent of Medium
Routine Equivalent of Low

Critical	Equivalent of Critical above.
Significant	Equivalent of High above.
Routine	Equivalent of Medium or Low above - shown in table as Low.

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: 2025/26 INTERNAL AUDIT ANNUAL REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 110-2026

1. PURPOSE OF REPORT

- 1.1. To submit the Chief Internal Auditor's Annual Report for 2025/26 to Members of the Scrutiny and Audit Committee. This report provides an independent annual internal audit conclusion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework and a summary of the key activities of the Council's Internal Audit Service during the period from which the conclusion is derived. It also provides all the information that the Global Internal Audit Standards as adjusted for the UK Public Sector (GIAS (UK Public Sector) require to be reported to those charged with governance.

2. RECOMMENDATIONS

- 2.1. Members of the Committee are asked to consider and note the contents of this report.

3. FINANCIAL IMPLICATIONS

- 3.1. None.

4. BACKGROUND

- 4.1. The Local Authority Accounts (Scotland) Regulations 2014, which became effective in October 2014 state that "a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing". In this context, recognised standards, and practices for 2025/26 are deemed to be those set out in GIAS (UK Public Sector) which came into force on 1 April 2025. This comprises three documents:
- The Global Internal Audit Standards (GIAS) - issued in January 2024 <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/>
 - The Application Note; Global Internal Audit Standards in the UK Public Sector – issued December 2024, <https://www.cipfa.org/policy-and-guidance/standards/global-internal-audit-standards-in-the-uk-public-sector> and
 - CIPFA's Code of Practice on the Governance of Internal Audit (the CIPFA Governance Code), issued February 2025 [CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#)
- 4.2. The December 2024 Application note for Global Internal Audit Standards in the UK Public Sector require the Chief Audit Executive to prepare an overall conclusion at least annually "in support of wider governance reporting encompass(ing) governance, risk management and control". The results of quality assessments against the Global Internal Audit Standards as applied in the UK Public Sector and Local Government, and related action plans to address any non-compliance must also be reported.
- 4.3. The attached report fulfils the annual reporting requirements outlined above and includes performance information in relation to internal audit. It summarises the conclusions and key findings from the internal audit work undertaken during the year ended 31 March 2026, and up to 4 June 2026 relating to the year ended 31 March 2026.

- 4.4. It should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.
- 4.5. The conclusions relate solely to the Council and do not include other bodies included in the group accounts.

5. CONCLUSION AND CONFORMANCE WITH INTERNAL AUDIT STANDARDS (GIAS (UK Public Sector))

- 5.1. The conclusion provided for 2025/26 is

“Based on the audit work completed this year, and supported by other information about arrangements available to me, I have concluded that the Council’s framework of risk management, governance and internal control is generally effective but with some control areas requiring strengthening, particularly in relation to control design, consistency of application, some older systems and monitoring effectiveness.”

- 5.2. The Council’s Internal Audit Service conforms with the requirements of the GIAS (UK Public Sector).
- 5.3. In addition to the key conclusions noted above the report at Appendix 1 also includes detail on the following areas that GIAS (UK Public Sector) requires to be reported.
- There were no limitations of scope placed on audit work by management during 2025/26.
 - The staff members involved in each 2025/26 internal audit review were independent of the area under review and their objectivity was not compromised in any way.
 - Performance indicators showed reasonable delivery of service and general conformance with the GIAS (UK Public Sector). A suitable Quality Assurance and Improvement Programme (QAIP) is in place with a related action plan to ensure continuous improvement is achieved.

6. POLICY IMPLICATIONS

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

7. CONSULTATIONS

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

8. BACKGROUND PAPERS

- 8.1. None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 4 JUNE 2026

2025/26 INTERNAL AUDIT ANNUAL REPORT AND CONCLUSION

To the Members of Dundee City Council, Chief Executive and Executive Director of Corporate Services

As Chief Internal Auditor of Dundee City Council, I am pleased to present my annual report and conclusion for the year ended 31 March 2026. The report does not include assurances on group activities.

1. PURPOSE OF REPORT**1.1. To provide:-**

- An independent annual internal audit conclusion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework.
- Information about the Council's Internal Audit Service's operations during the 2025/26 financial year as required by the Global Internal Audit Standards as adapted for the UK Public Sector (GIAS (UK Public Sector)).

2. CONCLUSION

- 2.0. In my professional judgement as Chief Internal Auditor, notwithstanding the impact to completing work due to delays in receiving information from services, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.
- 2.1. Based on the audit work completed this year, and supported by other information about arrangements available to me, I have concluded that the Council's framework of risk management, governance and internal control is generally effective but with some control areas requiring strengthening, particularly in relation to control design, consistency of application, some older systems and monitoring effectiveness.
- 2.2. While a majority of reviews resulted in Substantial or Comprehensive Assurance, a number of Limited and No Assurance opinions in operational and financial areas highlight that there are some areas without robust and fully effective control frameworks. These weaknesses will be addressed once action plans are implemented fully.
- 2.3. My conclusion is that risk management and corporate governance arrangements within the Council are adequate and effective.

Basis of Conclusion

- 2.4. My evaluation of the framework of governance, risk management and control has been informed by a number of sources, including the following:
 - Audit work undertaken by the Internal Audit Service and Azets.
 - The work of the Corporate Fraud Team.
 - Matters arising from previous reviews and the extent of follow-up action taken.
 - The assessment of risk carried out during preparation of the 2025/26 internal audit plans.
 - Knowledge of the Council's culture, governance, risk management and performance monitoring arrangements, including significant changes to objectives and/or systems, gained from reading reports, attendance at meetings and formal and informal discussions with Council officers.
 - The Self-assessment Checklists completed by Executive Directors/Heads of Service (including the DH&SCP Checklist) providing formal assurances in respect of the general control environment within individual services for the year to 31 March 2026.
 - Reports issued by the Council's External Auditor, together with relevant reports from other external review and inspection bodies.
- 2.5. There were no limitations of scope placed on audit work by management during 2025/26.

3. RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Scope and Responsibilities - Management

- 3.1. It is the Council's Chief Officers' responsibility to establish and maintain a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:
- risk management
 - the effectiveness of operations
 - the economic and efficient use of resources
 - compliance with applicable policies, procedures, laws, and regulations
 - safeguards against losses, including those arising from fraud, irregularity, or corruption
 - the integrity and reliability of information and data
- 3.2. The existence of an Internal Audit Service does not diminish the responsibility of management to ensure that resources are utilised appropriately, in a manner and on the activities intended, and governance, risk management and control arrangements are sufficient to address the risks that their services are exposed to.
- 3.3. A sound control environment reduces, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. It therefore provides reasonable but not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the adequacy and effectiveness of its control environment.

Scope and Responsibilities - Internal Audit

- 3.4. Internal Audit assists management by examining, evaluating, and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, Internal Audit should:
- analyse the internal control system and establish a review programme.
 - identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner.
 - report findings and conclusions and, where appropriate, make recommendations for improvement.
 - provide a conclusion on the reliability of the controls in the system under review.
 - provide an assurance based on the evaluation of the internal control system within the organisation as a whole.
- 3.5. The main areas of audit conducted in the year, with a summary of the more material findings, are outlined throughout the remainder of this report.

4. INTERNAL AUDIT ARRANGEMENTS

- 4.1. GIAS (UK Public Sector) defines Internal Audit as "an independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes."

Structure and Resources

- 4.2. During 2025/26, the Internal Audit Service was independent of all of the activities it audited. The Principal Auditor, who has been acting up into elements of the Senior Manager - Internal Audit post has responsibility for Insurance and Risk Management. Since line management responsibility for both these functions does not sit with the Chief Internal Auditor an independent view of risk management is able to be undertaken for the conclusion in this report.

- 4.3. The Internal Audit Service sits within Corporate Finance, within the Corporate Services Directorate. There have been no changes in the Internal Audit team members during 2025/26.
- The arrangement with Angus Council to provide the Chief Audit Executive role required by Internal Audit Standards has continued, with 2.5 days per week provided through a secondment arrangement.
 - The Principal Auditor acts up into the Senior Manager - Internal Audit role to provide line management of Risk Management and Insurance functions and assist the Chief Internal Auditor in their role. Reduced resources in risk management in 2025/26 has impacted the Principal Auditor's available time for audit work.
 - Azets has provided IT and general audit support during 2025/26 under a contract awarded in December 2023 for four years until 2026/27.
- 4.4. The internal audit resource provided from the structure shown below is adequate to allow the organisation to provide an Internal Audit service that conforms with GIAS (UK Public Sector).

Internal Audit	2025/26 FTE Establishment	March 2026 In post	2024/25 FTE Establishment	March 2025 In post
Auditor	2	2	2	2
Senior Auditor	1	1	1	1
Principal Auditor / Senior Manager - Internal Audit	1	1	1	1
Chief Internal Auditor	0.5	0.5	0.5	0.5
Total	4.5	4.5	4.5	4.5
External resource	Contract with external provider	Contract with Azets from December 2023	Contract with external provider	Contract with Azets from December 2023

5. SUMMARY OF INTERNAL AUDIT ACTIVITY 2025/26

Audit Planning

- 5.1. The annual internal audit plan is designed to provide the Scrutiny and Audit Committee and management with assurance that the Council's internal control system is effective in managing the key risks and value for money is being achieved. The planning process includes all of the Council's activities and systems for consideration and the items included in the plan are informed by a risk assessment, that is linked to the Council's Corporate and Service Risk Registers.
- 5.2. The work is planned to have a reasonable expectation of detecting significant control weaknesses. However, Internal Audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.
- 5.3. The plan for the 2025/26 financial year was reviewed and approved by the Scrutiny and Audit Committee on 23 April 2025 (Article VIII Report No 128-2025 refers). In line with recognised good practice, the Internal Audit Plan was prepared on the best information available at that time.
- 5.4. Due to reduced resources in previous periods there were still a significant number of incomplete audits carried forward at June 2025. All but one of these have now been reported. To address the recurring backlog we removed a number of audits from the 2025/26 plan and included some of these in the 2026/27 plan, thereby bringing the number of audits to be delivered in 2026/27 back to a manageable number.

- 5.5. Revisions to the plan during the year to take account of changing circumstances and to avoid duplication of work were reported to the Scrutiny and Audit Committee as they arose. No items were added to the plan. The following items were removed from the plan.

Deferred to 2026/27 audit plan	Not taken forward
Information Governance (progress of GDPR Action Plan) Dundee IJB - Implementation and Monitoring of Directions Energy Management and Billing DWP Appointeeships Employability Services	Performance Reporting Asset Management

Audit Reporting

- 5.6. The factual accuracy of all internal audit reports is agreed with management and recommendations made are discussed and action to be taken agreed. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken to implement the agreed action plans. I am required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations if applicable) arising from internal audit work are reported to relevant Executive Directors, the Chief Executive, the Council Leadership Team (CLT) and the Council's Scrutiny and Audit Committee.
- 5.7. To confirm that management is discharging its responsibility in terms of implementing audit recommendations within the agreed timescales, Internal Audit undertakes follow-up work and progress reviews. The outcomes from this work are reported to the Risk and Assurance Board, relevant officers, CLT and the Scrutiny and Audit Committee as required. In previous years services were able to revise implementation dates. The implementation of internal audit recommendations is monitored via the Council's performance management system, Pentana.
- 5.8. During the year, the Internal Audit service has continued to improve information for services from Pentana to help with managing open actions. Discharge of audit actions is discussed further in section 7 below.

6. PLAN ACHIEVEMENT

- 6.1. The 2025/26 Internal Audit Plan included internal audit and advisory assignments at a corporate and service level across the organisation. It also included an allocation of audit days for following up progress with implementation of agreed audit actions, finalisation of audit assignments that commenced in the previous financial year, the provision of advice and guidance to services. Time was also allocated to finalise the External Quality Assessment of PSIAS compliance and to implement our action plan to ensure compliance with the new GIAS (UK Public Sector) internal audit standards. The range of areas covered within the plan continues to reflect the wide landscape and nature of internal audit work and focuses on evaluating, and contributing towards the improvement of the organisation's governance, risk management and control frameworks.
- 6.2. The audit work reported during 2025/26 identified that many of the expected controls are in place and operating satisfactorily, with a number of areas of good practice identified. There is also scope for improvement in several areas. A range of recommendations and action plans have been developed in consultation with management which, once successfully implemented, will improve the Council's governance, risk management and control framework.
- 6.3. The finalised reports are noted in Appendix A along with the overall conclusion and the number of recommendations made. This shows a total of 18 (2024/25 -19) internal audit reports have been finalised since the last Annual Report was issued. These included a total of 97 (2024/25 - 86) recommendations. Of these two (2024/25 none) were categorised as critical, 35 High (2024/25 19), 43 as medium (2024/25 53), and the remaining 17 as low (2024/25 14). One of these critical actions remains open at 1 June 2026.

- 6.4. Analysis of the overall audit conclusion in each of the reports issued on behalf of Dundee City Council highlighted that 5% (2024/25 - 0%) of the areas reported upon were considered to be well controlled (comprehensive), 43% (2023/24 - 74%) were adequately controlled (substantial), 33% (2023/24 - 26%) required improvement (limited assurance) and 5% (2023/24 - 0%) required significant improvement (no assurance). 14% (2024/25 0%) were advisory and therefore did not provide an assurance conclusion.
- 6.5. In 2025/26 there was one area assessed as “No Assurance” (2024/25 - none). This was Cash Handling at Claverhouse. The actions agreed were addressed immediately and are now all implemented.
- 6.6. Seven areas were assessed as “Limited Assurance.” (2024/25 - five). Action plans have been agreed and are in the process of being implemented to address the weaknesses identified. These areas were:
- SLAs with External Bodies. The five agreed actions are open at 1 June 2026.
 - Capital Planning and Monitoring. One of two actions has been implemented at 1 June 2026.
 - MOSAIC system payments. Seven actions have been implemented. One of the three remaining actions at 1 June 2026 is critical.
 - Housing Stock (External Wall Insulation) The two actions agreed remain open.
 - Cash Handling East Cash Office: Both agreed actions are closed.
 - Purchasing outwith Civica - Fleet Purchasing (Tranman) All five agreed actions remain open.
 - Purchasing outwith Civica - GVA. All six agreed actions remain open.
- 6.7. Reasonable progress has been made in progressing actions agreed for areas with Limited assurance in previous years. Actions for three audits reported in 2024/25 are all implemented. There are two audits reported in 2024/25 with actions still open and two audits reported in 2023/24 that still require actions to be cleared.
- Microsoft Office 365. Six actions have been closed with one remaining open.
 - User Access Management. Four actions have been closed with one remaining open.
 - General Ledger. At June 2026 three recommendations had been closed with four actions in progress.
 - Financial Sustainability LACD. This was agreed in June 2024 and has recommendations for both the Council and LACD. The Council has two critical and two high priority recommendations all of which remain open at 1 June 2026. The Council commissioned a strategic review of LACD through external consultants, which reported in September of 2025. Interim reviews of the LACD service agreement and management fee have been carried out, and a joint working group established to implement the action plan arising from the consultant's report. Due dates have been updated to March 2027.
- 6.8. At 1 June 2026 only one audit carried forward from previous years at June 2025 is unfinished (2024/25 four) and this has been reported in draft. Seven items from the 2025/26 plan are also incomplete at June 2026. All are significantly progressed with draft reports issued for four of these. None of the information I have from un-reported work would alter my conclusion.

7. DISCHARGE OF AUDIT RECOMMENDATIONS

- 7.1. Services agree actions in response to internal audit recommendations. The Pentana system is used to record and manage the actions. The numbers of open actions in Pentana at 1 June 2026 are set out below. The figures at June 2026 include four Dundee Health and Social Care Partnership actions; the HSCP actions were not included in the 2024/25 figures.

Audit Year	Critical	High	Medium	Low	Total 01/06/26	Total 05/06/25
	No.	No.	No.	No.	No.	
2017/18		1			1	1
2019/20		1			1	0
2020/21					0	2

2021/22		2		1	3	3
2022/23	2	10	3	2	17	17
2023/24		4	12	1	17	30
2024/25	1	7	22	8	38	6
2025/26			4	2	6	-
Total 01 June 2026	3	25	41	14	83	-
Total 05 June 2025	2	19	27	11	-	59

- 7.2. For audits finalised during the 2023/24 audit year, a revised scoring system was introduced to better align with reporting of levels of risk. The revised scoring system uses the four point priority scale set out in the above table as opposed to the previous three point scale of Critical, Significant, or Routine. For reporting purposes outstanding actions from previous years graded as “significant” have been included as “high priority” actions, and “routine” as “low priority.”
- 7.3. Actions are agreed as signed off in Pentana on an on-going basis. Areas assessed as Limited or No Assurance are considered for a full-scale follow-up or re-audit earlier than would otherwise have been the case on an individually assessed risk basis.
- 7.4. The number of open actions has increased from 59 at the same point last year, to 83. This is partially due to there being more reports finalised this year but there are also a significant number of old actions that remain open. Following discussions at CLT and Risk and Assurance Board early in 2026 a number of older actions were cleared, but this momentum needs to be maintained to ensure that identified risks are being addressed and to reduce the number of open actions from earlier years in particular.
- 7.5. Reminders from Pentana about overdue actions are automatically generated and sent to action owners monthly. Information about open actions is presented to each Risk and Assurance Board meeting for discussion and reported to each Scrutiny and Audit Committee.

8. GOVERNANCE

- 8.1. The governance framework comprises the systems, processes, culture, and values by which the activities of the Council are directed and controlled and through which they are accountable to, engage with, and where appropriate, lead the community. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate cost-effective services.
- 8.2. The Council has a Local Code of Corporate Governance which is reviewed each year and aligns with good practice. Compliance with the Code is assessed and confirmed by Executive Directors through signed self-assessment checklists and statements regarding implementation of the code in their areas during the year. Any areas for improvement are identified and noted in the Annual Governance Statement and an action plan is agreed to address the areas. A review of the statements showed that whilst there are areas for improvement none of these is a fundamental issue that makes the overall governance arrangements inadequate.
- 8.3. All actions agreed following an Internal Audit reviewing these arrangements last year have been implemented, with changes made to enhance the recording process for the checklists and assurance statements and to streamline the content of the Code to make it shorter and more concise.
- 8.4. In addition to reviewing the statements I and the Acting Senior Manager Internal Audit have attended a variety of officer groups during the year which review and monitor compliance with key elements of the governance structure, and no significant areas have been identified through these groups other than those already noted in the Governance Statement. These groups generally have attendees and remits that cover relevant key areas and would allow any issues to be raised and discussed if necessary.

- 8.5. Audit work that has considered governance identified good practice and strong, well established arrangements in a number of areas. Some areas for improvement were also identified in frameworks that had not been updated for some time and in relation to some areas where there was a lack of clarity of roles and oversight responsibilities. Action is in progress to address these.
- 8.6. On that basis my conclusion is that corporate governance arrangements within the Council are adequate and effective.

9. RISK MANAGEMENT

- 9.1. Risk management is a fundamental element of good governance and decision making in any organisation. The Council's risk management arrangements are intended to support the identification, documentation, scrutiny, and management of both current and emerging risks.
- 9.2. The Council has a Corporate Risk Register and risk registers for all services. Pentana, the Council's corporate performance management system, is used to record, review, monitor, and report on risks on an on-going basis.
- 9.3. Risks are regularly discussed at both operational and strategic levels through established governance forums, including the Risk and Assurance Board (RaAB) and the Council Leadership Team (CLT). These forums play a central role in overseeing the Corporate Risk Register (CRR) and ensuring ongoing scrutiny and challenge of risk positions.
- 9.4. Risk management arrangements within the Council were reviewed by Azets during 2024/25. The audit, which provided Substantial Assurance over the area, was reported to the June 2025 Scrutiny Committee. The audit included an action plan which is currently being implemented. Zurich Resilience Solutions have been involved in helping take forward Risk Management and have facilitated a workshop with officers during the year to review the identified Corporate Risks and contribute to a review and update of the Corporate Risk Register. Recorded risks and scores were both reviewed, and a number of new risks identified.
- 9.5. The RaAB has been overseeing progress with the actions agreed to strengthen consistency and completeness within service risk registers and has been highlighting when reviews have gone past their scheduled dates so that these can be progressed.
- 9.6. On that basis my conclusion is that risk management arrangements within the Council are adequate and effective.

10. PERFORMANCE INDICATORS

- 10.1. Quality assurance arrangements within the Internal Audit section are covered in the Audit Manual and encompass a robust day to day quality system and file review process.
- 10.2. In February 2026, following a review the Scrutiny and Audit Committee approved the performance measures and indicators noted below for Internal Audit. (Article V Report 27-2026 refers).
- 10.3. The measures show a good standard of compliance with regulation and guidance and an improving position in delivery of the audit plan.

Conformance with Internal Audit Standards and Quality Assurance and Improvement Programme (QAIP)

- 10.4. Self-assessment of conformance with Internal Audit Standards is undertaken annually, with an external quality assurance review (EQA) required every five years. Public Sector Internal Audit Standards (PSIAS) were in place until 31 March 2025. Global Internal Audit Standards, as amended for UK Public Sector, applied from 1 April 2026.

- 10.5. The last EQA, considering compliance with PSIAS, was undertaken through the peer review process agreed by the Scottish Local Authority Chief Internal Auditors Group (SLACIAG). The review commenced in late 2023 and was reported to Scrutiny and Audit Committee in November 2025. The review concluded "... the external assessment is that Dundee City Council's Internal Audit Service **fully conforms** with the PSIAS in twelve areas and **generally conforms** in two." An action plan was agreed and is substantially completed. The remaining actions are now included in the QAIP action plan.
- 10.6. In March 2026 CIPFA published a self-assessment tool to allow organisations to record a self-assessment against GIAS (UK Public Sector). The Internal Audit Service has used this checklist to undertake a self-assessment of conformance with GIAS (UK Public Sector) during April/May 2026. The conclusion is that the Internal Audit Service is generally compliant in all areas (Appendix C). A small number of routine actions have been included in the QAIP action plan (Appendix C)

Advisory (previously consultancy) projects in the plan

- 10.7. 2025/26 plan – one; 2024/25 plan - two; 2023/24 - none. All three of these have been reported in 2025/26.
- 10.8. Advisory projects are always considered during the planning process, and it may be decided to swap an assurance project for an advisory one during scoping of the work. The number included will vary depending on the needs of the services at the time. Ongoing advice is provided to services on an ad hoc basis as required by them.

Internal Feedback and Indicators

- 10.9. As part of the continuous improvement process within the Internal Audit Service, client feedback questionnaires are issued at the conclusion of each planned audit review. Feedback from this process is used, where appropriate, to improve the quality of the Internal Audit Service going forward. During 2025/26, 15 (2024/25 ten) completed client feedback questionnaires were received. Responses were very positive across four feedback categories. 85% (2024/25 98%) of responses agreed or strongly agreed with statements that the Audit Approach, Communication and Conduct, Timing, and Audit Report were satisfactory. 12 of the returned questionnaires indicated that the review was beneficial to the client's area of responsibility.

Other External Assessment

- 10.10. The internal audit arrangements are assessed on an annual basis by the Council's External Auditor, which is a team from Audit Scotland. As part of this assessment, the External Auditor considers the activities of internal audit, principally to obtain an understanding of the work carried out and determine the extent to which assurance can be placed on its work. This approach helps to minimise duplication of effort and unnecessary disruption to Council services. External Audit has not identified any specific work they will place reliance on. No actions for Internal Audit have been identified in their reporting during 2025/26.

Compliance with CIPFA's statement on the role of the Head of Internal Audit in public service organisations

- 10.11. This is now covered in the CIPFA self-assessment tool under Domain IIIA: Governing the Internal Audit Function - The responsibilities of the CAE. See Appendix C. The self-assessment is that the CAE generally conforms with requirements.

Scrutiny and Audit Committee review of Internal Audit

- 10.12. At its self-assessment meeting on 15 May 2026 the committee members considered Internal Audit effectiveness and expressed strong overall confidence in it. Internal Audit was viewed as independent, risk-focused, and providing clear, valuable assurance through effective engagement. Members noted capacity pressures and supported a prioritised audit programme alongside continued progress towards full compliance with the revised Internal Audit Standards.

Update on Internal Audit Strategy measures

10.13.All short-term priorities achieved and progress underway for medium-term strategies to meet targets See Appendix C for detail.

Audit Plan Delivery

	Audits in plan	Audits B/F in June	Audits postponed or deleted	Audits added	Total audits as adjusted in year	Audits C/F at June	Audits reported in year	Audits in draft at June	%age of adjusted plan delivered to final stage	%age of adjusted plan delivered at least to draft report stage	B/F complete or removed at June	B/f but then c/f	%age B/F completed in the year
2025/26	22	11	7	0	26	8	18	5*	69.2	88.5	10	1	90.9
2024/25	15	17	5	3	30	11	19	4	63.3	76.7	13	4	76.5
2023/24	21	14	7	0	28	17	11	4	39.3	53.6	14	0	100
Target									65%	80%			100%

- These are included in four reports as two audits have been reported together

10.14. Performance in 2023/24 and 2024/25 was negatively impacted by vacancies in the team. The support contract was used to deliver some general audit work in 2024/25 contributing to the number of audits reported in the year.

