

# Angus Council

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of Angus Council and the Controller of Audit  
September 2024

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# Key messages

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## 2023/24 annual accounts

- 1 Audit opinions on the annual accounts of the council, its group and the section 106 charities administered by the council are unmodified.
- 2 Material and non-material adjustments have been made to the annual accounts as a result of the audit process with the most significant adjustment of £15 million relating to the group accounts.

## Best Value

- 3 The council has an appropriate and effective best value framework in place.
- 4 Our thematic review of Workforce Innovation identified several areas for improvement with actions agreed with management.
- 5 The council have regularly reported on progress against previous Best Value recommendations. Progress with implementation has been slower than originally envisaged in some areas with proposals outlining improvements in the council's performance management framework to be considered by members in the coming months.

## Financial management

- 6 The council has effective and appropriate arrangements to secure sound financial management.
- 7 The council operated within its revised fiscal resources, reporting an underspend of £7.5 million, with 93 per cent of planned savings achieved.
- 8 The main financial systems of internal control operated effectively while standards for the prevention and detection of fraud remain appropriate.

## Financial sustainability

- 9 The council has a three-year Finance and Change Plan covering the period to 2027. The Medium-term Budget Strategy also covers a three-year period, while the Capital Plan covers a five-year period. These are updated annually.
- 10 The council continues to face significant financial challenges in the medium term with a projected funding gap of £37.5 million over three years to 2026/27.

- 11** The Change Programme details savings plans and has achieved £12.4 million of savings in 2023/24.
- 12** The council has a long-term strategic financial planning framework in place to consider key issues that may affect its future financial sustainability.

### **Vision, leadership and governance**

- 13** The Council Plan outlines the clear strategic priorities.
- 14** Governance arrangements are effective and appropriate.
- 15** There were significant organisational changes during 2023/24.
- 16** There is effective collaborative working among members and officers towards the achievement of the council's priorities.

### **Use of resources to improve outcomes**

- 17** The council has clear strategic priorities, but performance management arrangements could be improved.
- 18** The council has reported an overall decline, but generally mixed performance against its recognised indicators.
- 19** Satisfactory arrangements are in place for the preparation and publication of Statutory Performance Indicators (SPIs).

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# Introduction

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**1.** This report summarises the findings from the 2023/24 annual audit of Angus Council (the council). The scope of the audit was set out in the Annual Audit Plan presented to the 23 April 2024 meeting of the Scrutiny and Audit Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of the council's annual accounts
- conclusions on the council's performance in meeting its Best Value duties
- conclusions on the following wider scope areas that frame public audit as set out in the [\*Code of Audit Practice 2021\*](#):
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.

**2.** This report is addressed to the members of Angus Council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Audit appointment

**3.** I, Pauline Gillen, have been appointed by the Accounts Commission as auditor of Angus Council for the period from 2022/23 until 2026/27. The 2023/24 financial year was the second of my five-year appointment.

**4.** My team and I would like to thank Councillors, Scrutiny and Audit Committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year's audit and we look forward to working together constructively over the remainder of the five-year appointment.

## Responsibilities and reporting

**5.** Angus Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

**6.** The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973, the [\*Code of Audit Practice 2021\*](#) and supplementary guidance, and International Standards on Auditing in the UK.

**7.** Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the council from its responsibility to address the issues raised and to maintain adequate systems of control.

**8.** This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

## Auditor Independence

**9.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £311,900 as set out in my 2023/24 Annual Audit Plan remains unchanged. I am not aware of any relationships that could compromise our objectivity and independence.

**10.** The annual audit adds value to the council by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

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# 1. Audit of 2023/24 annual accounts

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

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## Main judgements

Audit opinions on the annual accounts of the council, its group and the section 106 charities administered by the council are unmodified

Material and non-material adjustments have been made to the annual accounts as a result of the audit process with the most significant adjustment of £15 million relating to the group accounts

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## Audit opinions on the annual accounts are unmodified

**11.** The council approved the annual accounts for Angus Council and its group for the year ended 31 March 2024 on 24 September 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

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

## Overall materiality was assessed on receipt of the unaudited annual accounts as £11.6 million

**12.** Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

**13.** Our initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

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## Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£11.6 million
Performance materiality	£6.9 million
Reporting threshold	£0.3 million

**14.** The overall materiality threshold for the audit of the annual accounts of the council was set with reference to gross expenditure, which was judged as the figure of most interest to the users of the financial statements.

**15.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 60% of overall materiality, reflecting a history of individual errors highlighted during the previous year's audit. We considered the extent of these errors and concluded that they were isolated in their nature and that there is no indication of further systemic error.

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

## Significant findings and key audit matters

**17.** Under ISA (UK) 260, we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the council's accounting practices.

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

**19.** The significant findings including key audit matters, are summarised in [Exhibit 2](#).



**Exhibit 2****Significant findings and key audit matters from the audit of the annual accounts**

Issue	Resolution
<p><b>1. Group consolidation</b></p> <p>The re-measurement of the net pension liability – Subsidiaries in the Group Comprehensive Income and Expenditure Statement was misstated by £15.4 million. With an equal and opposite misstatement in adjustments between accounting basis and funding basis under regulations within the Group Movement in Reserves Statement.</p>	<p>Management have adjusted for this in the audited annual report and accounts.</p>
<p><b>2. Capital Grants Unapplied</b></p> <p>Movements in the Capital Grants Unapplied account mistakenly included adjustments between accounting &amp; funding basis under regulations within the Movement in Reserves Statement of £4.1 million. An equal and opposite entry is included in the transfers to/from earmarked reserves in the Movement in Reserves Statement.</p>	<p>Management have adjusted for this in the audited annual report and accounts.</p>
<p><b>3. Revaluation reserve</b></p> <p>An annual adjustment is made between unusable reserves to remove the difference between depreciation on revalued amounts and depreciation on historic costs. However, differences totalling £0.9 million between the revaluation reserve and the capital adjustment account were highlighted during audit testing.</p>	<p>This was not corrected in the audited accounts. The difference is below our performance materiality threshold, providing assurance that the accounts are not materially misstated.</p> <p>See Appendix 2 - Summary of uncorrected misstatements for account disclosure issues (issue 1).</p> <p>Recommendation b/f. 4</p>
<p><b>4. Integration Joint Board (IJB) income</b></p> <p>A suspense account had not been cleared at the year-end resulting in an understatement of income of £0.7 million for the year attributable to Angus IJB.</p>	<p>Management have adjusted for this in the audited annual report and accounts.</p>
<p><b>5. Transfer between reserves</b></p> <p>Adjustments between reserves in the Movement in Reserves Statement has a balance figure of £0.3 million. The council is to review in 2024/25 to ensure these balances figures are rectified.</p>	<p>This was not corrected in the audited accounts. The difference is below our performance materiality threshold, providing assurance that the accounts are not materially misstated.</p> <p>See Appendix 2 - Summary of uncorrected misstatements for account disclosure issues (issue 2).</p>
<p><b>6. Long term lease liabilities</b></p>	<p>This was not corrected in the audited accounts. The difference is below our</p>