10.15. In 2025/26 the percentage of the adjusted plan reported in year is above the target, the percentage completed to draft report stage is higher than previous years and exceeds the target, showing that the delivery overall in 2025/26 has improved on previous years.

10.16. One audit brought forward in 2025/26 remains at draft report stage at June 2026. The start of this audit was delayed during the planning stage whilst legal responsibilities were clarified.

10.17. The following indicators were agreed but we do not have the data to report these for 2025/26. Systems have been put in place to collect this for 2026/27.

- **CIPFA Directors of Finance section efficiency indicator**
This shows the %age of productive hours discharged in comparison to planned productive hours.
- **The number of instances of additional advice**
This indicator will demonstrate the extent of internal audit's advisory activity with services beyond assurances and advice included in the formal reports.

CATHIE WYLLIE
CHIEF INTERNAL AUDITOR

DATE: 4 JUNE 2025

Summary of Findings from Internal Audit Reports issued since June 2023

Report No	Area Reviewed and Assurance Level	Recommendations				
		Total No	Importance			
			C	H	M	L
2023/13^	Social Work Contracts and Payments	3	-	1	2	-
2023/02	SLAs with External Bodies	5	-	1	4	-
2023/14	Section 75 Planning Obligations (Contractor)	5	-	1	3	1*
2023/11	Young People in Residential Care - Missing Persons Processes	7	-	-	5	2
2024/02	Partnership Working - Dundee Alcohol and Drugs Partnership	0	-	-	-	-
2024/07	Capital Planning and Monitoring	2	-	1	1	-
2024/18	MOSAIC system payments	10	1	5	4	-*
2024/14	Multi Agency Safeguarding Hub (MASH) Intake processes	4	-	-	2	2
2024/15	Climate Strategy and Delivery Plans	4	-	-	3	1
2024/20^	Housing Stock (External Wall Insulation)	2	-	-	1	1*
	Housing Stock (External Wall Insulation)	2	1	1	-	-
2025/01^	Cash Handling Claverhouse	4	-	4	-	-
	Cash Handling East Cash Office	2	-	2	-	-
	Cash Handling General	2	-	-	1	1
2025/03^	HRA Budgetary Control	4	-	-	3	1
2025/05^	Artificial Intelligence (AI) adoption	14	-	10	4	-
2025/15 ^	Homelessness Clearance	4	-	-	2	2
2025/16	Immigration Sponsorship and Visas	5	-	-	1	4*
2024/21	Parking Meter Procurement	7	-	5	2	-
2024/19	Purchasing outwith Civica - Fleet Purchasing (Tranman)	5	-	2	2	1
2024/22	Purchasing outwith Civica - GVA	6	-	2	3	1
	Total agreed actions 2025/26	97	2	35	43	17
	Total agreed actions 2024/25	86	-	19	53	14
	Total 2023/24	59	3	21	18	17

* The service also had other actions in progress at the time of the audit

^Submitted to June 2026 Scrutiny Committee (*Report 108-2026*)

Definitions of Assurance Levels

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

Definitions of Action Priorities

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

This page is intentionally left blank

2025/26 Audits carried forward at June 2026

The following audits were incomplete at 4 June 2026 and will be carried forward to report in 2026/27.

Eleven audits were carried forward in June 2025.

Assignment	Progress at June 2026
Payroll continuous auditing	Planning
Self-Directed Support	In Progress
Council Tax and Non-Domestic Rates refunds	In Progress
Service Cyber Incident Readiness (contractor)	Revised draft report issued 8/5/26, combined with Business Continuity Planning
Treasury Management (large value transactions)	Draft report issued 1/5/26
Cyber Security supply chain management (contractor)	Draft report issued 5/5/26
Business Continuity Planning	Draft report issued 8/5/26, combined with Service Cyber Incident Readiness
Schools Administrative Support	Draft report issued 8/5/26

This page is intentionally left blank

Appendix C Summary of Internal Audit Quality Assurance Assessments and Related Action Plans

Internal Audit Standards require disclosure of the outcome of our regular internal and external quality assessments. The tables below summarise:

- The outcome of the internal quality self-assessment undertaken in May 2026 against the Global Internal Audit Standards as applicable in UK local Government organisations (GIAS (UK Public Sector)), using the CIPFA Assessment Toolkit.
- The last External Quality Assessment (EQA) against the Public Sector Internal Audit Standards (PSIAS) reported to Scrutiny & Audit Committee in December 2025.
- An update on the EQA actions reported to S&A December 2025. Nine actions are complete and three are partially complete. The partially complete actions have been transferred to the QAIP action plan.
- An update on the improvement actions in place as a result of self-assessment against the standards.
- The GIAS (UK Public Sector) implementation plan, all actions now complete.
- Current position regarding the Internal Audit Strategy implementation - all short-term priorities achieved and progress underway for medium-term strategies.

SELF-ASSESSMENT AGAINST THE GLOBAL INTERNAL AUDIT STANDARDS AS APPLICABLE IN UK LOCAL GOVERNMENT USING THE CIPFA CONFORMANCE ASSESSMENT TOOLKIT

Review undertaken in May 2026 All Standards and Principles assessed as Generally Conforms
Key from CIPFA Conformance Assessment Toolkit

Generally Conforms	Partially Conforms	Does not conform

GIAS (UK Public Sector) Domain	Reference and Topic Area	Responsibility of	Assessment	Actions identified/Comments
Domain I: purpose of Internal Audit	GIAS Domain I Purpose of Internal Audit	CAE and Internal Auditors	Generally Conforms	None
Domain II: Ethics and Professionalism	Principle 1 Demonstrate Integrity Standards 1.1 Honesty: and professional courage 1.2 Organisation's ethical expectations 1.3 Legal and ethical behaviour	CAE and Internal Auditors	Generally Conforms	None

	Principle 2 Maintains Objectivity Standards: 2.1 Individual objectivity 2.2 Safeguarding objectivity 2.3 Disclosing impairments to objectivity	CAE and Internal Auditors	Generally Conforms	None
	Principle 3 Demonstrate Competency Standards: 3.1 Competency 3.2 Continuing professional development	CAE and Internal Auditors	Generally Conforms	None
	Principle 4 Exercise due professional Care Standards: 4.1 Conformance with the GIAS in the UK Public Sector 4.2 Due professional care 4.3 Professional scepticism	CAE and Internal Auditors	Generally Conforms	None
	Principle 5 Maintain Confidentiality Standards: 5.1 Use of information 5.2 Protection of information	CAE and Internal Auditors	Generally Conforms	None
Domain IIIA: Governing the Internal Audit Function - The responsibilities of the CAE	Principle 6 Authorised by the Audit Committee Standards: 6.1 Internal audit mandate 6.2 Internal audit charter 6.3 Audit committee and senior management support	CAE	Generally Conforms	None
	Principle 7 Positioned Independently Standards: 7.1 Organisational independence 7.2 CAE qualifications	CAE	Generally Conforms	None
	Principle 8: Overseen by the Audit Committee Standards: 8.1 Audit committee interaction 8.2 Resource 8.3 Quality 8.4 External quality assessment	CAE	Generally Conforms	QAIP action plan in place
CIPFA Code of Practice for the Governance of Internal Audit in the UK Local Government	Section 1 Providing Authority for Internal Audit 1.1 Internal audit's mandate 1.2 Internal audit's charter 1.3 Support for internal audit	Authority (senior management and audit committee)	Generally Conforms	Meeting without senior management present planned but still to happen at April 2026

	Section 2 Positioning Internal Audit Independently 2.1 Organisational independence 2.2 Qualifications of the CAE	Authority (senior management and audit committee)	Generally Conforms	None
	Section 3 Oversight of Internal Audit 3.1 Audit committee interaction 3.2 Resources 3.3 Quality 3.4 External quality assessment	Authority (senior management and audit committee)	Generally Conforms	None
Domain IV: Managing the internal audit Function	Principle 9 Plan Strategically Standards: 9.1 Understand governance, risk management and control processes 9.2 Internal audit strategy 9.3 Methodologies 9.4 Internal audit plan 9.5 Co-ordination and reliance	CAE	Generally Conforms	Value for Money training to be included in training plan - added to QAIP action plan.
	Principle 10 Manage Resources Standards: 10.1 Financial resource management 10.2 Human resource management 10.3 Technological resources	CAE	Generally Conforms	Internal Audit Strategy has objectives for medium-term delivery re improved technology use.
	Principle 11 Communicate Effectively Standards: 11.1 Building relationships and communicating with stakeholders 11.2 Effective communication 11.3 Communicating results 11.4 Errors and omissions 11.5 Communicating the acceptance of risks	CAE	Generally Conforms	None
	Principle 12 Enhance Quality Standards 12.1 Internal quality assessment 12.2 Performance measures 12.3 Oversee and improve engagement performance	CAE	Generally Conforms	None

Domain V - Performing Internal Audit Service	Principle 13 Plan Engagement Effectively Standards 13.1 Engagement communication 13.2 Engagement risk assessment 13.3 Engagement objectives and scope 13.4 Evaluation criteria 13.5 Engagement resources 13.6 Work programme	CAE and internal auditors	Generally Conforms	None
	Principle 14 Conduct Engagement Work Standards: 14.1 Gathering information for analyses and evaluation 14.2 Analyses and potential engagement findings 14.3 Evaluation of findings 14.4 Recommendations and action plans 14.5 Engagement conclusion 14.6 Engagement documentation	Internal auditors	Generally Conforms	Root cause analysis training to be provided through SLACIAG in May 2026. Following that to cascade and then revisit how this is recorded in files. This is in QAIP, transferred from GIAS action plan.
	Principle 15 Communicate Engagement Results and Monitor Action Plans Standards: 15.1 Final engagement communications 15.2 Confirming the implementation of recommendations or action plans	CAE and internal auditors	Generally Conforms	None
Application Note	9 General context for the UK Public Sector 9A Ethics and standards in public life 9B Handling information 9C Value for money 9D The role of regulators	CAE and internal auditors	Generally Conforms	None
	10 UK public sector-specific interpretations and requirements Standards: 10A Resources 10B Overall conclusions and annual reporting 10C CAE qualifications 10D Selecting independent assessor	CAE	Generally Conforms	Procedures to address topical requirements to be developed - added to QAIP action plan

	12 Compliance with the requirements of the Topical Requirements			

EXTERNAL QUALITY ASSESSMENT SUMMARY OF CONFORMANCE WITH THE PSIAS - Reported December 2025

Reference	Assessment Area	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A	Definition of Internal Auditing				
Section B	Code of Ethics				
Section C	Attribute Standards				
1000	Purpose, Authority and Responsibility				
1100	Independence and Objectivity				
1200	Proficiency and Due Professional Care				
1300	Quality Assurance and Improvement Programme				
Section D	Performance Standards				
2000	Managing the Internal Audit Activity				
2100	Nature of Work				
2200	Engagement Planning				
2300	Performing the Engagement				
2400	Communicating Results				

2500	Monitoring Progress				
2600	Communicating the Acceptance of Risks				

EQA action plan progress

Nine actions are complete. One action is a duplicate of, an action already in the QAIP action plan. Two routine actions are not complete and have been transferred to the QAIP action plan at 2 June 2026

No.	Para	Recommendation	Management Response	Responsible Officer / Agreed Completion Date
1.	6.1.2 6.1.3 6.2.6	We recommend that the Charter is revisited as some areas for improvement were identified as part of the External Quality Assessment	The Charter was reviewed as part of preparation for GIAS (UK Public Sector) and is compliant with its requirements, including several of those listed. The new Mandate and Charter were discussed with the Corporate Leadership Team and the Scrutiny Committee before finalisation in April 2025. The good practice points not already in the April 2025 Charter will be considered at the next review of the Mandate and Charter.	Chief Audit Executive 30 April 2026 Complete
2.	6.2.2	A protocol should be developed for exempt or private Internal Audit reports to be presented at Scrutiny Committee.	Agreed. This protocol will be developed ahead of the next Scrutiny Committee meeting.	Head of Democratic and Legal Services 31 December 2025 Complete
3.	6.2.3	The Scrutiny Committee would benefit from a review (also consider a name change to reflect the importance of audit aspects which should be non political).	A review was undertaken in 2023/24 and a revised Terms of Reference, compliant with the CIPFA 2022 guidance, for audit committees are awaiting finalisation of the whole Standing Orders and Schemes of Delegation for the Council. A name change to Scrutiny and Audit Committee was made.	Head of Democratic and Legal Services 30 September 2025 Complete
4.	6.2.7	A structured approach could be implemented to ensure annual returns are submitted by all team members, covering extra mural employment, independence, and any actual or perceived conflicts of interest (even nil returns).	We will move to declarations for each individual audit from September 2025.	Chief Audit Executive 28 November 2025 Complete

5.	6.3.4	The introduction of a longer-term plan would help to mitigate workforce related risks and manage any shortfall in resource should it arise. A detailed medium to longer term work force plan would assist with planning as the Chief Audit Executive or Acting Internal Audit Senior Manager could monitor.	We have a workplan covering the whole of the current annual plan, which is updated when the new plan is agreed in April each year. This is regularly monitored and action taken where required to keep delivery of the plan on track. Revised career grade structure is designed to aid recruitment if required, and the Azets contract is designed to provide additional resource at short notice should it be needed. The current Strategy does not envisage any change in workforce resource requirement therefore if there is any change in the current team it will be evaluated and a suitable plan enacted as required. This will be recorded in a section within the Audit Manual - under heading of Workforce Planning	In place at August 2025. Chief Audit Executive will be recorded in the Manual by 31 December 2025. Complete
6.	6.3.6	It is important that there is written evidence of the Chief Audit Executive's knowledge, skills, and other competencies to carry out their professional responsibilities at Dundee City Council, applying due professional care the same as team members. This could be covered via the expansion of the Secondment Agreement for transparency.	This will be reviewed in preparation for the end of the current secondment in 2026	Executive Director Corporate Services 31 October 2025 Update 16/4/26 This will be reviewed as part of the on-boarding of the new CIA in July 2026 Transferred to QAIP action plan
7.	6.4.2	The Council's senior management team should consider the proportionality of the current review process, particularly after the draft report has been agreed with the Service.	This will be reviewed. This was discussed with senior management and no change to be made	Executive Director Corporate Services 31 December 2025 Complete
8.	6.4.4	Consideration should be given to establishing a performance measurement framework (such as key performance indicators). The Chief Audit Executive should discuss with the Committee to confirm what further information could be provided to benefit transparency and accountability. This could include benchmarking with other similar sized local authorities.	This action has been identified in our GIAS (UK Public Sector) implementation action plan and will be taken forward there.	Chief Audit Executive 31 December 2025 Complete

9.	7.1.3	The Chief Audit Executive should continue to explore options on how assurance mapping could be effectively used at Dundee City Council as an assurance map identifies the various ways in which management and those charged with Governance receive assurance about achievement of objectives, service delivery, and risk. A fully populated assurance map can identify gaps in assurance and areas where more assurance is gathered than is required, thereby releasing resources for other activity.	Assurance mapping is a council-wide activity. This has been taken as far as it can be at this time by Internal Audit itself. Revised CIPFA guidance is due to be published. Our action plan already notes it will be reviewed, and any required changes identified within 3 months of publication.	Chief Audit Executive, within 3 months of revised CIPFA guidance Review position June 2026 In QAIP action plan
10.	7.4.2 7.4.7	The Audit Manual needs updated.	This is currently in progress as part of the GIAS (UK Public Sector) action plan.	Chief Audit Executive 31 December 2025
11.	7.4.3	An Audit File Checklist needs to be developed.	This is currently in progress as part of the Manual update at recommendation 10 above. Revised checklist in place	Chief Audit Executive 31 December 2025 Complete
12.	7.4.4	Internal Audit files should be subject to a review ensuring compliance with the retention and disposal process. Files outwith the retention period should be disposed of in terms of the policy in place.	Agreed.	Acting Senior Manager Internal Audit 31 March 2026 Partially complete - transferred to QAIP action plan 2 June 2026

Key to Grading of Recommendations Priority:

	Critical
	Significant
	Routine

Quality Assurance and Improvement Programme - Self-Assessment Action Plan

The following table provides an update on items carried forward from last year and new items added during the year, including those transferred from the EQA action plan.

Ref.No.	Action	Priority	Position/Update June 2026	Manager Responsible	Date to be Completed

QAIP 1	Review CIPFA guidance on Assurance Mapping when it is published	3	To do Awaiting guidance. No change for last year	CIA	Within 3 months of publication
	Monitoring Actions Provide services with guidance for updating progress with actions in Pentana	3	Complete Guidance provided through Risk and Assurance Board and CLT	CIA	December 2025 Complete
	Governance Review the new CIPFA Guidance for Audit Committees and update remit and practices as appropriate	2	Complete Revised Terms of Reference in place and self-assessed as compliant with the code	CIA/Head of Legal and Democratic Services	August 2025 Complete
	Implement objectives from the IA Strategy April 2025	2	In Progress The Strategy includes actions for short- and medium-term activity during 2025 to 2028. See updated plan below - delivery on track	CIA	April 2028
	Complete GIAS (UK Public Sector) implementation action plan	2	Complete Progress reported to Scrutiny and Audit throughout 2025/26. Actions all now complete and noted below.	CIA	May 2026 Complete
From EQA June 2026	It is important that there is written evidence of the Chief Audit Executive's knowledge, skills, and other competencies to carry out their professional responsibilities at Dundee City Council, applying due professional care the same as team members. This could be covered via the expansion of the Secondment Agreement for transparency	3	To do This will be reviewed as part of the on-boarding of the new CIA in July 2026	Executive Director Corporate Services	31 October 2025 New target July 2026

From EQA June 2026	Internal Audit files should be subject to a review ensuring compliance with the retention and disposal process. Files outwith the retention period should be disposed of in terms of the policy in place	3	Partially complete	Acting Senior Manager Internal Audit	31 March 2026 New target December 2026
QAIP2	Root Cause analysis approach/evidence methodology to be reviewed following SLACIAG training in May 2026	2	In progress	CIA	31 December 2026
QAIP3	Include Value for Money training in 2026/27 programme	2	To do Programme to be developed	CIA	31 December 2026
QAIP4	Develop approach for addressing Topical Requirements of GIAS (UK Public Sector)	2	To do Approach to be developed	CIA	31 December 2026

Key to Grading of Recommendations Priority:

1	Critical
2	Requires addressing
3	Good Practice
4	Value for Money

GIAS (UK PUBLIC SECTOR) IMPLEMENTATION ACTION PLAN

Ref.No.	Action	Priority	Position/Update June 2026	Manager Responsible	Date to be Completed
GIAS 1	Implement GIAS (UK Public Sector) action plan	1	Complete	CIA	30 June 2026
GIAS 2	Review requirements of the CIPFA Code on Governance of Internal Audit, raise with CLT, S&A members and CGOG and identify actions required for compliance	1	Complete	CIA	31 December 2025
GIAS 3	Create Strategy and Mandate and Charter documents, consult team, CLT, and S&A Committee and take to April S&A committee	1	Both documents consulted with team and CLT and presented to April 2025 S&A meeting and Mandate and Charter approved Complete	CIA	22 April 2025
GIAS 4	Ensure audit planning covers all required aspects of GIAS UK (Public Sector)	1	Planning requirements of the GIAS (UK Public Sector) reviewed and incorporated into planning for the 2025/26 annual internal audit plan Complete	CIA	24 March 2025
GIAS 5	Review IA Manual checklists and update as necessary for areas where GIAS (UK Public Sector) say procedures are required or we think it would be beneficial. Include EQA procedure.	2	Manual updated Complete	CIA	30 September 2025, revised 31 March 2026
GIAS 6	Create training log for whole IA team Standards 3.1; 3.2	2	Log created and instructions issued to team re completion Complete	CIA	30 June 2025
GIAS 7	Undertake skills/knowledge audit in IA team against core competencies/knowledge areas and consider training needs thereafter. Review job descriptions/people specs to ensure fully compliant. Standard 3.1	1	IIA competency framework reviewed and matched to career grade structure. CIPFA competency framework followed up on but not yet developed to align with GIAS UKPS. IIA framework adapted and issued to team for completion during May 2026 Complete	CIA	31 August 2025, revised 31 May 2026
GIAS 8	Develop approach to Root Cause Analysis, undertake training in team and apply in audits. Standard 11.3	2	Training held in November 2025 and interim approach agreed. To be reviewed in 6 months. Action closed as training is now to be provided through SLACIAG in May 2026. New action opened to address review of that in QAIP action plan Complete	CIA	31 August 2025 revised 30 June 2026

GIAS 9	Review Internal Audit KPIs and update if necessary, creating new data capture mechanisms if needed. Standard 12.2	2	Team involved in review. Review completed and KPIs/measures agreed by CLT and S&A February 2026 Complete	CIA	30 September 2026 revised 27 February 2026
GIAS 10	Identify ethics training for IA team. Standard 3.2	1	In-house training material developed for in person Team meeting arranged for joint training with Angus team 10 November 2025 Complete	CIA	31 December 2025
GIAS 11	Review GIAS (UK Public Sector) mandated training and deliver training. Also training on updates to manual if required	2	SLACIAG conference in June provided training for those who attended. Documentation shared with all members of the team. Further session on AI training provided through SLACIAG for all. Other SLACIAG training scheduled in 2026 on cyber security, root cause analysis and audit of major contracts. Complete	CIA	31 December 2025
GIAS 12	Review annual report content to ensure compliance. Also consider what S&A committee should be asked to do with the report	1	Review complete and checklist prepared for use in preparing annual report Complete	CIA	16 May 2026
GIAS 13	Review stakeholder feedback form and update if required (Standard 1.1)	2	This was reviewed as part of the performance measures work and confirmed current questionnaire covers areas the GIAS suggests Complete	CIA	31 August 2025
GIAS 14	Review new Corporate arrangements for appraisals and adapt if necessary to implement requirements of Standard 1.1; 5.2	2	Reviewed as part of the skills matrix review Complete	CIA	31 May 2026
GIAS 15	Undertake annual self- assessment of conformance with GIAS (UK Public Sector)	1	CIPFA toolkit used to review conformance in May 2026 and results reported in Annual Report Complete	CIA	31 May 2026

Key to Grading of Recommendations Priority:

1	Critical
2	Requires addressing
3	Good Practice
4	Value for Money

INTERNAL AUDIT STRATEGY IMPLEMENTATION

Strategic priority	Impact/Outcome	Measure	Update June 2026
Short-term - by June 2026			
Implement revised GIAS (UK Public Sector), applicable from 1 April 2025	Review/update procedures and documents, including Strategy, Mandate, Charter, Annual Plan and Annual Conclusion Maintain regulatory/statutory compliance	Full compliance with GIAS (UKPS) assessed in annual self-assessments and external Quality Assessments every 5 years, where resources make this level of compliance possible, or general compliance where resources make full compliance unreasonable.	GIAS (UK Public Sector) action plan implemented (Appendix C) Annual self-assessment in May 2026 confirmed conformance with new standards with minor actions to be addressed in 2026/27(See Assessment and QAIP action plan in Appendix C above). No external review of compliance with GIAS (UK Public Sector) in 2025/26 Delivered as far as possible
Continue close internal audit collaboration between Angus Council and Dundee City Council	Sharing of information Joint development of procedures	Joint working	Joint in-house training held in November 2025. Some GIAS (UK Public Sector) development and checklists shared between councils Audit briefs and programmes shared where applicable Delivered
Review of strategic arrangement for sharing CAE post between Angus and Dundee ahead of end of current agreement in December 2026	Reduce uncertainty for team members Maintain continuity of service delivery Compliance with GIAS (UKPS) requirements re CAE	Plan in place prior to end of current arrangement Smooth transition to new arrangement	Review in 2025 agreed to continue arrangement. Shared recruitment undertaken for CAE post in early 2026 and new CAE will come into shared post 1 July 2026 following retiral of current CAE on 30 June. No gap in cover re GIAS (UK Public Sector) requirements and arrangements in place to facilitate a smooth handover. Delivered
Medium-term -Over next 2 to 3 years			
Develop digital audit activity	Provision of relevant, useful, real-time/continuous audit assurances	Number of areas where digital/continuous audit is applied and reported regularly to management and audit committee	Development to use Power BI is underway facilitated by Azets. On track to deliver

Explore use of AI (Artificial Intelligence)	To improve efficiency and effectiveness of audit work	Options appraisal of potential AI use and implementation where deemed to provide an improvement on current processes	Some training on this has been provided by SLACIAG but limited exploration or use to date Further work to do
Implement workforce plan to maintain and increase knowledge and skills available to deliver the required services, including specialist areas identified in GIAS (UKPS)	Well informed team members who can audit/investigate areas of significant risk Identification of specialist areas where cost/benefit indicates external support is most effective option	All team members achieve Continuous Professional Development (CPD) requirements Exam pass and career grade progression where applicable Support contract work integrated with annual internal audit plan where required	Work on this is on-going. CPD requirements met by qualified staff. Career grade progression related to experience in place. IIA skills matrix has been adapted to our career grade structure and is in use by Internal Audit Team. Counter Fraud team has begun process to identify a similar skills matrix for them. Support contract audits included in annual audit plan. All IT related in 2025/26. The current support contract will end in 2027 On Track to deliver
Performance of joint audits where practical and if Council systems become more aligned or shared	Efficiencies in audit time spent	Number of joint audits performed compared to the number of aligned and shared services assessed as high risk areas	No joint audits have been possible to date within the Councils. One audit within the IJBs, undertaken on behalf of FTF in both Angus and Dundee has taken place using a shared brief (developed in Angus) and audit programme (developed in Dundee City). This work was also undertaken by the IJB auditor for Perth and Kinross. Further work to do

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: AUDIT SCOTLAND NATIONAL REPORTS

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 31-2026

1 PURPOSE OF REPORT

- 1.1 To provide elected members with a summary of recent national reports that have been undertaken by Audit Scotland on behalf of the Accounts Commission.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the key messages arising from the Audit Scotland reports and other information included in the report.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

4 MAIN TEXT

- 4.1 Audit Scotland regularly issues national reports which have implications for local authorities. This report summarises various key reports issued since October 2024 and highlights the implications for Dundee City Council and provides an overview of the work undertaken within the Council to tackle the issues highlighted in these reports.