Issue	Resolution
<p>Models on which the long term lease liabilities in the accounts are based indicate a liability of £30.4 million. The liability within the financial statements is noted as £33.7 million - a difference of £3.3 million.</p>	<p>performance materiality threshold, providing assurance that the accounts are not materially misstated.</p> <p>See Appendix 2 - Summary of uncorrected misstatements for account disclosure issues (issue 3).</p> <p>A full review of the model is being undertaken in 2024/25 as part of the implementation of IFRS16 which will address these differences.</p>

## Audit work responded to the risks of material misstatement we identified in the annual accounts

**20.** We obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3

#### Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Assess the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>• Test journals at the year-end and post-closing entries and focus on significant risk areas.</li> <li>• Consider the need to test journal entries and other adjustments during the period.</li> </ul>	<p><b>Results:</b> We did not identify any significant issues within our work on journals, accruals, prepayments, income and expenditure testing.</p> <p>No significant transactions outside the normal course of business were identified.</p> <p>No issues identified in the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the annual accounts.</p> <p>There were no significant changes to the methods and underlying assumptions used</p>

Audit risk	Assurance procedure	Results and conclusions
	<ul style="list-style-type: none"> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the annual accounts.</li> <li>• We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</li> <li>• Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</li> <li>• Focussed testing of accounting accruals and prepayments.</li> </ul>	<p>to prepare accounting estimates compared to the prior year.</p> <p>Noted that management in 2022/23 agreed to review the estimation and judgement notes within the financial statements against good practice. This has not been undertaken in 2023/24. However, the council has reviewed against the Code and consider the disclosures to be adequate.</p> <p><b>Conclusion:</b> No issues were identified that indicate management override of controls</p>

**21.** In addition, we identified “areas of audit focus” in our 2023/24 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- **Estimations in the valuation of land and buildings** - There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.
- **Estimation in the valuation of the pension liability** - The actuarial valuation depends on a range of financial and demographic estimations about the future. The subjectivity around these estimates gives rise to a risk of material misstatement in the financial statements.

**22.** We reviewed the work of the management experts (valuer and actuary) in these areas considering the roles and responsibilities of the council and the expert. We also considered the competence, capabilities and objectivity of the expert and obtained an understanding and the appropriateness of their work. We were therefore able to place reliance on the work of the valuer and actuary as management experts and able to agree the year end amounts disclosed in

the council's accounts. Based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention.

### **There were non-material misstatements identified within the financial statements**

**23.** Misstatements detailed as significant findings are detailed in [Exhibit 2](#). The audit team also identified a number of misstatements which were not corrected by management in the audited accounts. We considered the size, nature and circumstances leading to all uncorrected misstatements, individually and in aggregate, and concluded that these were not material. Further details of the uncorrected misstatements are included in [Appendix 2](#).

### **The unaudited annual accounts were received in line with the agreed audit timetable**

**24.** The unaudited annual accounts were received in line with the agreed audit timetable on 28 June 2024. Most working papers were also provided at this time. However, several areas for audit were not supplied until later in the audit including the non-current assets valuation report and the year-end bank reconciliation.

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

**25.** Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Angus Council are sole trustees, irrespective of the size of the charity.

**26.** Angus Council's two Section 106 charities are the Angus Council Charitable Trust (ACCT), which covers the Angus area, and the Robert and William Strang Mortification, which is specific to Forfar. The Trustees' Annual Report for Angus Council Charitable Funds was prepared under Regulation 7 (Connected Charities) of the Charities Accounts (Scotland) Regulations 2006. This allows registered charities which have a common or related purpose, or have a common controlling body or administration, to prepare a single set of accounts.

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

**28.** Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit, including our view about the qualitative aspects of the body's accounting practices. There are no issues to report.

### **Good progress was made on prior year recommendations**

**29.** The council has made good progress in implementing the 2022/23 Annual Audit Report agreed recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

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## 2. Best Value

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

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### Conclusions

The council has an appropriate and effective best value framework in place

Our thematic review of Workforce Innovation identified several areas for improvement with actions agreed with management

The council have regularly reported on progress against previous best value recommendations. Progress with implementation has been slower than originally envisaged in some areas with proposals outlining improvements in the council's performance management framework to be considered by members in the next few months.

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### Best Value work in 2023/24

**30.** For 2023/24, the scope of Best Value work included conclusions on:

- Workforce Innovation (2023/24 thematic work)
- Effectiveness of council performance reporting and service performance improvement
- Progress made against Best Value improvement actions made in previous years

**31.** As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. In addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 103 to 115 of this Annual Audit Report.

### Workforce Innovation - how councils are responding to workforce challenges

**32.** Annual thematic Best Value work is set by the Accounts Commission. For the 2023/24 financial year, auditors were asked to focus on workforce innovation within the council. The results of this work were reported to elected members at the Scrutiny & Audit Committee in September 2024. This report will be published on the Audit Scotland website soon.

**33.** The key findings in this report are:

- Angus Council has updated their workforce plan to align with wider corporate plans and priorities, setting out the budget pressures the council is facing, the changing ways of working post-pandemic, and a continued need to reduce and reshape the workforce. Further strategic developments include the forthcoming digital strategy and a digital transformation programme which will have implications for the workforce and workforce planning.
- The council's workforce plan recognises the significant challenges the council faces in recruitment and retention of staff and the need to focus on skills required to meet the priorities in the Council Plan. The council makes good use of apprenticeships, programmes to develop their young workforce, and partnerships with local colleges, universities and training providers. These initiatives are needed to create a sustainable workforce for the future, address the risks the council faces in recruiting and retaining staff, and improve succession planning. It is important that these are assessed to understand if they are addressing the issues faced.
- The workforce plan includes an action plan which sets out actions to progress priority areas, but the progress report on the plan lacks detail on the status and progress of each of the actions. Workforce plan updates should clarify what progress has been made in these areas. Scrutiny arrangements for the workforce plan and its progress also need to be clear. Responsibility for monitoring the delivery of strategies and delivery plans is key in demonstrating how these are improving outcomes.
- The council has changed its approach to workforce planning at a service level. The new approach is both data and conversation led and focuses on the needs of each service but there is no clear record of actions agreed making it difficult to track progress in workforce planning at a service level.
- Angus Council has worked to improve the quality and availability of workforce data so that services are better able to use data to carry out effective workforce planning. Analysis of workforce data highlights that the council has an ageing workforce and needs to increase employment opportunities for young people, consider succession planning and support older workers in continuing their employment.
- Engagement with the workforce and trade unions is a stated priority for the council. The council uses a number of tools for engaging with staff and receiving feedback on key workforce issues. There are positive relationships with trade unions with regular meetings to discuss workforce issues. The council has assessed the impact of changes to ways of working on the workforce and wellbeing and is working with trade unions and employees on workforce changes.
- The council has realised workforce benefits through its use of digital technology and will formally agree its vision in its updated digital strategy to link to priorities in the Council Plan. A new digital transformation



programme is in the early stages of development and will consider how technologies can strategically alter methods of service delivery. The council needs to be able to demonstrate the workforce benefits and productivity gains through its use of digital technology.

- The council has implemented 'agile working' which incorporates six different work styles. Increased opportunities to work flexibly have been positively received by staff. The council has considered the impact of hybrid working on the workforce and its wellbeing and on financial savings and efficiencies. The Council are focused on employee health and wellbeing and actively encourage staff engagement.
- The workforce plan sets out actions on skills. The council has not yet carried out a planned skills audit, and it is not clear that it has implemented a digital skills development strategy and data skills programme.
- The council has a number of shared service arrangements in place. There is evidence that shared working is being used to improve service delivery. Although some savings have been identified, the benefits of these are not yet fully quantified. Greater partnership working and collaboration is a key factor in how the council intends to change and make financial savings over the next five years.

**34.** The audit recommendations resulting from this work have been included in the thematic report, and are replicated in Appendix 1 of this report along with the management responses.

## Effectiveness of performance reporting and council service performance improvement

**35.** The [Best Value: Revised Statutory Guidance 2020](#) sets out that:

- performance management arrangements should be in place to promote the effective use of the local authority's resource, which includes effective performance reporting.
- councils should be able to demonstrate a trend of improvement over time in delivering its strategic priorities.

**36.** In February 2024, Angus Council approved an update to the Council Plan for 2023-2028, making 27 commitments and providing an overarching strategic service plan. This plan was approved alongside the budget for 2024/25, the Finance & Change Plan for 2024-27 and the Workforce Plan for 2023-2028 (update). The Council Plan presents a clear alignment with the Community Plan, providing a sharper focus on how the council aims to achieve the vision which is shared with partners.

**37.** Our Best Value Assurance Report (BVAR, published in July 2022) highlighted that 'the council has an improving performance management framework but progress on embedding this has been slow'. In response, the council has been progressing the Performance-Led Council (PLED) approach.

As highlighted through our best value follow-up progress in implementation of this area has been slower than initially envisaged.

38. Further information on performance is included in section 6 of this report.

**The council have regularly reported on progress against the 2022 BVAR's recommendations. Progress with implementation has been slower than originally envisaged in some areas.**

39. Our [Best Value Assurance Report](#) (BVAR, published in July 2022) highlighted four recommendations. In response to the BVAR the council approved a Best Value Action Plan in September 2022. Progress of the improvement plan has been regularly reported to members with the latest update in June 2024 highlighting that three of the actions were complete. The recommendations from the BVAR and progress are detailed below.

**The council and AHSCP must develop and deliver significant savings plans over the next few years to secure financial sustainability. This will require changes to the range and scope of services being delivered.**

40. The council's progress report in June 2024 notes that this action is complete with balanced budgets being delivered. Securing financial sustainability will continue to be a challenge with significant savings/efficiencies and service redesign required by the council and AHSCP to ensure it meets current and future financial challenges. We will continue to report on financial sustainability each year within our Annual Audit Report.

**The council needs to work better and more meaningfully with communities to engage with them to identify needs and opportunities and implement service changes that deliver the required savings.**

41. The council's progress report in June 2024 notes that this action is 50% complete including a Place Planning Framework, initiation of a strategic needs assessment and Engage Angus platform now operational. Various actions are still being progressed to fully address this area.

42. The council undertook a self-assessment against Audit Scotland's [Financial bulletin](#) issued in January 2024. The self-assessment highlighted that the council had not consulted on its overall budget since the 2022/23 budget setting process. The council is planning to have a two stage consultation process to engage with communities on the 2025/26 budget through its Engage Angus online toolkit.

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## Recommendation 1

The council should work better and more meaningfully with communities to engage with them as part of the budget setting process to identify needs and opportunities and implement service changes that deliver savings and efficiencies.

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**The council should complete its implementation of the PLED programme which will improve the use of performance information and better demonstrate the impact of improvement actions.**

**43.** The 2022 BVAR noted that the council is working to improve its performance management framework but needs to increase the pace with the PLED programme introduced in 2019. Our [2022/23 Annual Audit Report](#) highlighted that delivery of PLED phases 3 and 4 were planned for completion by December 2023.

**44.** The progress report in June 2024 notes this action as complete with a detailed plan in place to address this area. A new Data Strategy Board has been established, chaired by the Director of Finance. The work in relation to the overall PLED programme, including the development of a Data Strategy, the data project and delivery plan will be controlled through this new Board.

**45.** Officers indicated that proposals outlining improvements to performance management arrangements will be considered by members in the coming months. An updated Data Strategy will also be considered by members in the same timeframe. These improvements in the performance management framework and the developments in the use of data will continue over a 5 year period, and members will receive updates on this work through other regular performance reporting mechanisms.