- 4.2 The key Audit Scotland reports for this period included:

- a) Local Government Performance: Spotlight on Culture and Leisure Services – [23 October 2025](#)

The report highlights that council spending on culture and leisure services has fallen in real terms by 3% between 2018/19 and 2023/24, despite overall council expenditure growing substantially during the same period. This reduction is uneven across service types: library spending fell by 6%, while museums and galleries saw a 9% rise, and sport and recreation spending declined by 3%. Councils increasingly rely on arm's-length external organisations (ALEOs) to run services, with 23 councils using ALEOs for some or all culture and leisure provision. However, this model presents challenges in governance, oversight, and data comparability. The report stresses that limited national performance data makes it difficult to assess how effectively these services contribute to health and wellbeing outcomes.

At the same time, councils have grown more reliant on charging users, with income from fees rising 27% in real terms since 2018/19. Yet many councils still overspent their culture and leisure budgets in 2023/24 due to rising costs and income shortfalls. Public satisfaction with services such as libraries, museums, and leisure facilities has declined significantly over the long term, particularly for library services. Meanwhile, attendance levels remain uneven in their post-Covid recovery, libraries and museums have largely rebounded, but leisure facility visits remain 17% below pre-pandemic levels. The report underscores the risk that reductions in culture and leisure services may widen inequalities, given their important role in prevention, wellbeing, and community resilience. It calls on councils to strengthen consultation, equality impact assessments, and outcomes-focused performance reporting to inform future decisions in a challenging financial climate.

DCC Response:

The Council has recently undertaken a strategic review of Leisure and Culture Dundee (LACD). This comprehensive review was conducted by EKOS to ensure that LACD meets the current and future needs of the local community, aligns with best practices, maximises resource utilisation, is financially sustainable, and provides value for money. Further details on the outcome of the review are included in report [289-2025](#). Officers continue to implement the recommendations arising from the above review and details will be reported to members in due course.

- b) Cyber-attack Affecting Operations and Services: The 2023/24 Audit of Comhairle nan Eilean Siar - [27 November 2025](#)

The report highlights that the cyber-attack on 7 November 2023 had an immediate and severe impact on the Comhairle, with all locally hosted systems encrypted and rendered unusable. Critical functions, including finance, payroll, benefits and planning were significantly disrupted, with the general ledger and accounting records lost, ultimately leading to a disclaimer of audit opinion for 2023/24. In contrast, cloud-based systems such as Microsoft 365 remained operational and were vital in maintaining communication and coordination during recovery. The attack resulted in major data loss, delays in financial monitoring and reporting, and ongoing challenges for departments still manually rebuilding systems nearly two years later.

Audit findings show that although the Comhairle's immediate response was strong, staff acted swiftly, governance arrangements were mobilised quickly, and external agencies were engaged, the organisation had longstanding weaknesses in IT infrastructure, preparedness, staff capacity and training, with several cyber-related audit recommendations from 2021/22 and 2022/23 still unimplemented when the attack occurred. Business continuity plans were inconsistently applied and had not been tested against scenarios of this scale. While progress has since been made, including enhanced cyber-resilience measures, improved governance, and partial implementation of recommendations, key risks remain, particularly around testing disaster recovery arrangements and fully rebuilding systems. The incident underscores the need for all councils to strengthen cyber-preparedness, invest in resilient infrastructure, and ensure staff capacity keeps pace with rising cyber-threats.

DCC Response:

Dundee City Council is taking a proactive, research-driven approach to cyber-security, centred on modernising its IT infrastructure and enhancing real-time threat detection. Through its partnership with Abertay University's cyberQuarter, the council is developing a secure digital twin of its website, allowing vulnerability scanning and risk-modelling to take place safely without disrupting live services. This collaboration also supports advanced preventative measures such as automated vulnerability assessments using industry-standard tools alongside research into improved cyber-governance and communication between technical and non-technical teams. Complementing this, DCC's IT Strategy 2024–2029 commits to continuing technology modernisation including cloud migration, strengthened infrastructure, and investment in secure collaboration platforms to ensure a robust, resilient digital environment that reduces exposure to cyber threats

- c) Improving Care Experience: Delivering The Promise - [8 October 2025](#)

The report concludes that while Scotland's commitment to The Promise remains strong, progress towards delivering it has been slow, inconsistent, and hampered by unclear strategic direction. Initial planning by the Scottish Government and COSLA did not fully account for the scale of work required over a ten-year period, particularly in defining resources, roles, responsibilities, and measurable outcomes. This lack of early clarity has left delivery bodies without a strong national framework to guide implementation, resulting in fragmented understanding, variable local approaches, and limited momentum. Although new structures such as The Promise Scotland, the Oversight Board and the Independent Strategic Advisor

were created, their roles overlapped and were poorly defined, contributing to confusion across sectors and weakening accountability for progress.

The report also highlights major shortcomings in data, measurement, and resource planning. A national framework to measure progress was only finalised in December 2024 (five years after the Care Review) meaning Scotland still lacks sufficient evidence to assess whether outcomes for care-experienced people are improving. Significant data gaps, inconsistent recording, and limited cross-sector sharing continue to impede understanding of lived experience and system performance. Financially, local authorities spent £1.2 billion on care experience in 2023/24, but the Scottish Government did not undertake a comprehensive assessment of the full resources—funding, workforce, and infrastructure—needed to deliver The Promise by 2030. Short-term, numerous, and disparate funding streams, including delays in allocating the £500 million Whole Family Wellbeing Fund, have also constrained the ability of public bodies to plan effectively and shift toward prevention. Overall, delivery is characterised by dedicated staff and pockets of innovation, but systemic issues in governance, data, planning and workforce capacity pose significant risks to realising The Promise in full by 2030.

DCC Response:

Dundee City Council is delivering The Promise through a broad programme of early-intervention, education, and family-support initiatives, with significant measurable progress already achieved. The council has reduced the number of care-experienced young people (including a 14% fall between 2023 and March 2025) and sharply reduced reliance on residential and secure care, with no young people admitted to secure accommodation for 18 months². Early-years work has strengthened markedly, with the New Beginnings Team enabling 70% of referred babies to remain safely at home or in kinship care, supported by therapeutic and addiction-recovery services for parents and carers. Education outcomes for care-experienced learners have also improved, with attendance rising above comparator-council averages and the proportion achieving SCQF Level 4 or above increasing to 81% in 2024/25. Looking ahead, the council is enhancing support for kinship and foster carers—reviewing fees, allowances, and wider support and continuing to embed children’s voices in service design while redesigning services to strengthen family support and prevention.

The latest annual update on Our Promise was reported to Children & Families Committee in October 2025 (report [313-2025](#) refers).

d) Transformation In Councils - [1 October 2024](#)

The report finds that Scotland’s councils face intensifying financial and service-demand pressures, creating an urgent need for large-scale transformation in how local services are designed and delivered. Despite decades of reform efforts, the Accounts Commission concludes that progress has been too slow, and many councils have focused on short-term efficiencies rather than the deeper, structural redesign now required. With budget gaps widening (forecast to reach £780 million by 2026/27) and the pace of service performance improvement slowing, the sustainability of vital public services is at risk unless councils fundamentally change their operating models. Transformation must be ambitious, outcomes-focused, and properly planned, with clearer timescales, governance, and resourcing.

The report also emphasises that councils cannot deliver transformation alone. The emerging sector-led Transformation Programme launched by Solace and the Improvement Service is a positive development, though still at an early stage and lacking firm detail on outcomes, timescales and resource needs. Progress on national enablers, such as the Verity House Agreement, a new fiscal framework, and improved accountability arrangements has been limited, posing risks to sector-wide reform. Stronger collaboration between councils, the Scottish Government, Community Planning Partners and the third sector is essential, as is

effective political leadership and sustained public engagement to build support for difficult decisions. Overall, the report stresses that transformation must accelerate significantly if councils are to safeguard long-term financial sustainability and deliver better outcomes for communities.

DCC Response:

The recent Best Value thematic study undertaken by Audit Scotland highlighted the Council as one of the authorities that has made substantial progress in delivering a long-term, structured transformation programme. The council has embedded transformation within its wider Council Plan, enabling a coordinated approach that aligns financial sustainability with service redesign. Dundee has already delivered £147 million in savings through this programme, reflecting years of continuous reform and a commitment to reshaping how services are delivered to remain sustainable under increasing financial pressures. Its transformation activity spans major themes such as property rationalisation, expansion of digital service provision, service redesign, shared services, and initiatives focused on payments and income generation, all of which are intended to modernise operations and reduce costs at scale.

The council's transformation work is also characterised by a focus on large-scale, systemic change rather than incremental efficiencies. By redesigning services, rethinking its estate, and investing in digital capability, Dundee is seeking not only to reduce expenditure but also to improve outcomes and create a more resilient operating model. Audit Scotland notes that Dundee's approach aligns well with national, sector-led transformation activity and represents a stronger level of ambition than seen in many other councils. Ongoing efforts to integrate shared services, develop digital solutions, and redesign the council's footprint are expected to continue shaping Dundee's future operating model as it responds to financial and demographic pressures.

e) Flooding in Communities: Moving towards flood resilience – [28 August 2025](#)

The report finds that flooding is an escalating and long-term climate risk for Scotland, with up to 400,000 properties expected to be at risk by 2080. While there are strong examples of collaboration between councils, SEPA, Scottish Water and communities, Audit Scotland concludes that Scotland's current system for managing flood risk is not keeping pace with the scale and urgency of the challenge. Public bodies face persistent gaps in data, skills, capacity and resources, and there is no consistent national approach to monitoring flood scheme performance or coastal change. The report also highlights that exposure to flooding disproportionately affects vulnerable groups, worsening inequalities, while community engagement is inconsistent and often hindered by unclear responsibilities, limited access to independent advice, and barriers that prevent communities from taking resilience actions.

A central finding is that the funding model for flood protection schemes is no longer fit for purpose: costs for major schemes in Cycle 1 have risen dramatically from an estimated £350 million to over £1 billion resulting in fewer schemes progressing and fewer properties protected. Annual budget cycles create uncertainty, and the lack of long-term funding commitments means councils may invest resources in schemes that never proceed. Although the new National Flood Resilience Strategy (2024) represents an important shift toward a broader resilience-based approach, the report warns that it lacks clear actions, timelines, governance structures and resourcing plans. Without stronger leadership, better alignment across policy areas, and sustained investment, Scotland risks continuing delays, missed opportunities for prevention, and widening social inequality as climate impacts accelerate.

DCC Response:

The Audit Scotland action plan for all Cycle 1 flood schemes in Dundee have been fully delivered. Dundee City Council currently awaits the issuing of a timeline and associated funding mechanism for Cycle 2. Further details are included in report [320-2022](#)

To enable collaboration and co-ordination, DCC has entered a formal partnership with Scottish Water, titled "[Water Resilient Dundee](#)", strategically reviewing Dundee's network with targeted improvement projects such as St Mary's Drainage Strategy, Blue-Green Infrastructure and, in collaboration with SEPA, the Dighty Restoration project. Strategic improvements seek to improve water resilience and provide multiple other benefits where possible such as biodiversity and active travel. Further details are also included in report [228-2025](#) , [AN22-2023](#) and report [208-2024](#).

f) Additional Support for Learning - [27 February 2025](#)

The report finds that Scotland's education system is facing significant and growing pressures in meeting the needs of pupils who require Additional Support for Learning (ASL). Forty per cent of all pupils now receive ASL (a 768% increase since 2004) with higher prevalence in the most deprived areas, yet national data is inconsistent and incomplete, making it difficult to understand the true scale, complexity and nature of needs. Gaps in recording, inconsistent council practices, delays in diagnosis, and reliance on broad categories (such as "social, emotional and behavioural difficulties") mean current statistics likely under-represent both need and unmet need. As a result, the Scottish Government and councils lack the insight required to plan effectively or target resources appropriately. Existing attainment and wellbeing measures show pronounced inequalities: pupils receiving ASL have lower attendance, higher exclusion rates, lower attainment, and are less likely to enter positive destinations than their peers. Meanwhile, efforts to create a national measurement framework—first recommended in 2020—remain at an early stage, limiting the ability to capture and celebrate broader forms of achievement.

The report also highlights that ASL has become an integral part of mainstream education, yet national planning, funding formulas, and workforce strategies have not kept pace with this reality. Most ASL is delivered in mainstream classes, placing increasing demands on classroom teachers and pupil support assistants, despite inconsistent training, undefined roles, and outdated guidance on class sizes and school design. Councils spent an estimated £926 million on ASL in 2022/23, but this does not reflect the full picture, as spending is difficult to track and often spread across education, health, social work, and third-sector services. Rising demand is also increasing pressure on dispute-resolution systems, with tribunal applications up 67% since 2019/20. Overall, Audit Scotland concludes that fundamental reform is required: better data, a clearer national measurement framework, re-designed funding and staffing models, and an education system planned and resourced on the basis that ASL is core, not additional, to delivering children's rights and supporting all learners to thrive.

DCC Response:

Dundee City Council is actively strengthening its ASL provision in ways that directly respond to the systemic risks identified in the national report, specifically around inconsistent identification, workforce pressures, gaps in data, and challenges in meeting growing and complex needs. The council has expanded training for staff, including widespread use of trauma-informed practice, the ABLE Framework, and targeted CLPL (career-long professional learning), helping mainstream teachers and pupil support staff build the skills needed to support rising and more complex needs. Schools use structured tools such as ABLE planning, staged intervention, and regular Team Around the Child meetings, supported by educational psychologists and NHS partners, to ensure needs are identified consistently and SEEMiS records are updated accurately. This directly mitigates the national report's concerns around data inconsistency and delays in recognising additional support needs.

The council is also taking steps to address significant workforce and service-capacity risks. Staff shortages, highlighted nationally and locally, are being mitigated through targeted recruitment, adapting learning spaces, strengthening transition planning, and embedding nurturing approaches to reduce behavioural challenges. DCC works closely with central support services, guidance teams and multi-agency partners to reduce escalation and

maintain inclusive practice in mainstream settings. Good relationships with parents and carers are emphasised through proactive communication, clear dispute-resolution routes, and earlier mediation, helping prevent the adversarial situations and increased tribunal activity highlighted by Audit Scotland. These approaches align directly with the national recommendations on better partnership working and clearer communication with families.

Additionally, DCC is improving alignment between ASL provision and citywide policy through clearer public information on rights, roles and support pathways including guidance published online, dedicated ASN Education Officers, and accessible routes for families to seek help or challenge decisions. This mirrors the national call for better transparency and parent-facing information. The council's focus on targeted support, enhanced transition arrangements, data sharing and adapting physical learning environments helps to address concerns about system capacity, varied practice across schools, and the need for more consistent planning for children with complex or multiple needs. Taken together, these actions demonstrate that the Council is making tangible progress in strengthening identification, resourcing, communication and inclusive practices, mitigating many of the structural risks highlighted in the Audit Scotland report.

g) Local Government Budgets 2025/26 – [22 May 2025](#)

The report highlights that although Scottish Government funding to local government is increasing by 6% in real terms to £15.2 billion, councils continue to face recurring and structural financial pressures that outstrip the value of the uplift. Inflation, rising pay settlements, increased employer National Insurance contributions, and the growing cost of delivering statutory services (particularly social care) mean that most of the uplift will be consumed by pre-existing national commitments rather than new or local priorities. As a result, councils entered 2025/26 with a combined revenue budget gap of £647 million, reflecting the continuing mismatch between demand pressures and the resources available to meet them.

To set legally required balanced budgets, all 32 councils adopted a combination of actions, most notably, significant council tax increases ranging from 6% to 15.6%, widespread identification of recurring savings, use of reserves, and increases or new introductions of fees and charges. Despite this, councils anticipate further medium-term pressures, projecting nearly £1 billion in cumulative budget gaps by 2027/28, signalling that the sector remains on an unsustainable financial trajectory without fundamental change. The report also notes persistent issues around transparency and accessibility of budget information, which make it difficult for elected members and communities to fully understand the financial position and participate meaningfully in decision-making. While most councils engaged residents in the 2025/26 budget process, the quality, depth and influence of this engagement varied significantly.

DCC Response

Dundee City Council is taking a proactive and structured approach to address the financial sustainability risks highlighted by Audit Scotland, particularly the growing budget gap, rising cost pressures, and the need for more transparent decision-making. The council has completed its largest and detailed budget consultations to date, inviting citizens to provide feedback on spending priorities, council tax levels, and crucially specific savings options designed to close the projected funding gap. This early and comprehensive engagement aligns with Audit Scotland's emphasis on transparency, community involvement and clearer communication of financial pressures. The consultation offered online and paper-based participation, targeted engagement, and the opportunity to comment directly on individual savings proposals, demonstrating a more inclusive and participatory approach to budget-setting.

To mitigate recurring financial risks, the Council is also strengthening its medium-term financial planning and performance management. Audit Scotland has previously noted that

the council has effective budget-setting and financial management arrangements and maintains clear medium- and long-term forecasts, identifying future gaps early and enabling timely action. The council has a well-established transformation programme, now in its sixth phase, which has already delivered nearly £70 million in savings since 2010, helping reduce reliance on non-recurring measures. This programme supports service redesign, efficiency improvements and targeted prioritisation, echoing Audit Scotland's call for long-term structural change to maintain financial sustainability.

At the same time, Dundee is working to strengthen public understanding and political accountability by publishing detailed budget reports, providing savings option lists, and committing to analysis of consultation feedback before decisions are finalised. Elected members have emphasised that listening to residents' priorities is essential in shaping the difficult decisions ahead, again mirroring the national report's expectation that councils improve accessibility, transparency and public engagement in budget processes. This combination of transformation planning, improved consultation, and robust financial management places Dundee among councils actively addressing the systemic risks outlined by Audit Scotland in the 2025/26 budget briefing.

The Council's Budget Strategy and Financial Outlook was agreed by City Governance Committee in September 2025, report [235-2025](#) refers. This report outlines the medium-term financial projections and sets out the strategy to address future budget shortfalls. A further review of this strategy will be undertaken and presented to members later this year.

h) Delivering for the Future: Responding to the workforce challenge - [7 August 2025](#)

The report highlights that Scotland's councils are facing significant and escalating workforce pressures driven by financial constraints, rising service demand, recruitment and retention difficulties, and an ageing workforce. Local government now employs 262,000 staff, but sickness absence has risen sharply to 13.9 days per employee and 7.6 days per teacher (the highest levels recorded) indicating growing strain on staff wellbeing. Despite increased headcount, councils struggle to fill critical roles, particularly in social care, social work, digital and specialist professional posts, leading to increased reliance on costly temporary and agency staff. At the same time, workforce costs have risen to £10.3 billion, accounting for 72% of all council net revenue spending, placing additional pressure on already stretched budgets.

Auditors report that councils have responded positively, but progress on strategic, organisation-wide workforce planning remains uneven. Most councils have workforce strategies in place, yet many are not fully aligned to corporate plans, transformation programmes, digital strategies or medium-term financial planning. There are also weaknesses in workforce data, limited engagement with staff in planning, and inconsistent scrutiny of workforce performance and risks. While digital initiatives, hybrid working, apprenticeships and "grow-your-own" schemes are emerging across the sector, capacity and investment challenges remain, and the impact of these initiatives is not being measured consistently. The report concludes that councils must now prioritise mature workforce planning, accelerate digital transformation, strengthen collaboration and shared services, and invest in staff wellbeing and skills to ensure a sustainable workforce for the future.

DCC Response

Dundee City Council is taking a range of steps that align directly with the risks identified in the national workforce report, particularly around workforce planning, data use, digital capacity, recruitment challenges, and the need for sustainable service models. Audit Scotland notes that Dundee is already making active use of workforce data at service level to support planning and decision-making, helping the council better understand vacancies, pressures, skills gaps and demand trends. This work strengthens the council's ability to forecast future staffing needs and manage workforce challenges in a structured way, directly mitigating the report's finding that many councils lack robust or integrated workforce data.

Dundee is also highlighted as one of the councils investing in digital tools, training and infrastructure to improve service delivery and workforce efficiency, an important response to increasing workload and rising sickness absence across the sector. These initiatives include digital skills development, new technology to support frontline staff, and wider smart-city and digital transformation work. Building digital capacity helps the council redesign roles, reduce back-office pressure and support more flexible, efficient service models addressing the report's concerns about limited digital capability and slow progress with transformation in many Scottish councils.

More broadly, Dundee continues to progress through an established transformation programme, reported elsewhere to have delivered significant savings and service redesign over multiple phases. This ongoing programme supports workforce modernisation, new ways of working and more collaborative models, areas Audit Scotland identifies as essential to meeting future demand with a constrained and ageing workforce. The council's workforce-related actions also sit within a wider culture of structured planning and performance management noted positively in audit reports, helping ensure that service needs, capacity planning and future workforce requirements remain aligned.

- i) Delayed discharges: A symptom of the challenges facing Health and Social Care [8 January 2026](#)

Delayed discharge occurs when a person remains in hospital despite being clinically ready to leave, and Audit Scotland highlights that although only around 3% of patients experience a delay, the impact on individuals and the wider system is significant. Delays can harm people's physical and mental health, prolong recovery, and reduce independence. They also disrupt patient flow, reduce available beds, and place additional strain on already stretched hospital staff and resources.

The report emphasises that delayed discharge is not an isolated issue, but rather a symptom of wider systemic pressures across health and social care. These include rising demand linked to Scotland's ageing population, workforce shortages in both hospital and community settings, and insufficient capacity in social care services to support timely discharge. The data also show substantial variation across Scotland, reflecting local demographic pressures, service design, and differing levels of community and social care provision. Audit Scotland stresses that meaningful progress will require coordinated action across integration authorities, hospitals, councils and care providers, as well as sustained investment in community-based care and whole-system planning.

DCC Response

Dundee HSCP's performance on delayed discharge shows that the Partnership continues to face ongoing pressure in both standard and complex delays, reflecting the wider issues highlighted nationally. Performance reports to the Performance & Audit Committee note that DHSCP closely monitors both complex and standard delays and applies daily RAG (red-amber-green) status reporting to track beds occupied by people who are medically ready for discharge. This real-time surveillance supports operational decision-making and ensures escalation routes are in place when delays rise above locally set tolerance levels.

The reports also confirm that Dundee contributes to (and is actively engaged in) the Tayside-wide Discharge Without Delay programme, which focuses on reducing Length of Stay, improving discharge planning, and increasing the proportion of people discharged within 72 hours of being ready (National Indicator 22). As part of this work, DHSCP participates in four integrated workstreams: Optimising Access, Performance 95 (ED flow), Community Urgent Care, and Acute Flow & LoS. These aim to create alternatives to hospital admission, strengthen community urgent care, and reduce length of stay across all Tayside hospital sites. The Partnership has achieved and maintained green RAG status at times against its locally

agreed delayed discharge targets, although the performance reports acknowledge that pressures remain and further improvement actions are underway.

Overall, DHSCP's performance reflects a whole-system approach, with close collaboration between hospital teams, community supports, and the Tayside Urgent & Unscheduled Care Board. While challenges persist, particularly in relation to complex Code 9 delays and wider system capacity, the Partnership demonstrates consistent monitoring, joined-up governance, and targeted improvement plans to manage and reduce delays wherever possible.

j) Local Government in Scotland: Financial bulletin 2024/25 - [29 January 2026](#)

The report highlights that councils continue to face significant and compounding financial pressures, despite an increase in Scottish Government funding. For 2025/26, councils received a 6% real-terms uplift, bringing total Scottish Government support to £15.2 billion, but most of this increase is absorbed by unavoidable commitments such as inflation, pay awards, National Insurance changes and growing demand for services. At the point of budget-setting, councils collectively identified a £647 million budget gap, reflecting the ongoing structural mismatch between rising costs and flat or constrained income sources. To bridge this gap, all councils implemented a mix of actions including council tax increases (between 6% and 15.6%), recurring savings, new or increased fees and charges, and the use of reserves. However, the use of reserves is highlighted as unsustainable, with the report warning that reliance on non-recurring measures will only intensify medium-term financial risk.

The bulletin also stresses that, even with these measures, councils expect further budget gaps in future years, projecting a combined shortfall of £528 million in 2026/27 and £496 million in 2027/28. This indicates that councils will need to continue transforming services, redesigning delivery models and identifying ongoing efficiencies. The report calls out persistent challenges in the transparency and consistency of budget information across councils, making it difficult for elected members and communities to fully understand financial choices. While most councils consulted with residents during their 2025/26 budget processes, the depth and quality of engagement varied significantly. Audit Scotland emphasises that clearer reporting, better data, and more accessible budget information are essential to supporting informed decision-making and maintaining public trust as councils continue to navigate a highly constrained financial environment.

DCC Response

Dundee City Council is taking a structured and proactive approach to the financial sustainability risks identified in the national financial bulletin. Audit Scotland's Annual Audit Report 2024/25 confirms that Dundee has effective budget-setting and financial management arrangements, supported by clear medium- and long-term financial planning. Whilst balanced budgets have recently been approved for 2026/27, the council has identified a cumulative £14.9 million budget gap for 2027/28 and 2028/29 and has further responded through a combination of targeted savings, scenario planning and long-term forecasting (note that 10 year outlook anticipates a potential £81 million gap). The measures enable earlier action, better risk management and clearer prioritisation of services.

A major component of the council's mitigation strategy is its long-running Transformation Programme, now in its sixth phase. Audit Scotland notes that Dundee has already delivered nearly £70 million in savings since 2010 through transformation activity, and continues to redesign services, modernise delivery models, and improve operational efficiency. Work is backed by strong officer-led governance through the Transformation Board, with planned improvements to benefits tracking and clearer criteria for future projects. These steps directly address the national risk that councils must reduce reliance on short-term measures and instead achieve recurring, sustainable efficiencies.

The council is also working to strengthen transparency, public engagement and community involvement, areas highlighted as weaknesses in the national report. Dundee's expanded 2025/26 and 2026/27 budget consultations invited residents to comment not only on spending priorities but also on specific savings options, demonstrating clearer public engagement than in previous years. This aligns with Audit Scotland's call for more accessible budget information and deeper community involvement in difficult financial choices.

Finally, Dundee is integrating its financial response with the wider Council Plan and corporate performance framework, ensuring that savings and transformation decisions align with the city's strategic priorities. The Council Plan Annual Progress Report notes that despite financial pressures, the council continues to protect key services (e.g., freezing school meal costs, increasing spending on Health and Social Care together with Cost of Living), demonstrating an ongoing effort to balance fiscal sustainability with social impact, another key message in the national bulletin.

The Council's Budget Strategy and Financial Outlook was agreed by City Governance Committee in September 2025, report [235-2025](#) refers. This report outlines the medium-term financial projections and sets out the strategy to address future budget shortfalls. A further review of this strategy will be undertaken and presented to members later this year.

- 4.3 The Audit Scotland national reports from 1 January 2026 to 30 June 2026 will be brought to the Scrutiny and Audit Committee on the 23 September 2026. This will provide the Council the opportunity to review the content of the reports and where necessary identify and take remedial action if required. This will provide members with a comprehensive perspective on each report and how it impacts on the Council. Thereafter a report will be brought to the Scrutiny and Audit Committee in each cycle where an Audit Scotland report has a significant material impact on Dundee City Council or otherwise a report will be brought to members on a quarterly basis.

5 POLICY IMPLICATIONS

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

6 CONSULTATIONS

- 6.1 The Council Leadership Team were consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES
25 MAY 2026

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: OTHER REPORTS RELEVANT TO THE REMIT OF THE SCRUTINY AND AUDIT COMMITTEE

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 112-2026

1.0 PURPOSE OF REPORT

This report advises members of reports submitted to Tayside Contracts, Tayside Valuation Joint Board, Tay Road Bridge Joint Board, and Tay Cities Regional Deal Joint Committee that are relevant to the work of the Scrutiny and Audit Committee.

2.0 RECOMMENDATION

Members of the Committee are asked to review the reports listed at Appendix 1 and determine whether any of the reports should be the subject of a more detailed discussion by this Committee.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

This report summarises reports that have been reported to the Tayside Contracts Joint Committee, Tayside Valuation Joint Board, Tay Road Bridge Joint Board, and Tay Cities Regional Deal Joint Committee from 12 November 2025 to 27 May 2026.

5.0 POLICY IMPLICATIONS

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

6.0 CONSULTATIONS

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

7.0 BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 27 MAY 2026

Committee	Report Title/Summary
Tayside Contracts Joint Committee Meeting 17 November 2025	Agenda and reports are available at https://www.tayside-contracts.co.uk/tc-document?dsid=2587&frm=728 Reports of particular interest: JC23/2025 External Audit Annual Report and Final Accounts JC25/2025 Internal Audit Plan 2025/26 • Health & safety • Environmental Sustainability (including Energy Management) • ICT Network Arrangements/Cyber Security/Disaster Recovery • ICT project Management (Zellis system integration – lessons learned) • Follow up reviews JC26/2025 Risk Register for Tayside Contracts
Tayside Contracts Joint Committee Meeting 23 March 2026	Agenda and reports are available at https://www.tayside-contracts.co.uk/tc-document?dsid=2683&frm=728 Reports of particular interest: JC01/2026 Quarterly performance update - quarter 3 – 1 October 2025 to 31 December 2025 JC02/2026 External Audit Plan JC03/2026 Audit follow up • 8 recommendations have been fully implemented • 5 recommendations are partially implemented and remain in progress • 1 recommendation has made little or no progress to date (from the Estimating -Job Costing & Material Purchasing audit) JC04/2026 Supported self-assessment of Tayside Contracts update on recommendation and action plan progress
Tayside Valuation Joint Board 17 November 2025	Agenda and reports are available at https://www.tayside-vjb.gov.uk/minutes-agendas-2025/ Reports of particular interest: TVJB22-2025 Internal Audit • Risk Management – Good Assurance - System meets control objectives TVJB23-2025 External Auditors Report on 2024-2025 Audit TVJB25-2025 Response to External Auditors Report on 2024-2025 Audit TVJB25-2025 Annual Accounts for the Year Ended 31 March 2025
Tayside Valuation Joint Board 9 February 2026	Agenda and reports are available at https://www.tayside-vjb.gov.uk/meeting-agendas-2026/ Reports of particular interest: TVJB1-2026 Revenue Monitoring for 8 months to November 2025 TVJB4-2026 Internal Audit • Staff recruitment and retention – Satisfactory Assurance – System meets control objectives with some weaknesses present TVJB 5-2026 Risk Management Strategy – Update (Risk Appetite)

Tay Road Bridge Joint Board 1 December 2025	Agenda and reports are available at https://www.tayroadbridge.co.uk/board-business/board-meeting-minutes/december-2025-board-papers Reports of particular interest: Item 6 TRB30-2025 Annual review of Strategic Risk Management Item 7 2024/2025 Audited Accounts a) External Auditor's annual report b) Response to External Auditor's Annual Report c) Audited Accounts for year ended 31 March 2025 Item 8 TRB25-2025 Revenue monitoring – 7 months to 31 October 2025
Tay Road Bridge Joint Board 16 March 2026	Agenda and reports are available at https://www.tayroadbridge.co.uk/sites/default/files/2026-03/TRB160326.pdf Reports of particular interest: Item 7 TRB09-2026 Response to Internal Auditor's Annual Report to Members Health & Safety – Good Assurance – System meets control objectives Item 8 TRB10-2026 Revenue monitoring – 10 months to 31 January 206 Item 11 TRB04-2026 External Annual Audit Plan 2025/26
Tay Cities Region Joint Committee 12 December 2025	Agenda and reports are available at https://www.taycities.co.uk/sites/default/files/2025-12/TCJC121225.pdf https://www.taycities.co.uk/sites/default/files/2025-12/Reshaping%20the%20TCRD%20Update%20Presentation.pdf Items of particular interest Presentation re Reshaping the Deal Programme Item 8 verbal update re Audited and unaudited accounts
Tay Cities Region Joint Committee 20 March 2026	Agenda and reports are available at https://www.taycities.co.uk/sites/default/files/2026-03/TCJC200326.pdf Items of particular interest Item 4 TCRJC01-2026 Update on UK Government Local Growth Fund and Scottish Government Regional Partnership Arrangements Presentation update PMO update & reshaping the Tay Cities Region Deal Item 6 TCRJC03-2026 Annual Performance Report and Benefits Realisation Plan Updates

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: STRATEGIC RISK REGISTER

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 137-2026

1.0 PURPOSE OF REPORT

- 1.1 To present update on the Council's Strategic Risk Register.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that members:

- note the content of this report;
- note this report was previously considered by City Governance Committee on 8 June 2026;
- note that for future reviews of the Council's Strategic Risk Register, these will be remitted to Scrutiny and Audit Committee in the first instance and members of this Committee will then refer any appropriate matters to City Governance Committee for consideration.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from the agreement of these recommendations.

4.0 BACKGROUND

- 4.1 The Council's Risk Management Policy and Strategy was previously considered by City Governance Committee, Article VIII of the Minute of Meeting of 21 August 2023, Report No 227-2023 refers.
- 4.2 The key purpose of the Risk Management Policy and Strategy is to provide a structured framework that enables the Council to identify, assess, manage and monitor risks that could affect the achievement of its objectives. It aims to ensure that comprehensive risk management arrangements are in place, such as corporate and service risk registers, defined responsibilities and regular review processes, so that risks are effectively mitigated and managed as part of day-to-day decision making and governance.
- 4.3 More broadly, the strategy is designed to embed a strong risk-aware culture across the organisation, supporting effective governance, safeguarding resources and reputation, and enabling the Council to deliver its strategic priorities and services while maintaining compliance with statutory and best value requirements
- 4.4 The strategy requires that the Council maintains and reviews a risk register that includes this information and this should be reported to Committee each year.

5.0 RISK MANAGEMENT OVERVIEW

- 5.1 During 2025/26, the Corporate Risk Register was reviewed regularly throughout the year by the Council's Risk and Assurance Board which meets every two months. The Corporate Risk Register was also reviewed by the Council Leadership Team and consideration given to changes and updates to the risks within it.

In February 2026, a risk management workshop was organised for the Extended Council Leadership Team and facilitated by Zurich Resilience Solutions. The workshop considered the

existing Corporate Risk Register risks and a review of the Council's current risk landscape. This approach considered the existing risks and potential emerging threats and risks which have not been fully articulated or developed. The workshop highlighted a potential number of new risks for consideration for inclusion in a revised Strategic Risk Register. These new risks included:

- Cyber Security
- Service Demand
- Public Protection
- Housing and Homelessness

- 5.2 Following the completion of the workshop a further review of the existing Corporate Risk Register was completed by Council Leadership Team, and further consultation identified an updated Risk Register containing several strategic risks. At this time the Council Leadership Team agreed to rename this as the Strategic Risk Register going forward.

6.0 STRATEGIC RISK REGISTER

- 6.1 The updated Strategic Risk Register now contains 9 risks which it considers are most significant to achieving Council objectives and which link to both the Council Plan and the City Plan.
- 6.2 A structured framework is used for assessing both the severity (impact) and probability (likelihood) of risks across a range of domains. Impact is evaluated on a graded scale from 1 (insignificant) to 5 (extreme), allowing risks to be considered consistently across categories such as financial loss, service disruption, reputational damage and safety. For example, the financial domain ranges from losses of less than £10k at the lowest level to losses exceeding £2m at the highest level, while other domains capture wider implications such as legal breaches, environmental harm or major service failure. This ensures that risks are assessed holistically, recognising both direct and indirect consequences for the organisation.
- 6.3 Likelihood is also assessed separately on a scale from 1 (remote) to 5 (almost certain), based on the probability of occurrence. The framework defines these levels clearly from risks that would occur only in exceptional circumstances through to those expected to happen in most circumstances. By combining the impact and likelihood scores, risks can be prioritised, focusing management attention and mitigation resources on those with the highest overall risk rating. This approach supports consistent, evidence-based decision-making and helps senior management understand where risks may threaten objectives, service delivery or statutory compliance.
- 6.4 Inherent risk refers to the level of risk that exists in the absence of any controls or mitigating actions. It represents the natural exposure associated with an activity, project or environment, taking account of factors such as complexity, scale, sensitivity or external conditions. By contrast, current (or residual) risk reflects the level of risk remaining after controls, safeguards and management actions have been applied. In practice, officers assess inherent risk first to understand the full potential impact and likelihood, then evaluate how effective controls are in reducing that risk to an acceptable level. The difference between inherent and current risk therefore provides a clear indication of how much risk has been mitigated and where further control measures may be required.
- 6.5 A summary of the Council's strategic risks including both their inherent and current risk assessment is included below and a more detailed position, including the specific control measures that are in place to manage these risks is included in appendix A.

Risk	Inherent	Current
1) Financial Sustainability	20	15
2) Cyber Security	20	12
3) Climate Change	20	12
4) Workforce Resilience	16	9
5) Service Demand	20	16
6) Public Protection	20	16
7) Housing and Homelessness	20	12

8) Emergency Planning and Infrastructure	20	12
9) Ongoing Legislative Requirements	20	10

- 6.6 The Council Leadership Team has highlighted several internal control measures in place for each risk, and these are detailed in Appendix A. Work is continuing to review these internal controls measures and update them where required to ensure we continue to monitor and manage these risks effectively.
- 6.7 In relation to the service level risk registers, work is also ongoing to review existing risks, whether they are still relevant, review the existing internal controls for each risk, and potentially identify any new risks for inclusion in the service risk registers. The Council will continue to be supported by Zurich Resilience Solutions throughout this exercise.
- 6.8 Finally, an Internal Audit of Risk Management was previously completed and reported to members in June 2025. The agreed actions from this report are currently being taken forward to improve the Council's Risk Management arrangements. Further work on this is required and a recruitment exercise to appoint to the current vacant Corporate Risk Management Co-ordinator to lead this work. Progress on completing this work will be provided to members in due course.

7.0 POLICY IMPLICATIONS

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

8.0 CONSULTATIONS

- 8.1 The Council Leadership Team was consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

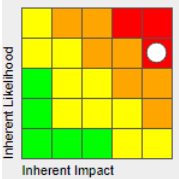
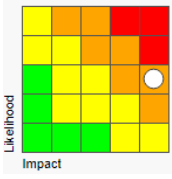
- 9.1 None

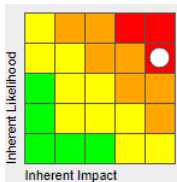
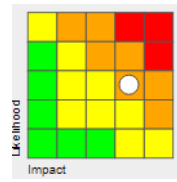
PAUL THOMSON
EXECUTIVE DIRECTOR CORPORATE SERVICES

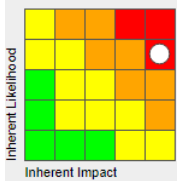
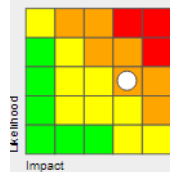
17 MAY 2026

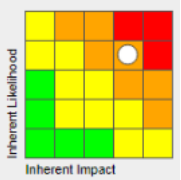
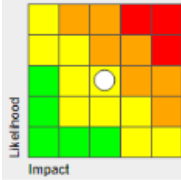
This page is intentionally left blank

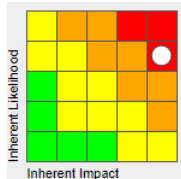
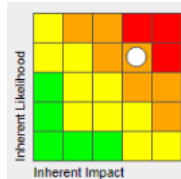
Dundee City Council
Strategic Risk Register

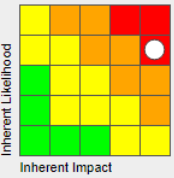
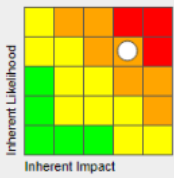
Risk	Description	Strategic Owner	Managed By	Inherent Risk			Control Measures	Current Assessment				
				Impact	Like lihood	Score		Impact	Like-lihood	Score		
1) Financial Sustainability												
	There is a risk that the Council is unable to maintain a sustainable financial position over the medium to long term, impacting its ability to meet statutory duties and deliver agreed priorities. This risk arises from ongoing funding pressures, rising demand and cost inflation (particularly in health and social care and homelessness), workforce challenges, and exposure to capital financing and interest rate volatility. Failure to manage these pressures effectively could result in service reductions, increased reliance on reserves, delayed investment, and adverse audit and reputational consequences.	Executive Director of Corporate Services	Head of Corporate Finance	Impact 5 Likelihood 4 Score 20 			Budget Setting & Approval Annual budget setting and approval process (Revenue & Capital) Approval of a 3-year revenue budget to improve medium-term stability Long-term Revenue Budget Forecast to anticipate future financial pressures Financial Strategies Capital Investment Strategy approval Medium-Term Strategy Capital Plan setting and approval process Financial Monitoring Capital and revenue monitoring (regular, structured oversight) Corporate Leadership Team approval and actions regarding revenue monitoring, Capital Strategy Group scrutiny of major financial commitments Business Case & Option Appraisal Requirements All major spend proposals must include: - Option appraisals - Business cases - Formal approval processes Reserves Management - Reserves Policy setting out minimum levels and criteria for use.			Impact 5 Likelihood 3 Score 15 		

					This ensures financial shock absorption and enhances robustness.	
2) Cyber Security						
	There is a risk that the Council's digital services, systems, platforms, suppliers and data are disrupted, compromised or rendered unavailable because of cyber attack, system failure, insufficient resilience or loss of critical data. This risk arises from increasing cyber threats, reliance on digital systems to deliver essential services, legacy infrastructure, and the need to maintain effective security controls, business continuity and disaster recovery arrangements. Failure to manage this risk effectively could result in service disruption, data loss or breach, financial and legal consequences, regulatory non-compliance, and significant reputational damage. The Council is increasingly reliant on interconnected third-party suppliers, cloud hosted services and shared digital infrastructure. Failure or compromise within these supply chains could result in disruption to critical Council services, loss of data availability, financial impact and reputational harm even where Council systems themselves remain secure.	Executive Director of Corporate Services	Head of Digital & Customer Services	Impact 5 Likelihood 4 Score 20 	Technical & Security Controls ICT Disaster Plan Data Centre Back Up Cyber Security Protection Cyber Penetration Testing Payment Card Industry (PCI) Standards Adherence Public Sector Network Accreditation Network Data Security Cyber Incident Response Plan Governance & Partnership Controls Senior Officer Resilience Group Local Resilience Partnership Appointment of Resilience Officer Corporate Emergency & Business Continuity Plans Membership of Government Cyber Security Team Emergency Response Procedures Risk & Assurance Board oversight Regular deep dive system assurance reviews Audit activity Security awareness and leadership training Business continuity exercising Cyber insurance arrangements AI and information governance controls Privileged access management controls	Impact 4 Likelihood 3 Score 12 

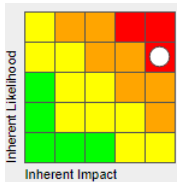
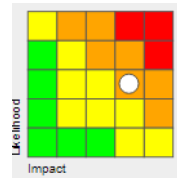
3) Climate Change						
	There is a risk that the impacts of climate change and the requirements of meeting statutory national climate change targets adversely affect the Council's ability to deliver services, protect communities and assets, and achieve its strategic objectives. This risk arises from the increasing frequency and severity of extreme weather events, pressures on infrastructure and public health, and the financial, regulatory and delivery challenges associated with supporting Scotland's transition to net zero emissions by 2045 and related interim targets. Failure to manage this risk effectively could result in service disruption, increased costs, damage to assets, widened inequalities, and significant reputational and regulatory consequences.	Executive Director of Neighbourhood Services	Head of Environment	Impact 5 Likelihood 4 Score 20 	Climate Action Plan aligning with Scottish government targets of Net Zero by 2045 or sooner Net Zero Transition Plan Council Organisational Plan for Net Zero emissions by 2038 Local Heat and Energy Efficiency Strategy & Delivery Plan (LHEES) Biodiversity Action Plan Climate risk and vulnerability assessment (CRVA) Nature-based solutions and surface water management (Water Resilient Dundee, and greenspace management (naturalised grasslands, tree planting, Nature Networks)) Broughty Ferry Flood Protection Scheme Sustainable Transport Delivery Plan Public Bodies Climate Change Duties Statutory Annual Report Waste and Recycling Strategy Action Plan 2020-25 Local Food Growing Strategy Collaboration with regional partners (e.g. Climate Ready Tayside, Adaptation Scotland).	Impact 4 Likelihood 3 Score 12 
4) Workforce Resilience						
	There is a risk that the Council is unable to recruit, retain and sustain a workforce with the required capacity, capability and skills to deliver services, meet statutory	Executive Director of Corporate Services	Head of People	Impact 4 Likelihood 4 Score 16	Workforce Capacity, Performance and Wellbeing Controls: Management Capability Development Targeted development of managers	Impact 3 Likelihood 3 Score 9

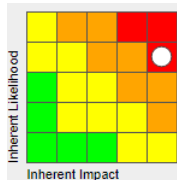
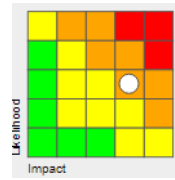
	duties and achieve strategic priorities. This risk arises from labour market pressures, an ageing workforce, workforce wellbeing and absence challenges, reliance on key individuals and corporate knowledge, skills gaps, and the scale and pace of service transformation. Failure to manage this risk effectively could result in service disruption, increased use of agency and temporary staffing, reduced organisational resilience, delayed transformation activity, financial pressures, and adverse impacts on performance, compliance and reputation.				to strengthen workforce planning, performance management, attendance management and retention, supporting workforce capacity and stability. Workforce Wellbeing and Absence Management Structured wellbeing and attendance management approaches to reduce absence levels and sustain workforce availability and service capacity. Performance and Development Framework (Quality Conversations) Consistent application of performance and development processes to identify capability gaps, support development and improve workforce effectiveness.	
					<u>Workforce Supply and Pipeline Controls:</u> Recruitment and Selection Frameworks Standardised and efficient recruitment processes to support timely hiring and reduce vacancy periods across services. Targeted Recruitment and Early Careers Pipeline Use of Modern Apprenticeships, Graduate Apprenticeships and other targeted approaches to build sustainable workforce pipelines in priority and hard-to-fill areas. Talent Management and Retention Structured approaches to identify, develop and retain key skills and roles, reducing turnover and strengthening workforce stability.	
					<u>Strategic Workforce Planning and Critical Role Resilience:</u>	

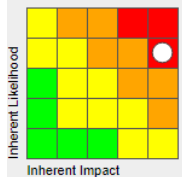
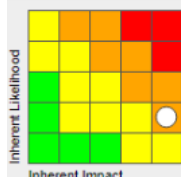
					Strategic Workforce Planning Framework Corporate approach to aligning workforce supply and demand, including service-level workforce planning, scenario modelling and alignment to Council and City Plan priorities. Leadership and Succession Planning Development of leadership capability and succession planning for critical roles to reduce dependency on key individuals and improve organisational resilience. Critical Role and Skills Risk Management Identification of hard-to-fill roles, single points of failure and critical skills gaps, with targeted actions to mitigate recruitment and retention risks. Trade Union Engagement and Workforce Relations Ongoing engagement with Trade Unions to support effective workforce relations, organisational change and workforce stability.	
5) Service Demand						
	There is a risk that increasing and sustained demand for Council services for people with support needs exceeds available capacity and resources, impacting the Council's ability to deliver services effectively and meet statutory duties. This risk arises from demographic change, population growth and ageing, rising levels of complexity and vulnerability, cost-of-living pressures, and increasing demand across all services, particularly	Director, Dundee Health and Social Care Partnership	Head of Health and Community Services DHSCP Head of Children's and Community Justice Social Work	Impact 5 Likelihood 4 Score 20 	Service Redesign & Integrated Delivery Models Implementation of Enhanced Community Care Model, improving community-based provision and reducing pressure on acute and statutory services. Delivery of Whole System Change Programme to redesign pathways and manage complex demand more efficiently. Service triage and prioritisation arrangements to ensure critical needs are met first.	Impact 4 Likelihood 4 Score 16 

	social care and children and families services. Failure to manage this risk effectively could result in service pressures and backlogs, reduced service quality and outcomes, increased financial pressures, workforce strain, and adverse impacts on the most vulnerable citizens and communities.				Implementation of Whole Family Support Initiative Demand Forecasting & Early Intervention Measures Use of demand modelling and demographic analysis to inform strategic planning. Expansion of prevention and early intervention programmes to reduce escalation of need. Partnership & Commissioning Controls Ongoing integration with NHS Tayside, HSCP, and third sector partners to share resources and improve coordination Digital & Technology Enabled Transformation Digital redesign of processes to increase throughput and reduce administrative burden.	
6) Public Protection						
	There is a risk that the Council is unable to effectively safeguard children, adults at risk and communities from harm, and to fulfil its statutory public protection responsibilities. This risk arises from increasing complexity and volume of demand, workforce capacity and skills pressures, reliance on effective multi-agency partnership working, and sustained demand across health, social care, housing and justice services.	Executive Director of Children & Families and Director Dundee Health and Social Care Partnership	Head of Children & Families, Social Work & Criminal Justice and Head of Health and Community Services DHSCP	Impact 5 Likelihood 4 Score 20 	Statutory Governance Arrangements Established Child Protection, Adult Protection, Community Justice and Chief Social Work Officer governance frameworks, with clear accountability, leadership and reporting lines. Multi-Agency Partnership Working Formal partnership arrangements with Police Scotland, NHS Tayside, education, housing and third sector partners, supported by agreed protocols and escalation routes. Compliance with National Guidance and Reviews Ongoing alignment with national	Impact 4 Likelihood 4 Score 16 

	The risk is heightened by national and local challenges with the recruitment and retention of internal and external Foster Carers, which reduces the capacity of the system to provide alternative care where assessment indicates this is necessary to safeguard children and young people. Failure to manage this risk effectively could result in harm to individuals, statutory non-compliance, adverse inspection and audit findings, legal challenge, financial costs and significant reputational damage				legislation, statutory guidance and learning from inspections, including actions arising from the national review of child exploitation. Professional Practice Standards and Assurance Use of agreed policies, procedures and practice standards, supported by quality assurance, case sampling and practitioner supervision. Workforce Capacity, Skills and Training Workforce planning, recruitment and retention measures, alongside mandatory training and continuous professional development in public protection roles. Data Governance Clear information-sharing protocols and secure systems to support timely and lawful exchange of information between partners. Performance Monitoring Regular reporting of performance indicators, trends, case volumes and outcomes to senior management and elected members. Audit, Inspection and Continuous Improvement Internal audit activity, self-evaluation and preparedness for external scrutiny, with improvement plans monitored and delivered. Strategic Oversight Regular oversight through corporate governance arrangements, committees and assurance reporting.	