**46.** An internal audit report on the council's performance management framework was considered by the council in August 2024 which highlighted limited assurances with various improvements agreed with management.

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## Recommendation 2

The council should consider whether the pace of change in delivery of the performance management framework (through the PLED programme) is sufficient.

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**The council should further develop its long-term financial planning framework.**

**47.** The council's progress report in January 2024 noted that this action was complete. Our [2022/23 Annual Audit Report](#) issued in October 2023 highlighted that:

*The council agreed its long-term financial planning framework in September 2023. The framework uses a PESTLE analysis to study the key external factors that influence the organisation. However, it does not provide detailed financial projections and is intended as a strategic planning tool to inform detailed financial planning over the medium-term.*

**48.** The report recommended that *the council should develop its long-term financial planning further, with the use of the agreed framework which would include detailed financial forecasts. Management noted "the intention to review and update the framework on a 3 to 5 year cycle"*. However, officers indicated

that due to the nature of the main income/expenditure streams (government grants and payroll) any longer term forecasts are more speculative than based on facts and as such would provide limited assurance to members.

**The council have regularly reported on progress against the *Leadership of the development of new local strategic priorities recommendations*. Progress against these actions has been satisfactory.**

**49.** Our [2022/23 Annual Audit Report](#) highlighted five recommendations in relation to the best value thematic work on *Leadership of the development of new local strategic priorities*. Progress against these agreed actions has been regularly reported to members with the latest update in June 2024.

**50.** Two areas (Directorate workforce plans and Digital Strategy) were noted as still in progress and these are covered in our BV thematic work highlighted above. Another area was in relation to long term financial planning which was highlighted as part of the BVAR follow-up above. The report also highlighting that two of the actions were complete (equality assessments and service planning) as detailed below.

**51.** A new digitised process for Equality Impact Assessments is now in place. The process now means that a committee report cannot be uploaded without a completed Equality Impact Assessment/Fairer Scotland Duty Assessment form attached, where a full assessment has been required.

**52.** The council have added a "Service Plan" section to the Council Plan update which was approved in February 2024. The actions highlighted are high-level and strategic in nature and their delivery will be dependent upon supporting actions that officers indicated are part of services' operational plans.

**53.** These "service operational plans" are actions held within the council's internal performance management system (Pentana), whilst Education & Lifelong Learning, Biodiversity and Internal Audit also have separate plans reported to elected members.

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### Recommendation 3

The council should consider whether service planning arrangements are sufficient to enable elected members and the public to scrutinise the council's performance for all service areas.

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# 3. Financial management

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

## Conclusion

The council has effective and appropriate arrangements to secure sound financial management.

The council operated within its revised fiscal resources, reporting an underspend of £7.5 million, with 93 per cent of planned savings achieved.

The main financial systems of internal control operated effectively while standards for the prevention and detection of fraud remain appropriate.

## The council operated within budget in 2023/24.

**54.** The council approved its 2023/24 budget in March 2023. The budget was set at £325.1 million, including £13.3 million of Change Programme savings, £0.3 million from increases in service charges and a funding gap of £12.3 million to be met from council tax increases and General Fund reserves.

**55.** The council reported an underspend of £7.5 million at the year end. The most significant factor in this was a £6.5 million underspend in Other Services. Under and overspends are summarised in [Exhibit 6](#).

## Exhibit 6

### Summary of significant under/overspends against budget

Area	£m	Reasons for variance
<b>Underspends</b>		
Other services	£6.5	A significant part of this related to grant income carried forward of £2.6 million which will be used to offset expenditure in future years. £1.3 million of this is to assist with the ongoing cost impact of Storm Babet. The remaining underspend included:

Area	£m	Reasons for variance
		<ul style="list-style-type: none"> <li>corporate employee slippage (£1.1 million) consisting mainly of vacant posts</li> <li>additional income on Interest of Revenue Balances (£1.4 million) through rising interest rates on investments of cash balances with counterparties</li> <li>additional savings through service concessions accounting treatment in relation to Beechhill House (£1 million).</li> </ul>
<b>Overspends</b>		
Infrastructure and Environment	£1.2	Primarily due to a shortfall on the income received from the gain share element of a significant waste contract.
Children, Families and Justice	£1.2	Relates to higher expenditure in external fostering and residential placements.

Source: Angus Council 2023/24 Annual Accounts

### Housing revenue account reported a surplus of £1.2 million.

**56.** The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision. The 2023/24 Housing Revenue Account budget was set to achieve break even.

**57.** The Housing Revenue Accounts (HRA) reported a surplus of £1.2 million. This is affected by the accounting treatment of £1.3 million of capital funding from reserves and balances as well as £1.5 million of Scottish Government capital grant funding for the 2023/24 staff pay award across the council. Overall, the HRA increased by £0.3 million.

### Budget processes were appropriate and 93 per cent of planned efficiency savings were achieved.

**58.** We observed that senior management and members receive regular and accurate financial information on the council's performance against budgets. The council has appropriate budget setting and monitoring arrangements.

**59.** The council has a good track record of achieving savings targets. For 2023/24, 93 per cent of the Change Programme savings target of £13.3 million was achieved. This equates to recurring savings of £12.4 million against the original budget setting target.

## There has been a decrease in the level of General Fund reserves following a steady increase in the preceding years.

**60.** One of the key measures of the financial health of a council is the level of reserves held. The level of usable general fund reserves held by Angus Council decreased from £71.2 million in 2022/23 to £60.7 million in 2023/24. This follows a steady increase in the preceding years as shown in Exhibit 7.