					Digital and Technology Enabled Transformation Digital redesign of processes to increase throughput and reduce administrative burden.	
7) Housing and Homelessness						
	There is a risk that the Council is unable to effectively meet housing need and fulfil its statutory homelessness duties in the context of sustained and increasing pressure on housing services. This risk arises from a severe shortage of affordable and temporary accommodation, increasing presentations of homelessness, rising complexity of need, construction and supply chain challenges, and wider cost-of-living pressures. The risk is significantly heightened by the Housing Emergency declared by Dundee City Council, reflecting the scale and urgency of local housing pressures. Failure to manage this risk effectively could result in increased use of unsuitable or temporary accommodation, adverse outcomes for households, financial pressures, statutory non-compliance, and reputational damage.	Executive Director of Neighbourhood Services	Head of Housing, Construction & Communities	Impact 5 Likelihood 4 Score 20 	Local Housing Strategy Delivery of approved LHS. Increasing Access to Suitable Permanent Housing Engagement with Registered Social Landlords (RSLs) to maximise available lets for homeless applicants. Use of the private rented sector as an alternative option where appropriate. Expanding Temporary Accommodation Capacity Additional temporary furnished flats created to reduce reliance on B&Bs. Exploring procurement of temporary accommodation through the private sector to meet rising demand. Prevention & Early Intervention Measures Development of a new Prevention, Sustainment and Homeless Strategy and implementation of a flexible prevention budget. Work with partners to identify early risk factors and intervene before homelessness occurs. Oversight and Governance via the Homeless Strategic Partnership Group Multi Agency Collaboration Joint working with social work, HSCP, third sector organisations and RSLs on homelessness prevention and housing pathway development. Strengthened partnership activity to support vulnerable groups and reduce	Impact 4 Likelihood 3 Score 12 

					repeat homelessness via the Homeless Strategic Partnership Group. Operational Oversight & Performance Management Ongoing monitoring of homelessness demand, case duration, temporary accommodation flows, and void property turnaround. Regular reporting to senior management and committees on pressures, risks, and mitigations.	
8) Emergency Planning and Infrastructure						
	There is a risk that the Council is unable to effectively prepare for, respond to and recover from emergencies and major incidents, or maintain the resilience of critical infrastructure and essential services. This risk arises from the increasing frequency and complexity of emergencies, including severe weather, public health incidents, infrastructure failure, cyber-related disruption and other civil contingencies, alongside pressures on resources, interdependencies between critical systems, and reliance on effective multi-agency coordination. Failure to manage this risk effectively could result in disruption to essential services, harm to communities, damage to assets and infrastructure, financial and legal consequences, and significant reputational impact.	Executive Director of Neighbourhood Services	Head of Housing, Construction & Communities	Impact 5 Likelihood 4 Score 20 	Emergency Preparedness Corporate Emergency Plan and service-level Business Continuity Plans are reviewed and tested annually. Governance Oversight by the Senior Officers Resilience Group and Risk & Assurance Board; regular reporting to the Council Leadership Team. 24/7 Response Duty Resilience Officer rota and planned Senior Officer on-call system ensure round-the-clock incident management. Partnerships Active participation in the Tayside Local Resilience Partnership and coordination with Police Scotland, NHS Tayside, and others. ICT & Cyber Resilience Disaster recovery plans, off-site backups, cyber incident response protocols, and compliance with national standards.	Impact 4 Likelihood 3 Score 12 

					Infrastructure Investment Capital Investment Strategy, project governance, and asset management plans to maintain and upgrade critical infrastructure. Severe Weather & Flooding: Dedicated response plans and infrastructure adaptation measures to mitigate climate-related risks. Training & Communication Regular staff training, emergency exercises, and public communication protocols aligned with national guidance.	
9) Ongoing Legislative Requirements						
The Council faces the risk that the volume, complexity and pace of change in legislative, regulatory and statutory requirements at local, national and UK level exceed organisational capacity to respond effectively. Failure to anticipate, interpret or implement new or amended legislation in a timely and consistent manner could result in non-compliance, legal challenge, regulatory intervention, financial penalties, service disruption and reputational damage, as well as increased pressure on already constrained resources.	Executive Director of Corporate Services	Head of Democratic & Legal Services	Impact 5 Likelihood 4 Score 20 	Corporate horizon scanning and timely reporting of legislative and regulatory changes to Council Leadership Team and Elected Members. Clear senior ownership and governance arrangements for legislative compliance. Access to legal and professional advice to support accurate interpretation and implementation. Proportionate impact assessments to inform prioritisation and resource allocation. Regular review and updating of policies, procedures and guidance. Targeted training for Elected Members and staff on statutory responsibilities. Independent assurance through internal audit, inspection and performance monitoring.	Impact 5 Likelihood 2 Score 10 	

					Active engagement with COSLA, SOLACE and sector partners to share intelligence and best practice.	

This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 139-2026

1. PURPOSE OF REPORT

To present the Annual Governance Statement for approval and inclusion into the unaudited Annual Accounts for the year ended 31 March 2026.

2. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes the contents of this covering report;
- (ii) approves the Annual Governance Statement which is included as an Appendix to this report;
- (iii) instructs the Executive Director of Corporate Services to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2026; and
- (iv) notes that a copy of the approved Annual Governance Statement will be submitted to the Dundee Health and Social Care Partnership for assurance purposes.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the agreement of this report.

4. BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require "...an annual review of the effectiveness of a local authority's system of internal control. The findings of that review are to be considered at a meeting of elected members, and following that review, members must approve an Annual Governance Statement. There is no requirement to have separate meetings for the consideration of the findings and then the approval of the Annual Governance Statement. Both may be undertaken at the same meeting."
- 4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) will be prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement: -
 - (i) An acknowledgement of responsibility for ensuring there is a sound system of governance;
 - (ii) An indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
 - (iii) A brief description of the key elements of the governance framework;

- (iv) A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the Council, internal audit and other explicit reviews/assurance mechanisms;
 - (v) An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan;
 - (vi) A specific statement on whether the Council's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2016) as set out in the CIPFA's *Delivering Good Governance in Local Government: Framework (2016)* and where they do not, an explanation of how they deliver the same impact; and
 - (vii) A specific statement on whether the Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019). Compliance or reasons for non-compliance with the FM Code must be reported in the Council's Annual Governance Statement.
- 4.3 The Annual Governance Statement for the year ended 31 March 2026 is included on Appendix A.

5. POLICY IMPLICATIONS

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

6. CONSULTATIONS

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

7. BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICE

DATE: 9 JUNE 2026

APPENDIX A**ANNUAL GOVERNANCE STATEMENT****Scope of Responsibility**

Dundee City Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right?, Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

The Council's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads the local community. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:-

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.
- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers.
- A Monitoring Officer to ensure compliance with laws and regulations.

- A Scrutiny and Audit Committee and individual Service Committees.
- Approved Corporate Fraud and Corruption Policy including "whistleblowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.
- Council Leadership Team and each Service's Senior Management Teams.
- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020-2030.
- Medium-term Financial Strategy.
- Longer-term Revenue Budget Model.
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Strategic and Service Risk Registers.
- Corporate Risk and Assurance Board, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic Information Governance Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.

Review of Effectiveness

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and take into account comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2025/2026 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% (2024/2025: 99%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 78-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 94% for 2025/2026 (2024/2025: 93%).

The Internal Audit service provides independent and objective assurance on the adequacy and effectiveness of the Council's governance, risk management and control processes. The service operates in accordance with the Global Internal Audit Standards as applicable to the UK public sector and reports functionally to the Scrutiny and Audit Committee.

The Chief Internal Auditor provides an annual conclusion encompassing the Council's governance, risk management and control, drawing on audit work undertaken during the year. This conclusion informs the annual review of governance and supports the assurance provided in this Statement.

The Corporate Fraud Team investigates allegations of fraud and corruption and reports outcomes and trends to the Scrutiny and Audit Committee. No fraud identified during 2025/2026 was material to the Council's financial position.

The Council has undertaken a comprehensive self-assessment of its internal audit arrangements against the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025), and concludes that it generally conforms with the requirements of the Code, with robust governance, oversight and organisational arrangements in place to support effective internal audit. The Scrutiny and Audit Committee operates under Terms of Reference that align with CIPFA best practice. Internal audit operates under a formally approved mandate and charter aligned to regulatory requirements. There are clear reporting lines to the Scrutiny and Audit Committee, which provides effective oversight through approval of audit plans, monitoring of performance, and review of the Chief Audit Executive's annual conclusion and Global Internal Audit (UK Public Sector) conformance assessment. Arrangements are in place to safeguard independence, including unrestricted access to information and direct engagement with elected members, supported by appropriately qualified leadership and defined quality assurance processes, including external review.

Overall, the Council is satisfied that internal audit is operating effectively and continues to provide independent and objective assurance on governance, risk management and internal control, in line with the principles of the Global Internal Audit Standards as applicable in UK Local Authorities, which include the Code.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

Continuous Improvement Agenda

The Council's progress against the Continuous Improvement Agenda items for 2025/2026 is detailed at Appendix 1. One item is still in progress and have been carried forward to be actioned in 2026/2027. Additional areas for improvement have also been identified by the Council's Corporate Governance Assurance Statement Group, and these are included, along with the areas for improvement carried forward, at Appendix 2 and form the Continuous Improvement Action Plan for 2026/2027. These were identified by Executive Directors and Heads of Services in the self-assessment checklists that were completed as part of the Council's assurance gathering process. The Council's Governance structure is shown at Appendix 3.

Group Entities

In respect of the Joint Boards, Joint Committee, Charities and Companies that fall within the Council's group boundary, the review of their governance, risk management and control framework is informed by: -

- Annual Governance Statements included in the respective financial statements of the Joint Boards and Tayside Contracts Joint Committee.
- Assurances from company directors and/or the other senior company officials.
- The work of the relevant bodies' respective external auditors (and where relevant internal audit function) and other interim reports.
- Completion of self-assessment checklists.

The Dundee City Integration Joint Board (DCIJB) and Dundee Health and Social Care Partnership (DHSCP) were formed in April 2016, at which time an approved Strategic and Commissioning Plan was in place and proper due diligence had been carried out in respect of the financial contributions transferred to the DCIJB at the outset. The Scottish Government, Integrated Resources Advisory Group, Finance Guidance includes a section on Following the Public Pound which details the requirement to put in place arrangements to maintain control and clear public accountability over public funds. More specifically, these arrangements should cover the resources delegated to the DCIJB by the Council and NHS Tayside as well as the resources allocated to the Council and NHS Tayside by the DCIJB to be used as directed and set out in the Strategic and Commissioning Plan. In terms of Council resources, projected outturns against budgets have been and will continue to be monitored and reviewed on a continuous basis with corresponding reports being presented to the DCIJB at regular intervals. In addition, the Council's City Governance Committee is responsible for the scrutiny of integrated health and social care. The Section 95 Officers from the Council and the DCIJB have worked, and will continue to work, together closely. Over time, the format and focus of monitoring will change as budgets and services become more integrated and aligned with the priorities set out in the Strategic and Commissioning Plan.

DCIJB comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the DCIJB. During 2025/2026 financial year, formal DCIJB meetings have moved from online-only to hybrid with option to attend either in-person or online.

Conclusion

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects for 2025/2026. It is proposed over 2026/2027 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.

Gregory Colgan
Chief Executive, Dundee City Council
24 June 2026

Mark Flynn
Leader of the Council
24 June 2026

APPENDIX 1

CONTINUOUS IMPROVEMENT AGENDA FOR 2025/2026 - WITH PROGRESS UPDATES

The Council's Corporate Governance working group identified the following areas for improvement to be taken forward during 2025/2026. Full details are included in the Council's Local Code of Corporate Governance ([168-2025](#)) and the 2024/2025 Annual Governance Statement ([181-2025](#)) updated for final version in 2024/2025 Audited Accounts to Scrutiny and Audit Committee on 24 September 2025 ([274-2025](#)).

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). Report 223-2017	Completed	Service Manager - Community Safety and Resilience	31/03/2026
2	Replace Construction Services' Costing System.		Carried forward from 2024/2025. In progress.	Head of Construction and Head of Customer Services and IT	30/06/2026
3	Implementation of Corporate Property Management system.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2024/2025. In progress.	Head of Design and Property Services	31/03/2027
4	Review the Council's Standing Orders.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Completed	Head of Democratic and Legal Services	30/06/2025
5	Roll-out advanced risk management training module for senior officers.	Corporate Governance Assurance Statement Group.	Completed	Head of Corporate Finance	31/10/2025
6	Ensure basic financial ledger mandatory training for all budget holders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026
7	Procurement Strategy - Implementation of Sourcing Strategies in respect of procurement thresholds and any other changes includes in the review of Standing Orders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026

* Carried forward items have been included in Appendix 3 with new target completion dates

This page is intentionally left blank

APPENDIX 2

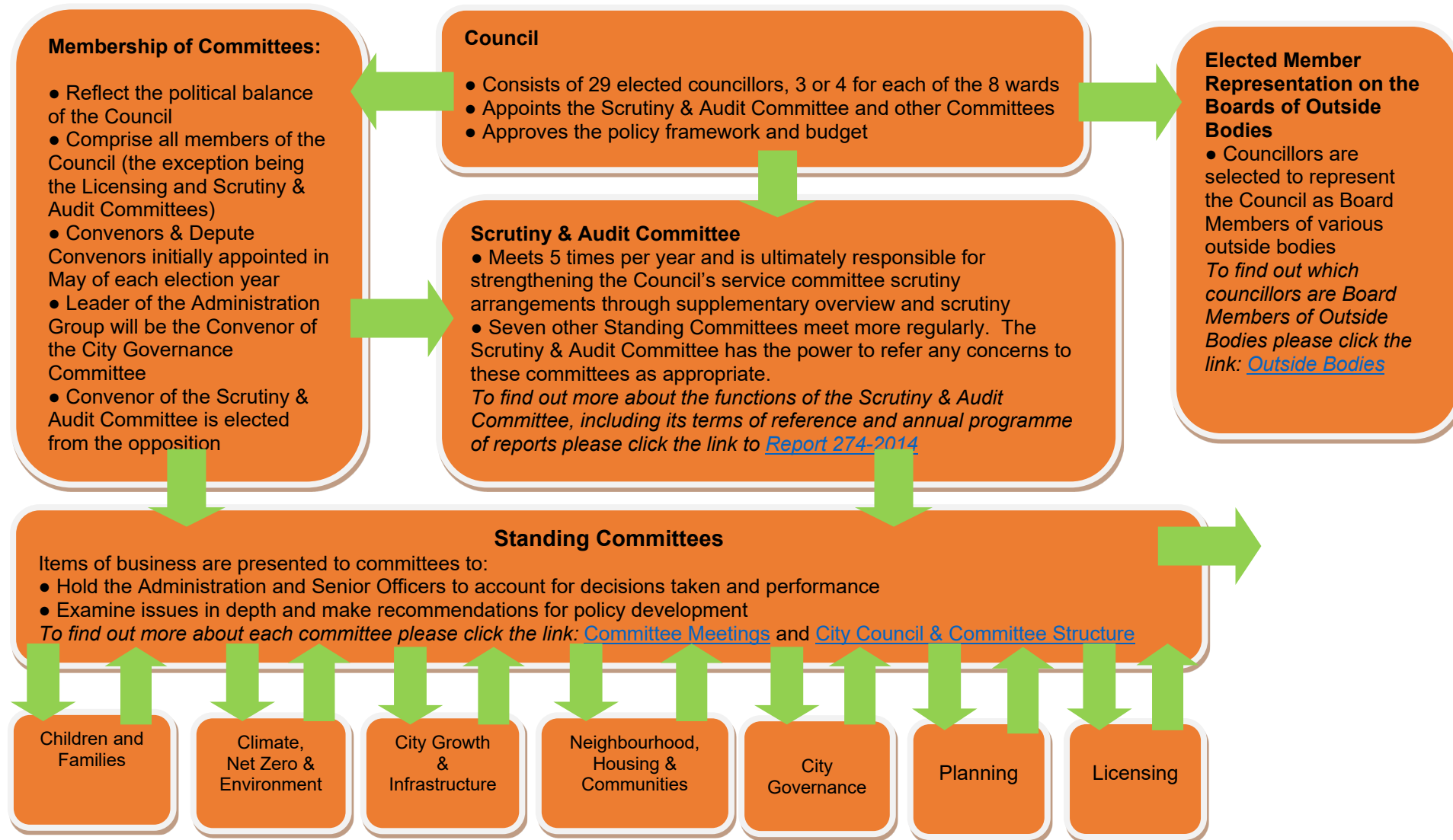
CONTINUOUS IMPROVEMENT AGENDA FOR 2026/2027

The Council's Corporate Governance working group has identified the following areas for improvement, full details are included in the Council's Local Code of Corporate Governance, to be taken forward during 2026/2027:

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Implementation of Corporate Property Management System.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Implementation of replacement asset management database to manage the Council's physical property assets more effectively.	Head of Design and Property Services	31/03/2027
2	Mandatory Training and Development	Corporate Governance Assurance Statement Group.	Improving the rates of completion of mandatory training and development courses for all Council staff and elected members.	Head of People	31/03/2027
3	Freedom of Information Requests	Council Leadership Team	Undertake a review of the current FOISA process to ensure that services have appropriate arrangements in place to deal with these statutory requests on timeous basis.	Head of Democratic and Legal Services	31/03/2027
4	Awareness / Compliance with statutory legislation	Corporate Governance Assurance Statement Group / Risk & Assurance Board	Review current process for providing updates on regulatory and legislative matters within the Council.	Head of Democratic and Legal Services	31/03/2027
5	Implementation of an Integrated Corporate Performance Dashboard	Council Leadership Team	Establish a consolidated digital portal to enable performance to be managed effectively. This single dashboard will include all relevant financial and non-financial corporate management data including budget outturns, absence, staff training and development, quality conversations etc. The dashboard will also interface with existing databases or systems to ensure data displayed within is updated on an automated basis within minimal manual intervention. In addition, it is also intended to enable managers to interrogate data through use of software tools such as Power BI.	Head of Digital and Customer Services	30/06/2027

This page is intentionally left blank

Dundee City Council's Governance Structure



This page is intentionally left blank

REPORT TO: SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026

REPORT ON: SECTION 106 CHARITIES - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 153-2026

1. PURPOSE OF REPORT

To provide some background and additional commentary on the Section 106 charities' unaudited Annual Accounts for the year ended 31 March 2026 which are being submitted to the Scrutiny and Audit Committee along with this report.

2. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes the contents of this covering report;
- (ii) notes the unaudited Annual Accounts for Dundee City Council Charitable Trusts which follow in report 154-2026;
- (iii) notes the unaudited Annual Accounts for Fleming Trust which follow in report 155-2026;
- (iv) notes the unaudited Trustees Report and Unaudited Accounts for Lord Provost of Dundee Charity Fund which follow in report 156-2026; and
- (v) instructs the Executive Director of Corporate Services to arrange for the above sets of unaudited accounts to be signed as required and submitted to the Council's external auditor by 30 June 2026 at the latest.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this report.

4. BACKGROUND

- 4.1 Charities registered with the Office of the Scottish Charity Regulator (OSCR) are required to produce annual accounts in accordance with charities legislation. The relevant statutory provisions regarding the preparation of charity accounts are contained in the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as Amended).
- 4.2 Members of Dundee City Council are the sole trustees for 5 trusts registered as Scottish charities, as set out in the table below. Please note that the trustees for the 6th charity, the Lord Provost of Dundee Charity Fund, are the Lord Provost, the Chief Executive of Dundee City Council and the Head of Democratic and Legal Services of Dundee City Council. The first four trusts listed have adopted the "connected charities" provision whereby the accounts are collated into a single document and are known collectively as the Dundee City Council Charitable Trusts. Total charitable funds as at 31 March 2026 are:

Charitable Trust Fund	Scottish Charity Number	Total funds as at 31 March 2026 £
Belmont Trust Estate	SC018900	2,636,021
Camperdown Estate	SC018899	3,153,268
William Dawson Estate Trust	SC018920	196,455
Hospital Fund	SC018896	1,187,485
Total fund of Dundee City Council Charitable Trusts		7,173,229
Fleming Trust	SC052182	9,124,065
Lord Provost of Dundee Charity Fund	SC027022	50,615

- 4.3 Copies of the enclosed Accounts will be sent to the Council's appointed external auditor (Joni McBride, Senior Audit Manager, Audit Scotland) by no later than 30 June 2026 to commence the audit of the Accounts. The audit completion deadline is 30 September 2026 but we anticipate the audit will be completed in time for reporting to the Scrutiny and Audit Committee on 23 September 2026.

5. POLICY IMPLICATIONS

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

6. CONSULTATIONS

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

7. BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

DATE: 9 JUNE 2026



**DUNDEE CITY COUNCIL
CHARITABLE TRUSTS**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026**

UNAUDITED

June 2026

This page is intentionally left blank

DUNDEE CITY COUNCIL CHARITABLE TRUSTS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Contents

	Page No
Trustees' Annual Report	3
Statement of Trustees' Responsibilities	7
Financial Statements Introduction	8
Statement of Receipts and Payments for the Year Ended 31 March 2026	9
Statement of Receipts and Payments for the Year Ended 31 March 2025	10
Statement of Balances as at 31 March 2026	11
Statement of Balances as at 31 March 2025	12
Notes to the Financial Statements	13
Independent Auditor's Report	15

This page is intentionally left blank

TRUSTEES' ANNUAL REPORT

LEGAL & ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Dundee City Council Charitable Trusts are the 29 councillors of Dundee City Council. Councillors are elected to serve for a period of five years. The last full Council election was held on 5 May 2022 and the first statutory meeting of the new Council took place on 23 May 2022. The following Councillors were in office during the 2025/26 financial year:

Bill Campbell (Lord Provost)	James Black
Mark Flynn (Leader of the Administration)	Ken Lynn
Daniel Coleman	Lee Mills (from 3 October 2024)
Stewart Hunter	Lynne Short
Bailie Kevin Keenan	Jax Finnegan
Wendy Scullin	Steven Rome
Roisin Smith	Bailie Willie Sawers
Siobhan Tolland	Bailie Will Dawson
Michael Crichton	Dorothy McHugh
Nadia El-Nakla	Bailie Christina Roberts
Bailie Fraser Macpherson	Kevin Cordell
Heather Anderson	Craig Duncan
George McIrvine	Bailie Derek Scott
Bailie Helen Wright	Pete Shears
Georgia Cruickshank	

Charitable Trusts' Principal Address

c/o Dundee City Council
City Square Complex
Dundee

External Auditor

The Charitable Trusts' appointed external auditor is:

Joni McBride - Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Banking Arrangements

The Charitable Trusts do not have a separate, dedicated bank account. Rather, funds are managed through Dundee City Council's main bank account. The Council's bankers are:

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9YL

ANNUAL REPORT 2025/26

Administrative Details

During the 2025/26 financial year, Dundee City Council acted as sole trustee for 4 Charitable Trusts that were registered with the Office of the Scottish Charity Regulator (OSCR). The Council administers these funds but the associated assets are not available to the Council and have not been included in the Council's Single Entity Balance Sheet. The Charitable Trusts are subsidiaries of Dundee City Council but are not included in the Council's Group Balance Sheet on grounds of immateriality.

Objectives & Activities

The key objectives and activities of the 4 registered Charitable Trusts for which the City Council acted as sole trustee during the 2025/26 financial year are listed below. The trustees have not identified any major risks to which the Charitable Trusts and Endowments are exposed.

Belmont Trust Estate (SC018900)

Estate gifted in 1918 by the late Mrs Emma Caird or Marryat of Roseangle, Dundee, in memory of her husband and her brothers, to be utilised for the benefit of the citizens of Dundee.

Camperdown Estate Trust (SC018899)

Purchased in the interest and for the benefit of the Community on 11 November 1945, at a cost of £58,100 which was provided by the Sir James Caird Land Acquisition Fund.

William Dawson Trust (SC018920)

Residue of estate handed over to the Lord Provost and Magistrates of the City of Dundee as trustees in 1948, for the purpose of acquiring ground for use as playing fields in wards X and XI.

Hospital Fund (SC018896)

Issued under The Dundee Churches and Hospital Act 1864, "for behoof of the Poor of the Town".

Structure, Governance & Management Arrangements

During the 2025/26 financial year, the City Council was, in law, the sole trustee for the 4 registered Charitable Trusts listed above. Elected members of the Council are automatically appointed as trustees on an ex-officio basis. In most cases, however, responsibility for the day-to-day management of these trusts and endowments has been delegated to the relevant chief officers of the Council. The exception to this, where the elected members of the Council have a more active role as trustees, is as follows:

Hospital Fund (SC018896)

The Council's City Governance (CG) Committee (previously the Policy and Resources ("P&R") Committee) meets annually to approve disbursements from the Hospital Fund. All 29 members of the Council sit on the City Governance Committee, which is chaired by the Leader of the Administration. At a meeting held on 14 January 2013 it was agreed that no new applications would be invited and that instead a budget of £25,000 would be provided to pilot a targeted welfare benefit advice service in Dundee in 2013/14. It was subsequently agreed to extend this pilot

to 31 March 2017. A peer review was carried out in March 2017 and it was agreed to continue the project for a further three financial years, to 31 March 2020. The P&R Committee held on 24 August 2020 agreed to extend this funding to 31 March 2021. At the P&R Committee on 31 October 2022, retrospective approval was given for the 2021/22 payment, as well payments for 2022/23. The P&R Committee held on 15 May 2023 agreed to increase the amount to £30,000 and to extend the funding to 31 March 2026. The CG Committee held on 11 May 2026 agreed to extend the funding to 31st March 2027. It was also agreed to maintain this funding at £30,000 and to increase the lifetime grant payment to pensioners from £80 to £100.

Financial Administration

The financial administration of the 4 registered Charitable Trusts for which the City Council acted as sole trustee during the 2025/26 financial year is undertaken in accordance with the Council's approved Financial Regulations. The Financial Regulations contain the following specific references to Trusts and Charitable Funds:

"11.19 The Executive Director of Corporate Services shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc.

All officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Executive Director of Corporate Services.

All investments of money shall be made by the Executive Director of Corporate Services in the name of Council. Any investments made will be made in accordance with the policy determined by the Policy and Resources Committee.

The Executive Director of Corporate Services and other relevant officers shall ensure compliance with the requirements of the Office of the Scottish Charities Regulator (OSCR)."

Financial Review

For the 2025/26 financial year, the total net deficit on the 4 registered Charitable Trusts was (£15,341) (2024/25: surplus £36,382). Total receipts were £41,431 (2024/25: £93,053) comprising investment income of £34,051 (2024/25: £44,055) and property rental income of £7,380 (2024/25: £48,998). Investment income relates solely to interest on surplus funds that are deposited with Dundee City Council's Loans Fund.

Property rental income relates to income from property leases at Belmont Trust Estate of £8,222 (2024/25: £8,222) and a rental income loss of (£842) from the buildings in Reform Street Dundee that are owned by the Hospital Fund, after issuing credit notes for rental income accounted for in 2024/25, relating to commercial premises vacated since 10 April 2025. Rental income during 2024/25 totalled £40,776.

Total payments were £56,772 (2024/25: £56,671), see below for further details. The net deficit of £15,341 (2024/25: surplus of £36,382) resulted in total usable charity funds of £1,030,750 as at 31 March 2026 (£1,046,091 as at 31 March 2025). Cash-backed reserves (i.e. Capital Account and Surplus Income) are operated in accordance with the charities' aims and objectives, as set out in the original founding documents. These documents will usually include restrictions on how such funds can be applied.

Achievements & Performance

During the 2025/26 financial year, within the total payments of £56,772 (2024/25: £56,671), the following costs were incurred in pursuit of the charities' objectives:

Belmont Trust Estate - £5,013 (2024/25: £6,980) was spent on repairs and maintenance and other property costs. In addition, there was a property insurance charge of £9,388 (2024/25: £9,388).

Hospital Fund - actual expenditure relates mainly to grants to local pensioners in financial need during the 2025/26 financial year was £1,280 (16 grants of £80) (2024/25: 1,760 (22 grants of £80)). A contribution from the fund of £30,000 was provided towards a targeted welfare benefit advice service in Dundee. In addition, expenditure of £10,639 (2024/25: £8,154) was incurred on property costs related to the buildings in Reform Street Dundee that are owned by the Hospital Fund.

Trustee Remuneration & Expenses

No trustees received any remuneration or expenses during the 2025/26 financial year (2024/25: £nil).

Signed on behalf of the trustees

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council
24 June 2026

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements which properly present an analysis of the incoming/outgoing cash and bank transactions for each financial year on a receipts and payments basis.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities;

The trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 9(1), (2), and (3) of The Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FINANCIAL STATEMENTS INTRODUCTION

Basis of Preparation

The following accounts have been prepared in accordance with the "connected charities" provision contained in Regulation 7 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Connected charities are defined as those having common or related charitable purposes, or charities which have common control or unity of administration. The City Council considers the 4 Charitable Trusts for which it acted as sole trustee during the 2025/26 financial year to be "connected" and has therefore taken the opportunity to prepare accounts collated into a single document.

External Audit

The financial statements are the subject of an external audit. Also, details of Charitable Trust Funds are incorporated within the City Council's Annual Accounts.

Further Information

Any queries regarding this document should, in the first instance, be addressed to:

Francois de Villiers FCA, CA(SA)
Accounting Strategy Manager, Corporate Services
Dundee City Council
50 North Lindsay Street
Dundee
DD1 3RF
(Email: francois.devilliers@dundeecity.gov.uk)
(Telephone: 07385 931075)

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
<u>Receipts</u>					
Investment Income	6,180	84	241	27,546	34,051
Rent	8,222	0	0	(842)	7,380
	14,402	84	241	26,704	41,431
<u>Payments</u>					
Charitable Activities	14,402	84	0	42,286	56,772
	14,402	84	0	42,286	56,772
Surplus / (Deficit) for the Year	0	0	241	(15,582)	(15,341)

These funds are deemed to be restricted, permanent endowment (capital) funds.

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
<u>Receipts</u>					
Investment Income	8,037	109	298	35,611	44,055
Rent	8,222	0	0	40,776	48,998
	16,259	109	298	76,387	93,053
<u>Payments</u>					
Charitable Activities	16,259	109	0	40,303	56,671
	16,259	109	0	40,303	56,671
Surplus / (Deficit) for the Year	0	0	298	36,084	36,382

These funds are deemed to be restricted, permanent endowment (capital) funds.

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF BALANCES AT 31 MARCH 2026

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
Opening Cash Balance	0	0	0	0	0
Surplus / (Deficit) for the Year	0	0	241	(15,582)	(15,341)
Transfer (to) / from DCC Loans Fund	0	0	(241)	15,582	15,341
Closing Cash Balance	0	0	0	0	0
<u>Investments</u>					
Funds Deposited with DCC Loans Fund	185,495	2,534	7,468	835,253	1,030,750
Investment Properties		0	0	351,000	351,000
<u>Tangible Fixed Assets</u>					
Operational Land and Buildings	2,450,526	3,150,734	188,987	1,232	5,791,479
Total net assets	2,636,021	3,153,268	196,455	1,187,485	7,173,229
<u>Analysis of Fund Balances</u>					
Capital Account	185,495	2,534		835,253	1,023,282
Surplus Income			7,468		7,468
Usable reserves	185,495	2,534	7,468	835,253	1,030,750
Revaluation Reserve	2,450,526	3,150,734	188,987	352,232	6,142,479
Total reserves	2,636,021	3,153,268	196,455	1,187,485	7,173,229

The notes at pages 13 to 14 form part of these accounts.

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Baillie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF BALANCES AT 31 MARCH 2025

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
Opening Cash Balance	0	0	0	0	0
Surplus / (Deficit) for the Year	0	0	298	36,084	36,382
Transfer (to) / from DCC Loans Fund	0	0	(298)	(36,084)	(36,382)
Closing Cash Balance	0	0	0	0	0
<u>Investments</u>					
Funds Deposited with DCC Loans Fund	185,495	2,534	7,228	850,834	1,046,091
Investment Properties	0	0	0	384,000	384,000
<u>Tangible Fixed Assets</u>					
Operational Land and Buildings	2,276,209	3,078,734	188,987	1,232	5,545,162
	2,276,209	3,078,734	188,987	1,232	5,545,162
Total net assets	2,461,704	3,081,268	196,215	1,236,066	6,975,253

The notes at pages 13 to 14 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies set out the basis upon which the financial statements have been prepared and explain the accounting treatment of both general and specific items.

General Basis of Preparation

These accounts have been prepared on a receipts and payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as Amended).

Tangible Fixed Assets - Basis of Valuation

The following valuation bases have been used to value the different types of tangible fixed asset shown in the Statement of Balances:

Operational Land & Buildings - considered to be specialised assets for which there is no market value, therefore valued at depreciated replacement cost with appropriate allowance for age and obsolescence.

Non-Operational Investment Properties - open market value.

Tangible fixed assets were re-valued, as required, at 31 March 2026. The valuations were carried out by Mr Alastair Kay BSc MRICS, an employee of the City Council's City Development Service.

Investments

There are no external investments, rather all surplus funds are deposited in earmarked accounts held by Dundee City Council. All such deposits are valued at historical cost in the Balance Sheet.

Going Concern

The accounts are prepared on the going concern basis as it is considered by the trustees that the remaining Charitable Trusts are financially sustainable for the foreseeable future.

2 Analysis of Tangible Fixed Assets

The assets owned by these charities are as follows:

Belmont Trust Estate - Estate of Belmont, Belmont Castle, Belmont Camp, Stables Flats x3

Camperdown Estate Trust - Estate of Camperdown, Mansion House, Golf Course and Club Rooms, Kiosks x2, Recreational Facilities, Gardener's Cottage

William Dawson Trust - Dawson Park & Extension, Pavilion, Car Park, Entrance Gate

Hospital Fund - Properties at 63 Reform Street Dundee, Ground at Stirling Street, Stirling Park and Carmichael Street Dundee

3 Investment Income

There are no external investments, rather all surplus funds are deposited in earmarked accounts held by Dundee City Council. Interest receivable is based on the Loans Fund interest on revenue balances (IORB) rate and is paid twice yearly. The average IORB rate during 2025/26 was 3.33% (2024/25: 4.25%).

4 Governance Costs

Any governance costs associated with the management of charitable funds (including administration costs and the relevant share of the annual audit fee) are absorbed by Dundee City Council. These costs are estimated at £5,450 in 2025/26, being £2,000 administration costs and £3,450 audit fee. (2024/25: £5,300 being £2,000 administration costs and £3,300 audit fee).

5 Related Party Transactions

During 2025/26, all surplus funds were deposited in earmarked accounts held by Dundee City Council. At 31 March 2026, a total balance of £1,030,750 (31 March 2025: £1,046,091) was held with Dundee City Council. Investment income of £34,051 (2024/25: £44,055) was received from Dundee City Council's Loans Fund during 2025/26.

6 Comparative Information

The 2024/25 Statement of Receipts and Payments and the Statement of Balances as at 31 March 2025 are shown on pages 10 and 12 respectively, for comparative purposes.

7 Events After the Reporting Period

There were no events that occurred between 1 April 2026 and 17 June 2026 that would require adjustment to the 2025/26 financial statements.

8 Parent Entity

The Dundee City Council Charitable Trusts are subsidiaries of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed on page 8.

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

This page is intentionally left blank



FLEMING TRUST

SC052182

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026**

UNAUDITED

June 2026

FLEMING TRUST

This page is intentionally left blank

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Contents

	Page No
Trustees' Annual Report	3
Statement of Trustees' Responsibilities	7
Statement of Financial Activities for the year ended 31 March 2026	8
Balance Sheet as at 31 March 2026	9
Cashflow Statement for the year ended 31 March 2026	10
Notes to the Financial Statements	11
Independent Auditor's Report	14

This page is intentionally left blank

TRUSTEES' ANNUAL REPORT

LEGAL & ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Fleming Trust are the 29 councillors of Dundee City Council. Councillors are elected to serve for a period of five years. The last full Council election was held on 5 May 2022 and the first statutory meeting of the new Council took place on 23 May 2022. The following Councillors were in office during the 2025/26 financial year:

Bill Campbell (Lord Provost)	James Black
Mark Flynn (Leader of the Administration)	Ken Lynn
Daniel Coleman	Lee Mills
Stewart Hunter	Lynne Short
Bailie Kevin Keenan	Jax Finnegan
Wendy Scullin	Steven Rome
Roisin Smith	Bailie Willie Sawers
Siobhan Tolland	Bailie Will Dawson
Michael Crichton	Dorothy McHugh
Nadia El-Nakla	Bailie Christina Roberts
Bailie Fraser Macpherson	Kevin Cordell
Heather Anderson	Craig Duncan
George McIrvine	Bailie Derek Scott
Bailie Helen Wright	Pete Shears
Georgia Cruickshank	

Principal Address

c/o Dundee City Council
City Square Complex
Dundee

External Auditor

The appointed external auditor is:
Joni McBride - Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Banking Arrangements

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9YL

ANNUAL REPORT 2025/26

Administrative Details

During the 2025/26 financial year, Dundee City Council acted as sole trustee for the Fleming Trust. The Council administers the Fleming Trust's funds but the associated assets are not available to the Council and have not been included in the Council's Single Entity Balance Sheet. The Fleming Trust is a subsidiary of Dundee City Council and is included in the Council's Group Balance Sheet.

The Fleming Trust was registered with the Office of the Scottish Charity Regulator (OSCR) on 12 December 2022 with charity registration number SC52182. There was no change to the Fleming Trust's objectives, governance arrangements and activities upon registration.

Objectives & Activities

Estate gifted in 1929 by the late Robert Fleming Esq. with the following objects: "the clearance and demolition of slum dwelling houses and the provision of suitable accommodation for re-housing the displaced occupants of slum property in Dundee, and failing them, other persons residing or wishing to take up residence in Dundee... at rents reasonably within the capacity of the beneficiaries to pay."

The Fleming Trust's funds derive from this expendable endowment. There are restrictions as to how the income derived from this is spent.

Structure, Governance & Management Arrangements

During the 2025/26 financial year, the City Council was, in law, the sole trustee for the Fleming Trust. Elected members of the Council are automatically appointed as trustees on an ex-officio basis. "Dundee City Council as Fleming Trustees" meets typically a couple of times a year.

The Fleming Trust is governed by a Supervisory Committee comprising the Lord Provost, a Councillor and a number of individuals external to the Council. The Supervisory Committee is assisted by Council officers and an external solicitor as Clerk. The Supervisory Committee typically meets once a year.

The responsibility for day-to-day management of the Trust has been delegated to the relevant chief officers of the Council.

Risk

The trustees have not identified any major risks to which the Fleming Trust is exposed.

Financial Administration

Dundee City Council acted as sole trustee during the 2025/26 financial year. The financial administration of the Fleming Trust is undertaken in accordance with the Council's approved Financial Regulations. The Financial Regulations contain the following specific references to Trusts and Charitable Funds:

"11.19 The Executive Director of Corporate Services shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc.

All officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Executive Director of Corporate Services.

All investments of money shall be made by the Executive Director of Corporate Services in the name of Council. Any investments made will be made in accordance with the policy determined by the Policy and Resources Committee.

The Executive Director of Corporate Services and other relevant officers shall ensure compliance with the requirements of the Office of the Scottish Charities Regulator (OSCR)."

Financial Review

For the 2025/26 financial year, the total net surplus was £194,636 (2024/25: surplus of £191,258). Total income was £514,246 (2024/25: £489,835) comprising property rental income of £477,537 (2024/25: £458,134) and investment income of £36,709 (2024/25: £31,701). Property rental income relates to rents for 104 dwellings, at rates similar to those charged by Dundee City Council's Housing Revenue Account. Investment income relates solely to interest on surplus funds that are deposited with Dundee City Council's Loans Fund.

Total expenditure was £319,610 (2024/25: £298,577). This related mainly to repairs and maintenance costs of £81,823 (2024/25: £68,333), lost rents of £10,006 (2024/25: £6,085) and depreciation of £210,656 (2024/25: £210,656).

Depreciation is a non-cash expense, and a requirement in order to comply with the Charities Statement of Recommended Practice (SORP) and FRS102.

Fleming Trust owns and rents out 104 properties. It also owns the sheltered lounge at Fleming Gardens/ Hindmarsh Avenue.

Total cash generated in 2025/26 was £446,339. Cash generated from operating activities was £409,630 (2024/25: £353,837) and investment income amounted to £36,709 (2024/25: £30,701).

Total charity funds amounted to £9,124,065 as at 31 March 2026 (£8,929,429 as at 31 March 2025). The entire fund is an expendable endowment fund. Cash-backed reserves are operated in accordance with the charity's aims and objectives, as set out in the original founding document. The charity's working capital is represented by its net current assets, amounting to £1,496,534 as at 31 March 2026 (£1,091,242 as at 31 March 2025). The increase is as a result of positive cashflow resulting in increased investments placed with Dundee City Council loans fund.

Achievements & Performance

As disclosed above, during 2025/26 the Fleming Trust incurred costs of £319,610 in pursuit of its objectives, notably £81,823 (2024/25: £68,333) towards repairs and maintenance and other property costs.

Trustee Remuneration & Expenses

No trustees received any remuneration or expenses during the 2025/26 financial year (2024/25: £nil).

External Audit

These financial statements are subject to external audit.

Further Information

Any queries regarding this document should, in the first instance, be addressed to:

Francois de Villiers FCA, CA(SA)
Accounting Strategy Manager, Corporate Services
Dundee City Council
50 North Lindsay Street
Dundee
DD1 3RF
(Email: francois.devilliers@dundeecity.gov.uk)
(Telephone: 07385 931075)

Signed on behalf of the trustees on 24 June 2026

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2026

	note	Total funds 2024/2025 £	Total funds 2025/2026 £
Rent		458,134	477,537
Investment Income	7	31,701	36,709
Total income		489,835	514,246
Property Insurance		5,000	5,000
Repairs & Maintenance		68,333	81,823
Landlords Supplies		5,000	5,000
Audit Fees		1,056	3,100
Legal Fees		1,447	3,525
Computer-Consumables		1,000	500
Lost Rents		6,085	10,006
Other outlays		-	-
Depreciation		210,656	210,656
Total expenditure		298,577	319,610
Net income/(expenditure)		191,258	194,636
Net movement in funds		191,258	194,636
Total funds brought forward		8,738,171	8,929,429
Total funds carried forward		8,929,429	9,124,065

These funds are deemed to be restricted, permanent endowment (capital) funds.

FLEMING TRUST

BALANCE SHEET AS AT 31 MARCH 2025

	note	As at 31 March 2025 £	As at 31 March 2026 £
Fixed assets			
Tangible assets	3	7,838,187	7,627,521
Total fixed assets		7,838,187	7,627,531
Current assets			
Debtors	4	83,027	63,019
Investments	5	708,157	1,008,157
Cash at Bank and In Hand		392,682	539,021
Total current assets		1,183,866	1,610,197
Liabilities			
Creditors falling due within one year	6	(92,624)	(113,663)
Net current assets		1,091,242	1,496,534
Total assets less current liabilities		8,929,429	9,124,065
Creditors falling due after more than one year		-	-
Net assets		8,929,429	9,124,065
The funds of the charity			
Endowment funds		8,929,429	9,124,065
Total charity funds		8,929,429	9,124,065

The notes at pages 11 to 13 form part of these accounts.

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Baillie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

	note	As at 31 March 2025 £	As at 31 March 2026 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		353,837	409,630
Cash flows from investing activities:			
Dividends, interest and rents from investments		31,701	36,709
Purchase of property, plant and equipment		-	-
Net cash provided by (used in) investing activities		31,701	36,709
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Net cash provided by (used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		385,538	446,339
Cash and cash equivalents at the beginning of the reporting period	8	715,301	1,100,839
Cash and cash equivalents at the end of the reporting period		1,100,839	1,547,178

The notes at pages 11 to 13 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies set out the basis upon which the financial statements have been prepared and explain the accounting treatment of both general and specific items.

a) Basis of Preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

b) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

d) Tangible fixed assets and depreciation

All assets costing more than £6,000 are capitalised and valued at historical cost. Depreciation is charged on a straight-line basis over their estimated useful lives, from the first full operational year following acquisition. Assets with a cost over £1m are componentised and depreciated as follows:

Component	% of cost	Useful life
Building structure	50	50
Building roof	10	35
Kitchens & Boilers	15	15
Bathrooms & Radiators	15	30
Building Externals	10	45
Total	100	

The cost of Land is not depreciated.

e) Investments

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. All such deposits are valued at historical cost in the Balance Sheet.

f) Going Concern

The accounts are prepared on the going concern basis as it is considered by the trustees that the Fleming Trust is financially sustainable for the foreseeable future.

2 Assumptions made about the future and other major sources of estimation uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Because these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Fleming Trust's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over estimated useful lives in accordance with Accounting Policy. The estimates are made taking into account historical experience.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £6,700 for every year that useful lives had to be reduced.

3 Analysis of Tangible Fixed Assets

	Land and buildings	Total
	£	£
Cost		
At 1 April 2025	8,373,295	8,373,295
Additions		
Disposals	-	-
Adjustment		
Transfers		-
At 31 March 2026	8,373,295	8,373,295
Depreciation		
At 1 April 2025	535,108	535,108
Charge for the year	210,656	210,656
Eliminated on disposals	-	-
At 31 March 2026	745,764	745,764
Net book value		
At 31 March 2026	7,627,531	7,627,531
At 31 March 2025	7,838,187	7,838,187

4 Debtors

Relates to rent receivable at year end.

5 Investments

Relates to amounts invested, and held by, Dundee City Council's Loans Fund.

6 Creditors

Relates to amount due to reimbursements payable to Dundee City Council £110,563 (2024/25: £89,624) as well as the audit fee of £3,100 (2024/25: £3,000).

7 Investment Income

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. Interest receivable is based on the Loans Fund interest on revenue balances (IORB) rate and is paid twice yearly. The average IORB rate during 2025/26 was 3.33% (2024/25: 4.25%).

8 Cashflow Statement: cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2025	31 March 2026
	£	£
Investments held with Dundee City Council's Loans Fund	708,157	1,008,157
Cash at Bank and in hand	392,682	539,021
Total cash and cash equivalents	1,100,839	1,547,178

9 Related Party Transactions

During 2025/26, all surplus funds were deposited with Dundee City Council's Loans Fund. At 31 March 2026, a total balance of £1,008,157 (31 March 2025: £708,157) was held with Dundee City Council. Investment income of £36,709 (2024/25: £31,701) was received from Dundee City Council's Loans Fund during 2025/26. Refer also to Creditors note for balances payable to Dundee City Council.

10 Events After the Reporting Period

There were no events that occurred between 1 April 2026 and 17 June 2026 that would require adjustment to the 2025/26 financial statements. The latter date is the date on which the unaudited accounts were authorised for issue by the Senior Councillor with responsibility for Finance.

11 Parent Entity

The Fleming Trust is a subsidiary of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed on page 6.

12 Audit fees

The financial statements are subject to external audit. The total audit fee for the year was £3,100 (2024/25: £2,750).

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

SCOTTISH CHARITY NUMBER: SC027022

LORD PROVOST OF DUNDEE CHARITY FUND

TRUSTEES REPORT AND UNAUDITED
ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026

This page is intentionally left blank

LORD PROVOST OF DUNDEE CHARITY FUND**SCOTTISH CHARITY NUMBER SC027022****Trustees' Report and accounts for the year ended 31 March 2026**

The Lord Provost of Dundee Charity Fund was established for the benefit of the public of the City of Dundee. The purposes of the Charity Fund, as recorded in the Deed of Trust, are to relieve the poverty and advance the education of, and to provide recreational or leisure facilities in the interests of social welfare for the public of the City of Dundee and in order to make donations to registered charities and to Scottish Charities. The Trustees may have sole discretion and by unanimous decision after meeting all liabilities, pay out the whole value of the Trust Fund to or for behoof of such one or more of the purposes as they in their sole discretion shall decide and so bring the Trust to an end. The Trustees have not defined a minimum reserve as there is no requirement to do so and view any risk as limited.