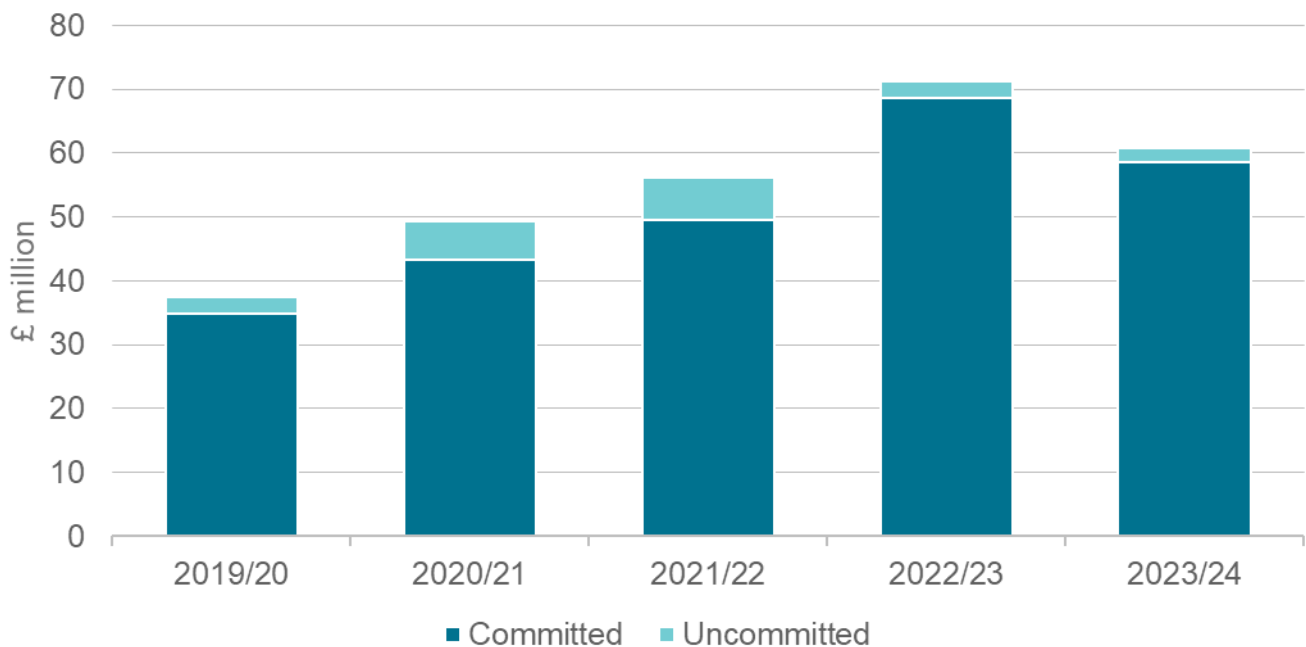
**61.** As at 31 March 2024, Angus Council had a usable general fund balance of £60.7 million, of which £58.6 million (97 per cent) was earmarked for specific purposes. This shows that the council generally has limited uncommitted reserves to support additional, unexpected expenditure. This decrease in reserves reflects the council's decision to use £8.5 million of its uncommitted reserves to balance the 2023/24 budget.

**62.** The council has allowed for an earmarked contingency of £5 million, in line with its reserves policy, to address any significant one-off issues.

**63.** [Exhibit 7](#) provides an analysis of the general fund over the last five years split between committed and uncommitted reserves.

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### Exhibit 7 Analysis of general fund balance



Source: Angus Council Annual Accounts

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## Capital expenditure was under budget in 2023/24, mainly due to project delays

**64.** Total general fund capital expenditure in 2023/24 was £24.8 million against a budget of £26.9 million, reflecting an underspend of £2.1 million. The majority of this related to underspends on Infrastructure and Environment (£1.1 million) driven mostly by project delays, a significant proportion of which was due to on-going difficulties and delays procuring vehicles and materials, as well as re-allocation of resources to address Storm Babet recovery. It therefore represents a delay in incurring the expenditure rather than a reduction in the expenditure required.

**65.** Total Housing Revenue Account capital expenditure in 2023/24 was £9.9 million against a budget of £11.7 million, reflecting an underspend of £1.8 million. This is mainly as a result of a cost reduction in energy saving technology and the integration of the Home Energy Efficiency Programme (HEEPS) into contracts, as well as the rephasing of a bathroom replacement programme.

## Borrowing levels have decreased slightly

**66.** Borrowing levels have remained relatively stable. Long-term borrowing as at 31 March 2024 was £129.6 million, a decrease of £5 million on the 2023 level of £134.6 million. During the same period, short term borrowing decreased from £8.1 million to £5.9 million.

**67.** Total external debt, which includes the council's long-term liabilities, was within the authorised limit and operational boundary set by the treasury management strategy.

**68.** No new external borrowing was undertaken during 2023/24. This was mainly due to lower than expected borrowing requirements to fund the General Fund capital programme due to slippage on projects (as outlined above) and additional funding from other sources as well as the level of temporary cash balances available for investment.

**69.** Temporary cash balances have been used to meet the council's capital financing requirements during 2023/24. This is a short-term solution and new borrowing will eventually be required. The council plans to take on new borrowing once interest rates fall below current levels.

## The council has appropriate financial control arrangements in place.

**70.** From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach and testing of the operating effectiveness of specific controls, we did not identify any weaknesses which could affect the council's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements. However, a few areas where improvements could be made were identified:

- Weekly reconciliation between the accounts payable system and general ledger were not consistently undertaken for several months during the year (April to August 2023) due to other work pressures on staff. These reconciliations have now been undertaken.
- Testing identified two instances where no authorisation had been provided for new users on Resourcelink (payroll system). Mitigating controls are in place such as a quarterly audit of user access undertaken to ensure appropriate access. It was confirmed that these users had appropriate access to the system. However, authorisation should still be undertaken as a key control for new users.
- The council use several service organisations to provide IT systems. These arrangements can be fairly complex where a third party hosts these IT systems. In 2023/24 we undertook a risk assessment of these areas and did not identify any significant risks to the council's financial statements. The council have indicated for future years it is considering how it assesses the assurances over these systems including formal assessment controls assurance reports which are received from suppliers.

**71.** The issues noted did not result in significant change to our planned audit approach.

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## Recommendation 4

The council should introduce arrangements that ensure service organisation assurances are considered.

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### Internal audit provided reasonable assurance over the control environment

**72.** The council's internal audit function is carried out by an internal team. However, the team is supplemented for IT audit expertise through a contract with Azets. They were reappointed following an open joint tendering exercise with Dundee City Council. The contract runs for the audit years of 2023/24 to 2026/27. The service is led by the Internal Audit Service Leader and the post is shared with Dundee City Council.

**73.** Internal audit has now completed its 2023/24 audit work and presented their Annual Report and Review of Corporate Governance to the June 2024 Scrutiny and Audit Committee. The report confirmed that the council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money.

**74.** The Internal Audit Annual Report recognised four areas in 2023/24 where limited assurance was obtained through the reviews undertaken. The council has reflected this in its Annual Governance Statement in the annual accounts. These are:



- Risk management arrangements
- IT Business Continuity
- School – cash counts
- School – IT assets hardware inventory

**75.** Internal Audit also reported its findings from a review of Performance Management and Monitoring at the August 2024 Scrutiny & Audit Committee that indicated limited assurance in this area. Following our audit, the council amended the Annual Governance Statement in the financial statements to reflect this area.

**76.** An investigation is currently ongoing into discrepancies in some overtime payments where there are suspected overpayments in particular services spanning more than one year. A report will be issued once the investigations are complete.

### **Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate**

**77.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants, and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery, and corruption.

**78.** The council has adequate arrangements in place to prevent and detect fraud or other irregularities.

### **National Fraud Initiative**

**79.** The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The council participates in this biennial exercise. The 2022/23 exercise concluded during the 2023/24 financial year and the final report was published in August 2024.

**80.** The exercise resulted in £15k of outcomes. However, no frauds were identified.



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# 4. Financial sustainability

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

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## Conclusion

The council has a three-year Finance and Change Plan covering the period to 2027. The Medium-term Budget Strategy also covers a three-year period, while the Capital Plan covers a five-year period. These are updated annually.

The council continues to face significant financial challenges in the medium term with a projected funding gap of £37.5 million over the three years to 2026/27.

The Change Programme details savings plans and has achieved £12.4 million of savings in 2023/24.

The council has a long-term strategic financial planning framework in place to consider key issues that may affect its future financial sustainability.

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## Medium-term financial plans are in place and are updated annually.

**81.** The Finance and Change Plan 2024-27 summarises the financial challenges the council faces and the plans in place to address these. The rolling three-year Medium Term Budget Strategy and Capital Plan ensure consistency. These are refreshed every year as part of the budget setting process and have been updated to reflect the increasing financial pressures such as inflation and the legacy effects from Covid-19 including additional costs, delays in capital projects and potential impacts on income generation.

## The council continues to face significant financial challenges in the medium term with a projected funding gap of £37.5 million over the three years to 2026/27.

**82.** The Medium-Term Budget Strategy 2024/25 - 2026/27 was presented to Angus Council in December 2023. Revenue projections over this time show a funding shortfall of approximately £49.9 million which is equivalent to 17.2% of the 2023/24 budget and 5.7% per annum on average. This includes shortfalls of £20.8 million, £14.2 million and £14.9 million in each respective year.

**83.** The Strategy details that the projected gap will be primarily addressed through savings to be delivered as part of the Change Programme. It is

estimated that it will achieve savings of £8.2 million over the next two years with work ongoing to identify savings options for 2026/27. The council also plan to use £7.5 million of reserves.

**84.** In setting the 2024/25 budget, the projected funding gap was reduced to £37.5 million.

### **The Change Programme details savings plans and has achieved £12.4 million of savings in 2023/24.**

**85.** The Finance and Change Plan 2024-27 was agreed in February 2024 and details further savings, through the Change Programme, resulting in revised projected funding gaps of £1.3 million and £3 million for 2025/26 and 2026/27 respectively. Savings include:

- reduction in health and social care partnership funding (£0.8 million over 2 years)
- review of kerbside recycling services (£0.4 million over 2 years)
- a review of several aspects of teaching services
- ANGUS Alive (£1.2 million over 3 years).

**86.** Furthermore, the budget gap will be decreased through increased cost recovery including:

- reviews of charges (£0.8 million over 3 years)
- changes and review of property estate (£0.7 million over 2 years).

**87.** Service reviews and planned savings are subject to Equality Impact Assessments (EIAs) to assess the impact on services and the public. These are available on the council's website.

**88.** The Change Programme budget savings during 2023/24 delivered £12.4 million of savings, which is 93% of the original budget setting target for 2023/24 of £13.3 million. The main reasons for the £0.9 million not achieved were in relation to:

- Tayside Contracts target savings reduced by £225k
- procurement savings (£200k) achieved on non-general fund items
- general slippage on a range of other projects.

### **The council has a long-term strategic financial planning framework in place to consider key issues that may affect its future financial sustainability.**

**89.** In September 2023, a Long-Term Financial Planning Framework was introduced. This framework compliments the Medium-Term Budget Strategy by looking ahead at key issues likely to significantly affect council finances and their financial sustainability.

**90.** Its purpose is to work as a strategic planning tool and assess what issues and circumstances may impact finances over the next 5 to 10 years. This assessment will then work as an aid to undertake more detailed work on medium term financial planning and budget preparation. It will be reviewed every 3 to 5 years and uses the PESTLE (Political, Economic, Sociological, Technological, Legal and Environmental) analysis to identify risks, challenges and opportunities. The financial resilience assessment currently notes expenditure as 'weak' and income as 'adequate', with all other areas assessed as 'strong'. The overall conclusion from the assessment was that the council's financial resilience is 'adequate'.

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# 5. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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## Conclusion

The Council Plan outlines the clear strategic priorities.

Governance arrangements are effective and appropriate.

There were significant organisational changes during 2023/24.

There is effective collaborative working among members and officers towards the achievement of the council's priorities.

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## The council has a clear vision, strategy and priorities.

**91.** The Best Value section of this report highlights that the Council Plan sets out a clear vision and priorities for Angus, which are well-aligned with the Community Planning Partnership's Community Plan and also identifies success measures to monitor progress.

## Governance arrangements are effective and appropriate.

**92.** The council's governance arrangements have been set out in the annual governance statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate and effective.

**93.** Papers and minutes for Council and Committee meetings, including financial and performance reporting and information on decision-making are available on the council's website.

**94.** The governance and transparency arrangements we consider in reaching our conclusions include:

- council and committee structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption

- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

### **There were significant organisational changes during 2023/24.**

**95.** The council made significant changes to the Corporate Leadership Team (CLT) and Directorate structure following retirement of the Director of Strategic Policy, Transformation and Public Sector Reform in September 2023. In order to streamline the CLT it was decided that this post would not be filled and that the roles and functions of that directorate would be reallocated to other directorates within the council.