During the 2025/26 financial year, the charity continued to provide financial assistance to the public of the City of Dundee, through donations to registered charities, senior citizen groups and vulnerable groups within Dundee.

The account at year end reported a deficit of -£515 (2024/25 £11,175) which reduces funds available leaving a closing balance of £50,616 (2024/25 £51,131).

Next year, we will continue with our fundraising activities to provide financial assistance to the public of the City of Dundee, through donations to registered charities, senior citizen groups and vulnerable groups within Dundee.

The Charity's Trustees are defined in the Deed of Trust. The Charity's Trustees are:

- Lord Provost (Bill Campbell)
- Chief Executive (Gregory Colgan)
- Head of Democratic and Legal Services (Roger Mennie)

The Charity can be contacted at the following address, The Lord Provost, City Chambers, 21 City Square, DUNDEE, DD1 3BT.

The accounts for the year are attached and form part of this report.

This report was approved by the Trustees on 24 June 2026.

Signed, on behalf of the Trustees

Gregory Colgan
Trustee

LORD PROVOST OF DUNDEE CHARITY FUND

SCOTTISH CHARITY NUMBER SC027022

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements which properly present an analysis of the incoming/outgoing cash and bank transactions for each financial year on a receipts and payments basis.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 9(1), (2), and (3) of The Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Gregory Colgan
Trustee

LORD PROVOST OF DUNDEE CHARITY FUND

SCOTTISH CHARITY NUMBER SC027022

STATEMENT OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 31 MARCH 2026

<u>Receipt</u>	Note	2025/26	2024/25
		£	£
Grants/Donations	4	-	3,150
Fundraising Charity Dinner	5	-	18,420
Interest on fund Dundee City Council	6	1,000	1,275
Bank Interest	6	<u>211</u>	<u>256</u>
Total Receipts		<u>1,211</u>	<u>23,101</u>
<u>Payment</u>			
Donations/Grants	4	1,500	2,300
Fundraising Dinner	5	<u>227</u>	<u>9,626</u>
Total Payments		<u>1,727</u>	<u>11,926</u>
<u>Surplus / (Deficit) For Year</u>		<u>(516)</u>	<u>11,175</u>

STATEMENT OF BALANCES AS AT 31 MARCH 2026

<u>Funds Reconciliation</u>	2025/26	2024/25
	£	£
Cash At Bank 01/04/25 (01/04/24)	51,131	39,956
Surplus/ (Deficit) for year	<u>(516)</u>	<u>11,175</u>
Cash At Bank 31/03/26 (31/03/25)	<u>50,615</u>	<u>51,131</u>
<u>Bank & Cash Balances</u>		
Bank Accounts	20,615	21,131
Temporary Loan Invested with Dundee City Council	<u>30,000</u>	<u>30,000</u>
	<u>50,615</u>	<u>51,131</u>

All Funds are unrestricted

The Notes on page 4 form an integral part of these accounts.

Approved by the trustees on 24 June 2026 and signed on their behalf by:-

Gregory Colgan
Trustee

Notes to the Accounts - For year Ended 31 March 2026**1 Basis of Accounting**

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as Amended).

2 Nature Purpose of funds

All funds are unrestricted and may be used at the discretion of the trustees in furtherance of the objects of the Charity.

3 Remuneration & Expenses

No remuneration or Expenses were paid to a charity trustee, or anyone connected to a charity trustee.

4 Grants & Donations Made

The charity made 3 donations to organisations totalling £1,500 (2024/25: 6 charity donations totalling £2,300).

5 Fundraising

The Lord Provost hosted a Charity Dinner to re-engage the Citizens of Dundee with the Lord Provost Charity Fund. There were a few outstanding auction prizes to be fulfilled from the dinner which are now all fully settled which brings the Charity Dinner to a close. Due to the success of the Charity Dinner, there is always a possibility of another Charity Dinner being arranged in the future.

6 Interest Receivable

The Charity has £30,000 deposited with Dundee City Council and receives interest on this alongside bank interest.

7 Governance Costs

The financial statements are the subject of a separate external audit. Any costs associated with the Charity Fund (incl. admin and relevant share of annual audit fee) are absorbed by Dundee City Council. The cost of audit to Dundee City Council for 2025/26 is £1900 and the estimated notional cost of staff time is £135, (2024/25: audit fee £1,800 and staff time £130).

8 Parent Entity

The Lord Provost of Dundee Charity Fund is a subsidiary of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed in note 9.

9 Events after the reporting date

There are no events occurring between the reporting date and the date on which the financial statements are authorised.

Any queries regarding this document should, in the first instance, be addressed to:

Elaine Urquhart
Corporate Finance
Dundee City Council
50 North Lindsay Street
Dundee
DD1 1NZ
(Email: elaine.urquhart@dundeecity.gov.uk)
(Telephone: 01382 433355)

ITEM No ...14(i).....



**DUNDEE CITY COUNCIL
CHARITABLE TRUSTS**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026**

UNAUDITED

June 2026

This page is intentionally left blank

DUNDEE CITY COUNCIL CHARITABLE TRUSTS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Contents

	Page No
Trustees' Annual Report	3
Statement of Trustees' Responsibilities	7
Financial Statements Introduction	8
Statement of Receipts and Payments for the Year Ended 31 March 2026	9
Statement of Receipts and Payments for the Year Ended 31 March 2025	10
Statement of Balances as at 31 March 2026	11
Statement of Balances as at 31 March 2025	12
Notes to the Financial Statements	13
Independent Auditor's Report	15

This page is intentionally left blank

TRUSTEES' ANNUAL REPORT

LEGAL & ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Dundee City Council Charitable Trusts are the 29 councillors of Dundee City Council. Councillors are elected to serve for a period of five years. The last full Council election was held on 5 May 2022 and the first statutory meeting of the new Council took place on 23 May 2022. The following Councillors were in office during the 2025/26 financial year:

Bill Campbell (Lord Provost)	James Black
Mark Flynn (Leader of the Administration)	Ken Lynn
Daniel Coleman	Lee Mills (from 3 October 2024)
Stewart Hunter	Lynne Short
Bailie Kevin Keenan	Jax Finnegan
Wendy Scullin	Steven Rome
Roisin Smith	Bailie Willie Sawers
Siobhan Tolland	Bailie Will Dawson
Michael Crichton	Dorothy McHugh
Nadia El-Nakla	Bailie Christina Roberts
Bailie Fraser Macpherson	Kevin Cordell
Heather Anderson	Craig Duncan
George McIrvine	Bailie Derek Scott
Bailie Helen Wright	Pete Shears
Georgia Cruickshank	

Charitable Trusts' Principal Address

c/o Dundee City Council
City Square Complex
Dundee

External Auditor

The Charitable Trusts' appointed external auditor is:

Joni McBride - Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Banking Arrangements

The Charitable Trusts do not have a separate, dedicated bank account. Rather, funds are managed through Dundee City Council's main bank account. The Council's bankers are:

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9YL

ANNUAL REPORT 2025/26

Administrative Details

During the 2025/26 financial year, Dundee City Council acted as sole trustee for 4 Charitable Trusts that were registered with the Office of the Scottish Charity Regulator (OSCR). The Council administers these funds but the associated assets are not available to the Council and have not been included in the Council's Single Entity Balance Sheet. The Charitable Trusts are subsidiaries of Dundee City Council but are not included in the Council's Group Balance Sheet on grounds of immateriality.

Objectives & Activities

The key objectives and activities of the 4 registered Charitable Trusts for which the City Council acted as sole trustee during the 2025/26 financial year are listed below. The trustees have not identified any major risks to which the Charitable Trusts and Endowments are exposed.

Belmont Trust Estate (SC018900)

Estate gifted in 1918 by the late Mrs Emma Caird or Marryat of Roseangle, Dundee, in memory of her husband and her brothers, to be utilised for the benefit of the citizens of Dundee.

Camperdown Estate Trust (SC018899)

Purchased in the interest and for the benefit of the Community on 11 November 1945, at a cost of £58,100 which was provided by the Sir James Caird Land Acquisition Fund.

William Dawson Trust (SC018920)

Residue of estate handed over to the Lord Provost and Magistrates of the City of Dundee as trustees in 1948, for the purpose of acquiring ground for use as playing fields in wards X and XI.

Hospital Fund (SC018896)

Issued under The Dundee Churches and Hospital Act 1864, "for behoof of the Poor of the Town".

Structure, Governance & Management Arrangements

During the 2025/26 financial year, the City Council was, in law, the sole trustee for the 4 registered Charitable Trusts listed above. Elected members of the Council are automatically appointed as trustees on an ex-officio basis. In most cases, however, responsibility for the day-to-day management of these trusts and endowments has been delegated to the relevant chief officers of the Council. The exception to this, where the elected members of the Council have a more active role as trustees, is as follows:

Hospital Fund (SC018896)

The Council's City Governance (CG) Committee (previously the Policy and Resources ("P&R") Committee) meets annually to approve disbursements from the Hospital Fund. All 29 members of the Council sit on the City Governance Committee, which is chaired by the Leader of the Administration. At a meeting held on 14 January 2013 it was agreed that no new applications would be invited and that instead a budget of £25,000 would be provided to pilot a targeted welfare benefit advice service in Dundee in 2013/14. It was subsequently agreed to extend this pilot

to 31 March 2017. A peer review was carried out in March 2017 and it was agreed to continue the project for a further three financial years, to 31 March 2020. The P&R Committee held on 24 August 2020 agreed to extend this funding to 31 March 2021. At the P&R Committee on 31 October 2022, retrospective approval was given for the 2021/22 payment, as well payments for 2022/23. The P&R Committee held on 15 May 2023 agreed to increase the amount to £30,000 and to extend the funding to 31 March 2026. The CG Committee held on 11 May 2026 agreed to extend the funding to 31st March 2027. It was also agreed to maintain this funding at £30,000 and to increase the lifetime grant payment to pensioners from £80 to £100.

Financial Administration

The financial administration of the 4 registered Charitable Trusts for which the City Council acted as sole trustee during the 2025/26 financial year is undertaken in accordance with the Council's approved Financial Regulations. The Financial Regulations contain the following specific references to Trusts and Charitable Funds:

"11.19 The Executive Director of Corporate Services shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc.

All officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Executive Director of Corporate Services.

All investments of money shall be made by the Executive Director of Corporate Services in the name of Council. Any investments made will be made in accordance with the policy determined by the Policy and Resources Committee.

The Executive Director of Corporate Services and other relevant officers shall ensure compliance with the requirements of the Office of the Scottish Charities Regulator (OSCR)."

Financial Review

For the 2025/26 financial year, the total net deficit on the 4 registered Charitable Trusts was (£15,341) (2024/25: surplus £36,382). Total receipts were £41,431 (2024/25: £93,053) comprising investment income of £34,051 (2024/25: £44,055) and property rental income of £7,380 (2024/25: £48,998). Investment income relates solely to interest on surplus funds that are deposited with Dundee City Council's Loans Fund.

Property rental income relates to income from property leases at Belmont Trust Estate of £8,222 (2024/25: £8,222) and a rental income loss of (£842) from the buildings in Reform Street Dundee that are owned by the Hospital Fund, after issuing credit notes for rental income accounted for in 2024/25, relating to commercial premises vacated since 10 April 2025. Rental income during 2024/25 totalled £40,776.

Total payments were £56,772 (2024/25: £56,671), see below for further details. The net deficit of £15,341 (2024/25: surplus of £36,382) resulted in total usable charity funds of £1,030,750 as at 31 March 2026 (£1,046,091 as at 31 March 2025). Cash-backed reserves (i.e. Capital Account and Surplus Income) are operated in accordance with the charities' aims and objectives, as set out in the original founding documents. These documents will usually include restrictions on how such funds can be applied.

Achievements & Performance

During the 2025/26 financial year, within the total payments of £56,772 (2024/25: £56,671), the following costs were incurred in pursuit of the charities' objectives:

Belmont Trust Estate - £5,013 (2024/25: £6,980) was spent on repairs and maintenance and other property costs. In addition, there was a property insurance charge of £9,388 (2024/25: £9,388).

Hospital Fund - actual expenditure relates mainly to grants to local pensioners in financial need during the 2025/26 financial year was £1,280 (16 grants of £80) (2024/25: 1,760 (22 grants of £80)). A contribution from the fund of £30,000 was provided towards a targeted welfare benefit advice service in Dundee. In addition, expenditure of £10,639 (2024/25: £8,154) was incurred on property costs related to the buildings in Reform Street Dundee that are owned by the Hospital Fund.

Trustee Remuneration & Expenses

No trustees received any remuneration or expenses during the 2025/26 financial year (2024/25: £nil).

Signed on behalf of the trustees

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council
24 June 2026

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements which properly present an analysis of the incoming/outgoing cash and bank transactions for each financial year on a receipts and payments basis.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities;

The trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 9(1), (2), and (3) of The Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FINANCIAL STATEMENTS INTRODUCTION

Basis of Preparation

The following accounts have been prepared in accordance with the "connected charities" provision contained in Regulation 7 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Connected charities are defined as those having common or related charitable purposes, or charities which have common control or unity of administration. The City Council considers the 4 Charitable Trusts for which it acted as sole trustee during the 2025/26 financial year to be "connected" and has therefore taken the opportunity to prepare accounts collated into a single document.

External Audit

The financial statements are the subject of an external audit. Also, details of Charitable Trust Funds are incorporated within the City Council's Annual Accounts.

Further Information

Any queries regarding this document should, in the first instance, be addressed to:

Francois de Villiers FCA, CA(SA)
Accounting Strategy Manager, Corporate Services
Dundee City Council
50 North Lindsay Street
Dundee
DD1 3RF
(Email: francois.devilliers@dundeecity.gov.uk)
(Telephone: 07385 931075)

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
<u>Receipts</u>					
Investment Income	6,180	84	241	27,546	34,051
Rent	8,222	0	0	(842)	7,380
	14,402	84	241	26,704	41,431
<u>Payments</u>					
Charitable Activities	14,402	84	0	42,286	56,772
	14,402	84	0	42,286	56,772
Surplus / (Deficit) for the Year	0	0	241	(15,582)	(15,341)

These funds are deemed to be restricted, permanent endowment (capital) funds.

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
<u>Receipts</u>					
Investment Income	8,037	109	298	35,611	44,055
Rent	8,222	0	0	40,776	48,998
	16,259	109	298	76,387	93,053
<u>Payments</u>					
Charitable Activities	16,259	109	0	40,303	56,671
	16,259	109	0	40,303	56,671
Surplus / (Deficit) for the Year	0	0	298	36,084	36,382

These funds are deemed to be restricted, permanent endowment (capital) funds.

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF BALANCES AT 31 MARCH 2026

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
Opening Cash Balance	0	0	0	0	0
Surplus / (Deficit) for the Year	0	0	241	(15,582)	(15,341)
Transfer (to) / from DCC Loans Fund	0	0	(241)	15,582	15,341
Closing Cash Balance	0	0	0	0	0
<u>Investments</u>					
Funds Deposited with DCC Loans Fund	185,495	2,534	7,468	835,253	1,030,750
Investment Properties		0	0	351,000	351,000
<u>Tangible Fixed Assets</u>					
Operational Land and Buildings	2,450,526	3,150,734	188,987	1,232	5,791,479
Total net assets	2,636,021	3,153,268	196,455	1,187,485	7,173,229
<u>Analysis of Fund Balances</u>					
Capital Account	185,495	2,534		835,253	1,023,282
Surplus Income			7,468		7,468
Usable reserves	185,495	2,534	7,468	835,253	1,030,750
Revaluation Reserve	2,450,526	3,150,734	188,987	352,232	6,142,479
Total reserves	2,636,021	3,153,268	196,455	1,187,485	7,173,229

The notes at pages 13 to 14 form part of these accounts.

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Baillie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

DUNDEE CITY COUNCIL CHARITABLE TRUSTS

STATEMENT OF BALANCES AT 31 MARCH 2025

	Belmont Trust Estate £	Camperdown Estate Trust £	William Dawson Trust £	Hospital Fund £	Total £
Opening Cash Balance	0	0	0	0	0
Surplus / (Deficit) for the Year	0	0	298	36,084	36,382
Transfer (to) / from DCC Loans Fund	0	0	(298)	(36,084)	(36,382)
Closing Cash Balance	0	0	0	0	0
<u>Investments</u>					
Funds Deposited with DCC Loans Fund	185,495	2,534	7,228	850,834	1,046,091
Investment Properties	0	0	0	384,000	384,000
<u>Tangible Fixed Assets</u>					
Operational Land and Buildings	2,276,209	3,078,734	188,987	1,232	5,545,162
	2,276,209	3,078,734	188,987	1,232	5,545,162
Total net assets	2,461,704	3,081,268	196,215	1,236,066	6,975,253

The notes at pages 13 to 14 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies set out the basis upon which the financial statements have been prepared and explain the accounting treatment of both general and specific items.

General Basis of Preparation

These accounts have been prepared on a receipts and payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as Amended).

Tangible Fixed Assets - Basis of Valuation

The following valuation bases have been used to value the different types of tangible fixed asset shown in the Statement of Balances:

Operational Land & Buildings - considered to be specialised assets for which there is no market value, therefore valued at depreciated replacement cost with appropriate allowance for age and obsolescence.

Non-Operational Investment Properties - open market value.

Tangible fixed assets were re-valued, as required, at 31 March 2026. The valuations were carried out by Mr Alastair Kay BSc MRICS, an employee of the City Council's City Development Service.

Investments

There are no external investments, rather all surplus funds are deposited in earmarked accounts held by Dundee City Council. All such deposits are valued at historical cost in the Balance Sheet.

Going Concern

The accounts are prepared on the going concern basis as it is considered by the trustees that the remaining Charitable Trusts are financially sustainable for the foreseeable future.

2 Analysis of Tangible Fixed Assets

The assets owned by these charities are as follows:

Belmont Trust Estate - Estate of Belmont, Belmont Castle, Belmont Camp, Stables Flats x3

Camperdown Estate Trust - Estate of Camperdown, Mansion House, Golf Course and Club Rooms, Kiosks x2, Recreational Facilities, Gardener's Cottage

William Dawson Trust - Dawson Park & Extension, Pavilion, Car Park, Entrance Gate

Hospital Fund - Properties at 63 Reform Street Dundee, Ground at Stirling Street, Stirling Park and Carmichael Street Dundee

3 Investment Income

There are no external investments, rather all surplus funds are deposited in earmarked accounts held by Dundee City Council. Interest receivable is based on the Loans Fund interest on revenue balances (IORB) rate and is paid twice yearly. The average IORB rate during 2025/26 was 3.33% (2024/25: 4.25%).

4 Governance Costs

Any governance costs associated with the management of charitable funds (including administration costs and the relevant share of the annual audit fee) are absorbed by Dundee City Council. These costs are estimated at £5,450 in 2025/26, being £2,000 administration costs and £3,450 audit fee. (2024/25: £5,300 being £2,000 administration costs and £3,300 audit fee).

5 Related Party Transactions

During 2025/26, all surplus funds were deposited in earmarked accounts held by Dundee City Council. At 31 March 2026, a total balance of £1,030,750 (31 March 2025: £1,046,091) was held with Dundee City Council. Investment income of £34,051 (2024/25: £44,055) was received from Dundee City Council's Loans Fund during 2025/26.

6 Comparative Information

The 2024/25 Statement of Receipts and Payments and the Statement of Balances as at 31 March 2025 are shown on pages 10 and 12 respectively, for comparative purposes.

7 Events After the Reporting Period

There were no events that occurred between 1 April 2026 and 17 June 2026 that would require adjustment to the 2025/26 financial statements.

8 Parent Entity

The Dundee City Council Charitable Trusts are subsidiaries of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed on page 8.

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

This page is intentionally left blank

SCOTTISH CHARITY NUMBER: SC027022

LORD PROVOST OF DUNDEE CHARITY FUND

TRUSTEES REPORT AND UNAUDITED
ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026

This page is intentionally left blank

LORD PROVOST OF DUNDEE CHARITY FUND**SCOTTISH CHARITY NUMBER SC027022****Trustees' Report and accounts for the year ended 31 March 2026**

The Lord Provost of Dundee Charity Fund was established for the benefit of the public of the City of Dundee. The purposes of the Charity Fund, as recorded in the Deed of Trust, are to relieve the poverty and advance the education of, and to provide recreational or leisure facilities in the interests of social welfare for the public of the City of Dundee and in order to make donations to registered charities and to Scottish Charities. The Trustees may have sole discretion and by unanimous decision after meeting all liabilities, pay out the whole value of the Trust Fund to or for behoof of such one or more of the purposes as they in their sole discretion shall decide and so bring the Trust to an end. The Trustees have not defined a minimum reserve as there is no requirement to do so and view any risk as limited.

During the 2025/26 financial year, the charity continued to provide financial assistance to the public of the City of Dundee, through donations to registered charities, senior citizen groups and vulnerable groups within Dundee.

The account at year end reported a deficit of -£515 (2024/25 £11,175) which reduces funds available leaving a closing balance of £50,616 (2024/25 £51,131).

Next year, we will continue with our fundraising activities to provide financial assistance to the public of the City of Dundee, through donations to registered charities, senior citizen groups and vulnerable groups within Dundee.

The Charity's Trustees are defined in the Deed of Trust. The Charity's Trustees are:

- Lord Provost (Bill Campbell)
- Chief Executive (Gregory Colgan)
- Head of Democratic and Legal Services (Roger Mennie)

The Charity can be contacted at the following address, The Lord Provost, City Chambers, 21 City Square, DUNDEE, DD1 3BT.

The accounts for the year are attached and form part of this report.

This report was approved by the Trustees on 24 June 2026.

Signed, on behalf of the Trustees

Gregory Colgan
Trustee

LORD PROVOST OF DUNDEE CHARITY FUND**SCOTTISH CHARITY NUMBER SC027022****STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements which properly present an analysis of the incoming/outgoing cash and bank transactions for each financial year on a receipts and payments basis.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 9(1), (2), and (3) of The Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Gregory Colgan
Trustee

LORD PROVOST OF DUNDEE CHARITY FUND

SCOTTISH CHARITY NUMBER SC027022

STATEMENT OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 31 MARCH 2026

<u>Receipt</u>	Note	2025/26 £	2024/25 £
Grants/Donations	4	-	3,150
Fundraising Charity Dinner	5	-	18,420
Interest on fund Dundee City Council	6	1,000	1,275
Bank Interest	6	<u>211</u>	<u>256</u>
Total Receipts		<u>1,211</u>	<u>23,101</u>
<u>Payment</u>			
Donations/Grants	4	1,500	2,300
Fundraising Dinner	5	<u>227</u>	<u>9,626</u>
Total Payments		<u>1,727</u>	<u>11,926</u>
<u>Surplus / (Deficit) For Year</u>		<u>(516)</u>	<u>11,175</u>

STATEMENT OF BALANCES AS AT 31 MARCH 2026

<u>Funds Reconciliation</u>	2025/26 £	2024/25 £
Cash At Bank 01/04/25 (01/04/24)	51,131	39,956
Surplus/ (Deficit) for year	<u>(516)</u>	<u>11,175</u>
Cash At Bank 31/03/26 (31/03/25)	<u>50,615</u>	<u>51,131</u>
<u>Bank & Cash Balances</u>		
Bank Accounts	20,615	21,131
Temporary Loan Invested with Dundee City Council	<u>30,000</u>	<u>30,000</u>
	<u>50,615</u>	<u>51,131</u>

All Funds are unrestricted

The Notes on page 4 form an integral part of these accounts.

Approved by the trustees on 24 June 2026 and signed on their behalf by:-

Gregory Colgan
Trustee

Notes to the Accounts - For year Ended 31 March 2026**1 Basis of Accounting**

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as Amended).

2 Nature Purpose of funds

All funds are unrestricted and may be used at the discretion of the trustees in furtherance of the objects of the Charity.

3 Remuneration & Expenses

No remuneration or Expenses were paid to a charity trustee, or anyone connected to a charity trustee.

4 Grants & Donations Made

The charity made 3 donations to organisations totalling £1,500 (2024/25: 6 charity donations totalling £2,300).

5 Fundraising

The Lord Provost hosted a Charity Dinner to re-engage the Citizens of Dundee with the Lord Provost Charity Fund. There were a few outstanding auction prizes to be fulfilled from the dinner which are now all fully settled which brings the Charity Dinner to a close. Due to the success of the Charity Dinner, there is always a possibility of another Charity Dinner being arranged in the future.

6 Interest Receivable

The Charity has £30,000 deposited with Dundee City Council and receives interest on this alongside bank interest.

7 Governance Costs

The financial statements are the subject of a separate external audit. Any costs associated with the Charity Fund (incl. admin and relevant share of annual audit fee) are absorbed by Dundee City Council. The cost of audit to Dundee City Council for 2025/26 is £1900 and the estimated notional cost of staff time is £135, (2024/25: audit fee £1,800 and staff time £130).

8 Parent Entity

The Lord Provost of Dundee Charity Fund is a subsidiary of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed in note 9.

9 Events after the reporting date

There are no events occurring between the reporting date and the date on which the financial statements are authorised.