**96.** A new Chief Executive was also appointed in January 2024, following the retiral of the previous postholder. The new Chief Executive formerly held the post of Director of Children, Families and Justice.

**97.** The appointment of the new Chief Executive also led to the post holder of Service Leader – Justice being promoted to Interim Director of Children, Families and Justice. The council subsequently agreed to appoint a Depute Chief Social Work Officer to be selected from the Service Leaders within Children Families & Justice or the Heads of Service from within the Angus Health and Social Care Partnership, following consultation with the Director of Children, Families and Justice. This replaced the previous approach which defined the designated Depute Chief Social Work Officer as being the Service Leader – Justice. Further review of senior management structures is currently being considered.

### **There is effective collaborative working among members and officers towards the achievement of the council's priorities.**

**98.** In our 2022/23 Annual Audit Report, we reported that the initial development of priorities for the Council Plan started with discussions with elected members across the parties to obtain council-wide agreement of the key issues for the council going forward. These discussions formed part of the budget setting process to allow an understanding of the impact of decisions that contribute to the achievement of the priorities set.

**99.** We concluded that officers and elected members work well together and understand their respective roles. This allows for constructive and professional working relationships.

### **An internal investigation is currently being conducted due to a significant data breach.**

**100.** Personal data from an Angus Council online test system was released into the public domain via posts to two closed Homes for Ukraine themed Facebook groups. The council disabled the link once it had been made aware of the breach.

**101.** An internal investigation was immediately launched and the council reported itself to the Information Commissioner's Office due to a serious data protection breach.

**102.** We will consider the findings of the investigation in due course.

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# 6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Conclusions

The council has set out clear strategic priorities but performance management arrangements could be improved.

The council has reported an overall decline, but generally mixed performance against its recognised indicators.

Satisfactory arrangements are in place for the preparation and publication of Statutory performance information (SPIs).

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### **The council has set out clear strategic priorities but performance management arrangements could be improved.**

**103.** The Best Value section of this report highlights that the Council Plan sets out clear strategic priorities for Angus, which are well-aligned with the Community Planning Partnership's Community Plan. It has also identified success measures to monitor progress. However, the continued development of the PLED programme ensuring effective performance reporting against the Council Plan is now key.

**104.** The Best Value section also highlights that implementation of phases 3 and 4 of PLED has been slower than originally planned with proposals for improvements in the performance management framework to be considered by members in the coming months.

**105.** Furthermore, internal audit provided only 'limited' assurance in their July 2024 on performance management, making ten recommendations for improvement. These included production of a performance management framework document, a review of PLED progress, service user engagement, review of data collection methods, and consistency in the identification of poor performance across services.

## **The council has reported an overall decline, but generally mixed performance against its recognised indicators.**

**106.** Generally, the council has experienced a slight decline in service performance in 2022/23, per Local Government Benchmarking Framework (LGBF) data. The 2022/23 LGBF annual report shows that the council have 46% of outcomes-based indicators in the top two quartiles. This compares to 48% in 2021/22 and is broadly consistent with the position across Scotland. The 2022/23 information was published in March 2024 and reported to the Scrutiny and Audit Committee in June 2024. The 2023/24 LGBF annual report will not be available until March 2025.

**107.** In relation to performance indicators (PIs), these show that four of the eight service groupings have deteriorated since 2021/22. These include Children's Services, Adult Social Work Services, Housing Services and Tackling Climate Change. Performance has improved slightly in Environmental Services and Culture and Leisure Services and has remained static in Corporate Services and Economic Development which show a mixed picture in relation to PIs.

**108.** This information is reported to the Scrutiny and Audit Committee annually where members analyse and scrutinise service performance. The Annual Performance Report (APR) was presented to the Council on 12 September 2024 and reports progress against the indicators and priorities set out in the Council Plan 2023/2024.

**109.** The APR includes commentary on PIs grouped under council priorities. Limited data is available for 2023/24 in some areas due to timings of information release on certain PIs that officers indicated was out with the council's control. Where data is available, it reports mixed results under Caring for the Economy, Caring for our People and Angus Council is Efficient and Effective; but declining performance under Caring for our Place. A particular area of concern, linked to the Best Value section of this report, is the average number of working days per employee lost through sickness absence for both Teachers and other employees which sit at 7.43 days (against target of 6) and 13.98 days (against target of 10) respectively. Key reasons identified by the council for the rise in absence relate to increased workloads, additional pressures, faster pace of change and higher expectations on service delivery.

## **The council has satisfactory arrangements for the preparation and publication of Statutory performance information (SPIs).**

**110.** The [Accounts Commission's 2021 Statutory Performance Direction](#) defines the performance information that councils must publish. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced, and engaging performance information.

**111.** The council's arrangements for publicly reporting its performance continue to develop. The council website's 'spending and performance' section has links to PLED reports and the Local Government Benchmarking Framework to allow comparison across councils for specific indicators. It also includes annual reports on the council's performance against the Council Plan and on



Community Planning Partnership performance against the Angus Community Plan.

**112.** We have evaluated the council's arrangements for fulfilling the above requirements and concluded that appropriate arrangements are in place. The council is also looking to enhance their public performance reporting through development of its Data Strategy.

### **The council is working effectively with partners to meet stated outcomes and improvement objectives.**

**113.** Our outcomes for public audit note that tackling complex social and environmental challenges requires better collaboration across public bodies, with an increase in the pace and scale of reform needed across the Scottish public sector. While public bodies need to deal with immediate financial pressures, they also need to change how services are delivered to people in a way that more effectively meets their needs.

**114.** The Best Value section of this report includes commentary on how the council is utilising shared services and joint arrangements with other councils and partners to target resources to improve outcomes. Our 2023/24 Best Value Thematic report, *Workforce Innovation - how councils are responding to workforce challenges*, further details a number of areas where the council are exploring or already seeing the benefits from this.

**115.** These include shared internal audit, payroll and waste management services, provision of out of hours social work services, as well as Tayside Contracts and the Tay Cities Regional Deal.