Any queries regarding this document should, in the first instance, be addressed to:

Elaine Urquhart
Corporate Finance
Dundee City Council
50 North Lindsay Street
Dundee
DD1 1NZ
(Email: elaine.urquhart@dundeecity.gov.uk)
(Telephone: 01382 433355)

ITEM No ...14(iii).....



FLEMING TRUST

SC052182

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

UNAUDITED

June 2026

FLEMING TRUST

This page is intentionally left blank

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Contents

	Page No
Trustees' Annual Report	3
Statement of Trustees' Responsibilities	7
Statement of Financial Activities for the year ended 31 March 2026	8
Balance Sheet as at 31 March 2026	9
Cashflow Statement for the year ended 31 March 2026	10
Notes to the Financial Statements	11
Independent Auditor's Report	14

This page is intentionally left blank

TRUSTEES' ANNUAL REPORT

LEGAL & ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Fleming Trust are the 29 councillors of Dundee City Council. Councillors are elected to serve for a period of five years. The last full Council election was held on 5 May 2022 and the first statutory meeting of the new Council took place on 23 May 2022. The following Councillors were in office during the 2025/26 financial year:

Bill Campbell (Lord Provost)	James Black
Mark Flynn (Leader of the Administration)	Ken Lynn
Daniel Coleman	Lee Mills
Stewart Hunter	Lynne Short
Bailie Kevin Keenan	Jax Finnegan
Wendy Scullin	Steven Rome
Roisin Smith	Bailie Willie Sawers
Siobhan Tolland	Bailie Will Dawson
Michael Crichton	Dorothy McHugh
Nadia El-Nakla	Bailie Christina Roberts
Bailie Fraser Macpherson	Kevin Cordell
Heather Anderson	Craig Duncan
George McIrvine	Bailie Derek Scott
Bailie Helen Wright	Pete Shears
Georgia Cruickshank	

Principal Address

c/o Dundee City Council
City Square Complex
Dundee

External Auditor

The appointed external auditor is:
Joni McBride - Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Banking Arrangements

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9YL

ANNUAL REPORT 2025/26

Administrative Details

During the 2025/26 financial year, Dundee City Council acted as sole trustee for the Fleming Trust. The Council administers the Fleming Trust's funds but the associated assets are not available to the Council and have not been included in the Council's Single Entity Balance Sheet. The Fleming Trust is a subsidiary of Dundee City Council and is included in the Council's Group Balance Sheet.

The Fleming Trust was registered with the Office of the Scottish Charity Regulator (OSCR) on 12 December 2022 with charity registration number SC52182. There was no change to the Fleming Trust's objectives, governance arrangements and activities upon registration.

Objectives & Activities

Estate gifted in 1929 by the late Robert Fleming Esq. with the following objects: "the clearance and demolition of slum dwelling houses and the provision of suitable accommodation for re-housing the displaced occupants of slum property in Dundee, and failing them, other persons residing or wishing to take up residence in Dundee... at rents reasonably within the capacity of the beneficiaries to pay."

The Fleming Trust's funds derive from this expendable endowment. There are restrictions as to how the income derived from this is spent.

Structure, Governance & Management Arrangements

During the 2025/26 financial year, the City Council was, in law, the sole trustee for the Fleming Trust. Elected members of the Council are automatically appointed as trustees on an ex-officio basis. "Dundee City Council as Fleming Trustees" meets typically a couple of times a year.

The Fleming Trust is governed by a Supervisory Committee comprising the Lord Provost, a Councillor and a number of individuals external to the Council. The Supervisory Committee is assisted by Council officers and an external solicitor as Clerk. The Supervisory Committee typically meets once a year.

The responsibility for day-to-day management of the Trust has been delegated to the relevant chief officers of the Council.

Risk

The trustees have not identified any major risks to which the Fleming Trust is exposed.

Financial Administration

Dundee City Council acted as sole trustee during the 2025/26 financial year. The financial administration of the Fleming Trust is undertaken in accordance with the Council's approved Financial Regulations. The Financial Regulations contain the following specific references to Trusts and Charitable Funds:

"11.19 The Executive Director of Corporate Services shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc.

All officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Executive Director of Corporate Services.

All investments of money shall be made by the Executive Director of Corporate Services in the name of Council. Any investments made will be made in accordance with the policy determined by the Policy and Resources Committee.

The Executive Director of Corporate Services and other relevant officers shall ensure compliance with the requirements of the Office of the Scottish Charities Regulator (OSCR)."

Financial Review

For the 2025/26 financial year, the total net surplus was £194,636 (2024/25: surplus of £191,258). Total income was £514,246 (2024/25: £489,835) comprising property rental income of £477,537 (2024/25: £458,134) and investment income of £36,709 (2024/25: £31,701). Property rental income relates to rents for 104 dwellings, at rates similar to those charged by Dundee City Council's Housing Revenue Account. Investment income relates solely to interest on surplus funds that are deposited with Dundee City Council's Loans Fund.

Total expenditure was £319,610 (2024/25: £298,577). This related mainly to repairs and maintenance costs of £81,823 (2024/25: £68,333), lost rents of £10,006 (2024/25: £6,085) and depreciation of £210,656 (2024/25: £210,656).

Depreciation is a non-cash expense, and a requirement in order to comply with the Charities Statement of Recommended Practice (SORP) and FRS102.

Fleming Trust owns and rents out 104 properties. It also owns the sheltered lounge at Fleming Gardens/ Hindmarsh Avenue.

Total cash generated in 2025/26 was £446,339. Cash generated from operating activities was £409,630 (2024/25: £353,837) and investment income amounted to £36,709 (2024/25: £30,701).

Total charity funds amounted to £9,124,065 as at 31 March 2026 (£8,929,429 as at 31 March 2025). The entire fund is an expendable endowment fund. Cash-backed reserves are operated in accordance with the charity's aims and objectives, as set out in the original founding document. The charity's working capital is represented by its net current assets, amounting to £1,496,534 as at 31 March 2026 (£1,091,242 as at 31 March 2025). The increase is as a result of positive cashflow resulting in increased investments placed with Dundee City Council loans fund.

Achievements & Performance

As disclosed above, during 2025/26 the Fleming Trust incurred costs of £319,610 in pursuit of its objectives, notably £81,823 (2024/25: £68,333) towards repairs and maintenance and other property costs.

Trustee Remuneration & Expenses

No trustees received any remuneration or expenses during the 2025/26 financial year (2024/25: £nil).

External Audit

These financial statements are subject to external audit.

Further Information

Any queries regarding this document should, in the first instance, be addressed to:

Francois de Villiers FCA, CA(SA)
Accounting Strategy Manager, Corporate Services
Dundee City Council
50 North Lindsay Street
Dundee
DD1 3RF
(Email: francois.devilliers@dundeecity.gov.uk)
(Telephone: 07385 931075)

Signed on behalf of the trustees on 24 June 2026

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 24 June 2026 and signed on their behalf by:

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2026

	note	Total funds 2024/2025 £	Total funds 2025/2026 £
Rent		458,134	477,537
Investment Income	7	31,701	36,709
Total income		489,835	514,246
Property Insurance		5,000	5,000
Repairs & Maintenance		68,333	81,823
Landlords Supplies		5,000	5,000
Audit Fees		1,056	3,100
Legal Fees		1,447	3,525
Computer-Consumables		1,000	500
Lost Rents		6,085	10,006
Other outlays		-	-
Depreciation		210,656	210,656
Total expenditure		298,577	319,610
Net income/(expenditure)		191,258	194,636
Net movement in funds		191,258	194,636
Total funds brought forward		8,738,171	8,929,429
Total funds carried forward		8,929,429	9,124,065

These funds are deemed to be restricted, permanent endowment (capital) funds.

FLEMING TRUST

BALANCE SHEET AS AT 31 MARCH 2025

	note	As at 31 March 2025 £	As at 31 March 2026 £
Fixed assets			
Tangible assets	3	7,838,187	7,627,521
Total fixed assets		7,838,187	7,627,531
Current assets			
Debtors	4	83,027	63,019
Investments	5	708,157	1,008,157
Cash at Bank and In Hand		392,682	539,021
Total current assets		1,183,866	1,610,197
Liabilities			
Creditors falling due within one year	6	(92,624)	(113,663)
Net current assets		1,091,242	1,496,534
Total assets less current liabilities		8,929,429	9,124,065
Creditors falling due after more than one year		-	-
Net assets		8,929,429	9,124,065
The funds of the charity			
Endowment funds		8,929,429	9,124,065
Total charity funds		8,929,429	9,124,065

The notes at pages 11 to 13 form part of these accounts.

The unaudited accounts were authorised for issue on 24 June 2026 and signed on their behalf by:-

Baillie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

	note	As at 31 March 2025 £	As at 31 March 2026 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		353,837	409,630
Cash flows from investing activities:			
Dividends, interest and rents from investments		31,701	36,709
Purchase of property, plant and equipment		-	-
Net cash provided by (used in) investing activities		31,701	36,709
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Net cash provided by (used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		385,538	446,339
Cash and cash equivalents at the beginning of the reporting period	8	715,301	1,100,839
Cash and cash equivalents at the end of the reporting period		1,100,839	1,547,178

The notes at pages 11 to 13 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies set out the basis upon which the financial statements have been prepared and explain the accounting treatment of both general and specific items.

a) Basis of Preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

b) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

d) Tangible fixed assets and depreciation

All assets costing more than £6,000 are capitalised and valued at historical cost. Depreciation is charged on a straight-line basis over their estimated useful lives, from the first full operational year following acquisition. Assets with a cost over £1m are componentised and depreciated as follows:

Component	% of cost	Useful life
Building structure	50	50
Building roof	10	35
Kitchens & Boilers	15	15
Bathrooms & Radiators	15	30
Building Externals	10	45
Total	100	

The cost of Land is not depreciated.

e) Investments

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. All such deposits are valued at historical cost in the Balance Sheet.

f) Going Concern

The accounts are prepared on the going concern basis as it is considered by the trustees that the Fleming Trust is financially sustainable for the foreseeable future.

2 Assumptions made about the future and other major sources of estimation uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Because these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Fleming Trust's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over estimated useful lives in accordance with Accounting Policy. The estimates are made taking into account historical experience.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £6,700 for every year that useful lives had to be reduced.

3 Analysis of Tangible Fixed Assets

	Land and buildings	Total
	£	£
Cost		
At 1 April 2025	8,373,295	8,373,295
Additions		
Disposals	-	-
Adjustment		
Transfers		-
At 31 March 2026	8,373,295	8,373,295
Depreciation		
At 1 April 2025	535,108	535,108
Charge for the year	210,656	210,656
Eliminated on disposals	-	-
At 31 March 2026	745,764	745,764
Net book value		
At 31 March 2026	7,627,531	7,627,531
At 31 March 2025	7,838,187	7,838,187

4 Debtors

Relates to rent receivable at year end.

5 Investments

Relates to amounts invested, and held by, Dundee City Council's Loans Fund.

6 Creditors

Relates to amount due to reimbursements payable to Dundee City Council £110,563 (2024/25: £89,624) as well as the audit fee of £3,100 (2024/25: £3,000).

7 Investment Income

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. Interest receivable is based on the Loans Fund interest on revenue balances (IORB) rate and is paid twice yearly. The average IORB rate during 2025/26 was 3.33% (2024/25: 4.25%).

8 Cashflow Statement: cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2025	31 March 2026
	£	£
Investments held with Dundee City Council's Loans Fund	708,157	1,008,157
Cash at Bank and in hand	392,682	539,021
Total cash and cash equivalents	1,100,839	1,547,178

9 Related Party Transactions

During 2025/26, all surplus funds were deposited with Dundee City Council's Loans Fund. At 31 March 2026, a total balance of £1,008,157 (31 March 2025: £708,157) was held with Dundee City Council. Investment income of £36,709 (2024/25: £31,701) was received from Dundee City Council's Loans Fund during 2025/26. Refer also to Creditors note for balances payable to Dundee City Council.

10 Events After the Reporting Period

There were no events that occurred between 1 April 2026 and 17 June 2026 that would require adjustment to the 2025/26 financial statements. The latter date is the date on which the unaudited accounts were authorised for issue by the Senior Councillor with responsibility for Finance.

11 Parent Entity

The Fleming Trust is a subsidiary of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed on page 6.

12 Audit fees

The financial statements are subject to external audit. The total audit fee for the year was £3,100 (2024/25: £2,750).

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

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026

REPORT ON: 2025/26 SCRUTINY AND AUDIT COMMITTEE SELF-ASSESSMENT AND ANNUAL REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 111-2026

1. PURPOSE OF REPORT

This report provides a draft annual report to Council on the work undertaken by the Scrutiny and Audit Committee during 2025/26.

2. RECOMMENDATIONS

It is recommended that the Committee:

- i. reviews the draft annual report for the year to 31 March 2026 and provide any comment;
- ii. determines whether any amendments are required in the light of issues discussed at this meeting;
- iii. agrees the items for inclusion in an action plan, and
- iv. approves the annual report and agrees to submit it to the next City Governance Committee.

3. BACKGROUND

- 3.1. Guidance published by CIPFA is accepted as best practice for local authority audit committees. The Guidance was updated in 2022 and recommends that all audit committees should “prepare an annual report that provides assurance to all those charged with governance that It fulfils its purpose and can demonstrate its impact”. (Audit Committees Practical Guidance for Local Authorities and Police 2022).
- 3.2. A self-assessment workshop attended by members of the Committee was held on 15 May 2026 using checklists from the CIPFA guidance as the basis for discussion. The questionnaire responses and discussions confirmed a high level of compliance with the guidance and a good level of impact and effectiveness for the committee. Actions identified from the discussion have been included in the action plan in the report in the Appendix 1.

4. CURRENT POSITION

- 4.1. The annual report at Appendix 1 has been prepared to inform Dundee City Council of the work carried out by the Scrutiny and Audit Committee during 2025/26.
- 4.2. The report concludes:

“The Scrutiny and Audit Committee is satisfied that the Committee complies with the CIPFA Position Statement. The work undertaken by the Committee during 2025/26 fulfils the Committee remit and provides reasonable assurance that, with a few noted exceptions, the Council's control environment, risk management arrangements, and governance framework operated effectively and efficiently during 2025/26. Actions have been put in place to address any weaknesses identified and the Committee will continue to monitor completion of these actions. Significant weaknesses identified have been included in the Annual Governance Statement and Corporate Governance action plan as appropriate.”

5. POLICY IMPLICATIONS

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

6. CONSULTATIONS

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

7. BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 3 JUNE 2026

Appendix 1

Scrutiny and Audit Committee Report to Dundee City Council 2025/26

Introduction

CIPFA guidance recommends that all audit committees should “prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact.” (Audit Committees Practical Guidance for Local Authorities and Police, published by CIPFA in 2022.)

This report has been prepared to inform Dundee City Council of the work carried out by, and the impact of, the Scrutiny and Audit Committee during the period April 2025 to March 2026 for the year to 31 March 2026. It also provides details of the Committee’s membership and attendance.

Scrutiny and Audit Committee remit

The Scrutiny and Audit Committee is a key component of the Council’s corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Scrutiny and Audit Committee is to provide independent assurance to the full Council of the adequacy of the risk management framework and the internal control environment. The Committee provides independent review of Dundee City Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Committee’s remit is set out in Dundee City Council’s Standing Orders which were revised and approved in September 2025 by the City Governance Committee. It covers all the core functions of the Committee. The Committee’s remit was reviewed and updated as part of the Standing Orders review to ensure it complies with CIPFA’s 2022 guidance.

During 2025/26 the Committee meetings remained on-line.

All elements of the Committee’s remit, as detailed in the Standing Orders, have been fulfilled if applicable during the year. This has been achieved through information received from internal audit, external audit, other external scrutiny and inspection agencies, and assurances from management. Assurances about and from internal and external audit are summarised below. Other sources of information provided good assurance over the areas in the remit. Minutes of the Committee meetings were presented to Council. No reports other than the Committee’s Annual Report were referred to other Committees. The City Governance Committee referred four reports to the Scrutiny and Audit Committee during the year.

Membership and Attendance

Membership of the Committee is set out in Standing Orders at 8. The Committee size is in line with the 2022 guidance recommendation. There are currently no non-elected members of the Committee.

The Committee met formally on five occasions during 2025/26, and all meetings were quorate (at least three members in attendance including a representative from the Administration and the Major Opposition Group).

Scrutiny Committee Attendance 2025/26

Member	Expected attendances	No. of meetings attended	Nominated substitute attended
Depute Lord Provost Nadia El-Nakla	5	1	Bailie Willie Sawers (3 times) Councillor Lee Mills once
Bailie Kevin Keenan	5	5	
Bailie Helen Wright	5	2	Councillor Georgia Cruickshank (3 times)
Bailie Christina Roberts	3	0	Councillor Lee Mills (3 times)
Bailie Fraser Macpherson	5	5	
Bailie Derek Scott	5	4	
Councillor Lynne Short	5	5	
Councillor Jimmy Black	5	5	
Councillor Stewart Hunter	2	2	

At the 22nd September 2025 City Council meeting it was noted that Bailie Christina Roberts had resigned from the Scrutiny and Audit Committee and that Councillor Stewart Hunter would replace her from the next meeting. Depute Lord Provost Nadia El-Nakla's resignation from the Scrutiny and Audit Committee was noted at the City Council meeting on 16th February 2026 and she would be replaced by Bailie Dawson from the next meeting.

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance, Head of Democratic and Legal Services and the Chief Internal Auditor (or their nominated substitutes) attended all Committee meetings. Other Executive Directors and senior officers also attended when required. Representatives from External Audit, Police Scotland, and Scottish Fire & Rescue Service attended meetings and spoke to their reports, where appropriate. Following the review of the Standings Orders in September 2025, reports from Police Scotland and Scottish Fire and Rescue Services were considered by the Neighbourhood, Housing and Communities Committee instead of the Scrutiny and Audit Committee from December 2025.

Training

A range of briefings and other training was offered to elected members during 2025/26. A training record is kept by Committee Services.

Internal Audit

The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires the committee to satisfy itself on the effectiveness of internal audit. This was reviewed at the meeting on 15 May. Following the departure of the Internal Audit representative, Scrutiny & Audit Committee members reviewed the service's effectiveness and expressed strong overall confidence in it. Internal Audit was viewed as independent, risk-focused, and providing clear, valuable assurance through effective engagement. Members noted capacity pressures and supported a prioritised audit programme alongside continued progress towards full compliance with the revised Internal Audit Standards.

The Service was fully staffed during 2025/26 with the Service Leader Internal Audit from Angus Council continuing to be seconded to Dundee City Council as Chief Internal Auditor on a 50:50 basis throughout the period.

The Scrutiny and Audit Committee takes assurance from Internal Audit on a wide range of issues and an update report from the Chief Internal Auditor is considered at every Committee meeting. Audits reported from the 2025/26 plan, and those carried forward at June 2025, provided substantial or comprehensive assurance with seven exceptions where no or limited assurance was provided. Action plans are being implemented and monitored with several actions closed. Three critical audit actions were outstanding at June 2026 and are noted below.

One report on Cash Handling at Claverhouse concluded with "No Assurance". The actions agreed were addressed immediately and are now all implemented.

Reports concluded with "Limited Assurance." were:

- SLAs with External Bodies: The five agreed actions are open at 1 June 2026.
- Capital Planning and Monitoring: One of two actions has been implemented at 1 June 2026.
- MOSAIC system payments: Seven actions have been implemented. One of the three remaining actions at 1 June 2026 is critical.
- Housing Stock (External Wall Insulation): The two actions agreed remain open.
- Cash Handling East Cash Office: All agreed actions are closed.
- Purchasing outwith Civica - Fleet Purchasing (Tranman): All five agreed actions remain open
- Purchasing outwith Civica - GVA: All six agreed actions remain open.

The following Limited Assurance reports from the prior year have outstanding actions at 1 June 2026:

- Microsoft Office 365: Six actions have been closed with one remaining open.
- User Access Management: Four actions have been closed with one remaining open.
- General Ledger: Three recommendations had been closed with four actions in progress. (May 2025 four actions in progress)
- Financial Sustainability LACD: This was agreed in June 2024 and has recommendations for both the Council and LACD. The Council has two critical and two high priority recommendations all of which remain open at 1 June 2026. The Council commissioned a strategic review of LACD through external consultants, which reported in September of 2025. Interim reviews of the LACD service agreement and management fee have been carried out, and a joint working group

established to implement the action plan arising from the consultant's report. Due dates have been updated to March 2027.

Progress is monitored by Internal Audit and reported to the Scrutiny and Audit Committee throughout the year.

External Audit

External Audit is another key provider of assurance to the Committee. The external auditors, Audit Scotland, are appointed by the Accounts Commission, who also monitor audit quality. The results of external audit reports received during 2025/26, covering the 2024/25 annual audit, and the Thematic Best Value report on Asset Management reported in April 2026 were largely positive with action plans agreed for areas identified as requiring some improvement.

Assurances

External assurance during 2025/26 was provided through Education Scotland inspections and return visits, Care Inspectorate inspections and nationally benchmarked Scottish Government performance data.

During the reporting period, Dundee schools and early learning and childcare settings were subject to a significant programme of external scrutiny activity including full inspections, return visits and follow-through inspections. Across inspected establishments, evaluations were predominantly assessed as "Good" or "Very Good". HM Inspectors identified strengths in leadership, learning and teaching, wellbeing, inclusion and quality improvement arrangements and confirmed confidence in the capacity of inspected establishments to continue to improve. Significantly, no Dundee school inspected during the reporting period was identified for further follow-up inspection activity.

Follow-through activity also provided assurance regarding the effectiveness of improvement planning and quality assurance arrangements in establishments previously identified as requiring improvement.

Care Inspectorate inspections also provided strong external assurance across local authority nursery settings. During the reporting period, the two local authority nursery settings inspected by the Care Inspectorate, received evaluations of at least "Very Good" across all evaluated quality indicators, with no requirements or formal areas for improvement identified.

Nationally benchmarked Scottish Government data provided additional positive evidence regarding educational performance and improvement. The external scrutiny evidence, follow-through activity and nationally benchmarked performance data provide assurance regarding the effectiveness of Dundee's quality assurance, self-evaluation and continuous improvement arrangements across the Children and Families Service.

Care Inspectorate inspections of Children's Houses during 2025/26 showed improvement to "Very Good" assessments in the areas inspected in two of the houses. The third house had "weak" and "adequate" assessments, although the report acknowledged that action was already underway to address the specific cause of the issues and further work has been undertaken to improve the position.

Self-assessment and action plan

A self-assessment for 2024/25 was undertaken using the questionnaire provided in CIPFA's 2022 Guidance for Audit Committees, supplemented with questions about Committee members' knowledge and skills. A scoring mechanism from 1 to 5 was used, where 5 was full effectiveness and compliance.

Results from the self-assessment questionnaire showed an average score of 89% (2023/24 89%) in terms of effectiveness and compliance with the principles set out in the CIPFA guidance. Only two questions scored below 4, relating to having lay members on the committee and seeking feedback from attendees at the committee.

Responses about skills and knowledge indicated a good level of knowledge and understanding of areas CIPFA notes as required by audit committee members. Treasury Management was identified as one area where additional training would be helpful and this is included in an action plan for the committee,

The committee does not currently seek feedback from external presenters to meetings.

Conclusion

The Scrutiny and Audit Committee is satisfied that the Committee complies with the CIPFA Position Statement. The work undertaken by the Committee during 2025/26 fulfils the Committee remit and provides reasonable assurance that, with a few noted exceptions, the Council's control environment, risk management arrangements, and governance framework operated effectively and efficiently during 2025/26. Actions have been put in place to address any weaknesses identified and the Committee will continue to monitor completion of these actions. Significant weaknesses identified have been included in the Annual Governance Statement and Corporate Governance action plan as appropriate.

This page is intentionally left blank

Appendix A Action plan

Year	Action	Position at June 2026	Responsibility	Date
2024/25	Update of Scrutiny Committee Terms of Reference to reflect Cipfa's 2022 Guidance	Revised Terms of Reference approved at City Governance Committee 22 September 2025 Report No 293-2025 Complete	Head of Democratic and Legal Services	September 2025
2025/26	Consideration of how best to facilitate the self-assessment process in 2026	Hybrid meeting facilitated by officers held 15 May 2026 to discuss Cipfa questionnaire Complete	Chief Internal Auditor	December 2025
2024/25	Treasury Management training	This has still to be delivered and will be incorporated into programme following the last item below. Included below	Head of Finance	See below TBC
2025/26	Review of Internal Audit reports style including length and use of hyper-links	To Do	Chief Internal Auditor	March 2027
2025/26	Further consideration of having a co-opted/lay member of committee	This would involve Committee Members facilitated by committee services. To Do following election in 2027	Chief Internal Auditor	October 2027
2025/26	Members to consider any training needs relating to the areas identified in the Cipfa 2022 guidance as areas of skills and knowledge for Audit Committee members. Training to be provided thereafter.	This will include Treasury Management carried forward from last year. To Do	Committee members Chief Internal Auditor	Identify September 2026 Delivery TBC