# Appendix 1. Action plan 2023/24

## 2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Community engagement</b></p> <p>The 2022 BVAR highlighted the need to engage with communities in planning to deliver savings and efficiencies. The council have not consulted on its overall budget since the 2022/23 budget setting process.</p> <p><i>Risk – the needs of communities are not considered when planning savings and efficiencies.</i></p>	<p>The council should work better and more meaningfully with communities to engage with them to identify needs and opportunities and implement service changes that deliver savings and efficiencies.</p> <p><a href="#">Paragraph 42</a></p>	<p><b>Accepted</b></p> <p>The Council's Engage Angus online tool has enabled community engagement on a range of topics in the last year and will continue to do so moving forward. Specific proposals for consultation on the Council's Plans and Budgets for 2025/26 were approved by the Council at its meeting on 12 September 2024.</p> <p>Responsible officer: Director of Finance</p> <p>Agreed date: 28 February 2025</p>
<p><b>2. Performance management framework implementation</b></p> <p>The 2022 BVAR noted that the council is working to improve its performance management framework, but needs to increase the pace with the PLED programme introduced in 2019. Actions to address this area have now been included in a 5-year delivery programme.</p> <p>Internal audit also highlighted limited assurance over the arrangements for</p>	<p>The council should consider whether the pace of change in delivery of the performance management framework (through the PLED programme) is sufficient.</p> <p><a href="#">Paragraph 45</a></p>	<p><b>Accepted</b></p> <p>Proposals outlining improvements to performance management arrangements for implementation in the short term will be brought to Council for approval in the next 2-3 months. An updated Data Strategy will also be put before elected members for approval in the same timeframe.</p> <p>Responsible officer: Director of Finance</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>performance management with several improvement areas highlighted to improve the framework.</p> <p><i>Risk – the council are unable to demonstrate that it is a performance led council.</i></p>		<p>Agreed date: 31 December 2024</p>
<p><b>3. Service planning arrangements</b></p> <p>Service plans are considered by elected members for a few services (i.e. Education &amp; Lifelong Learning, Biodiversity and Internal Audit) with all others only included in a section in the Council Plan at a strategic level.</p> <p><i>Risk – the transparency of actions required to deliver the council's priorities is not clear and services are not held to account for specific responsibilities.</i></p>	<p>The council should consider whether service planning arrangements are sufficient to enable elected members and the public to scrutinise the council's performance for all service areas.</p> <p><a href="#">Paragraph 52</a></p>	<p><b>Accepted</b></p> <p>Recommendation to be considered as part of revised arrangements for performance reporting under recommendation 2 above. Further actions for Service Directors may arise from that.</p> <p>Responsible officer: Director of Finance / Council Leadership Team</p> <p>Agreed date: December 2024 for initial assessment.</p>
<p><b>4. Service organisation assurances</b></p> <p>The council use several service organisations to provide systems used across the council. These arrangements can be fairly complex where the 3rd party host these IT systems.</p> <p>No formal arrangements are currently in place to assess the assurances over these systems including assessing controls assurance reports received from suppliers.</p> <p><i>Risk – the council fails to recognise risks and potential failures within systems which impact on business continuity.</i></p>	<p>The council should introduce arrangements that allow service organisation assurances to be considered.</p> <p><a href="#">Paragraph 71</a></p>	<p><b>Accepted</b></p> <p>Recommendation accepted and there will be a process in place whereby the Council will assess the assurances over our fully cloud hosted systems.</p> <p>Responsible officer: Service Leader, Digital Enablement &amp; IT</p> <p>Agreed date: These arrangements are now in place and will be ongoing with all system providers.</p>

## 2023/24 recommendations from the Best Value thematic report

Issue/risk	Recommendation	Agreed management action/timing
<p><b>5. Workforce Action Plan</b></p> <p>There needs to be clear reporting on the 23 actions set out in the workforce Action Plan so that it is clear what progress is being made.</p> <p>Risk – the council does not know what progress is being made and whether they need to address any actions that are not progressing.</p>	<p>The council should improve and develop its reporting on progress of workforce planning so that it is clear what actions are being progressed, which are complete and what outcomes achieved.</p>	<p><b>Accepted</b></p> <p>Develop Pentana Workforce Plan portal to manage progress with 23 strategic actions and appropriate reporting arrangements</p> <p>Service Leader – HR/OD/BS; and Service Leader – Gov, Change &amp; Strategic Policy</p> <p>October 2024 – for portal development; and December 2024 – for performance reporting arrangements</p>
<p><b>6. Service Workforce Plans</b></p> <p>The council has brought in a new approach to workforce planning at a service level. Currently there is no formal record or reporting on the planning that is taking place, meaning there is a lack of transparency, accountability or clarity on what progress is being made.</p> <p><i>Risk – the council does not have a clear record of how workforce planning is progressing at a service level</i></p>	<p>The council needs to have a clear approach to recording and reporting on workforce planning at a service level, so that there is transparency and accountability on what actions are being taken and what progress is being made.</p>	<p><b>Accepted</b></p> <p>Identify Directorate level actions and link to Pentana Workforce Plan portal to manage progress with Directorate level actions and appropriate reporting arrangements</p> <p>All Directors; Service Leader – HR/OD/BS; and Service Leader – Gov, Change &amp; Strategic Policy</p> <p>October 2024 – for identifying Directorate actions/ portal input; and December 2024 – for performance reporting arrangements</p>
<p><b>7. Digital strategy</b></p> <p>Our <a href="#">2022/23 Annual Audit Report</a> issued in October 2023 identified that the council’s digital strategy required to be updated and reflect the current Council Plan and priorities. Officers indicated a target date of December 2023. The</p>	<p>The updated digital strategies should reflect the Council Plan and priorities. The refreshed digital strategy and digital transformation programme also needs to clearly set out how the councils plans for digital tech will shape the workforce, what workforce benefits are expected and what needs to be put in place in terms of</p>	<p><b>Accepted</b></p> <p>Digital Strategy and Data Strategy to be considered by elected members.</p> <p>Service Leader - Digital Enablement &amp; IT</p> <p>October 2024</p> <p>A digital transformation programme is in the early stages of development</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>strategy has yet to be approved.</p> <p><i>Risk – the council does not have appropriate strategies in place to support delivery of the Council Plan and Workforce Plan.</i></p>	<p>support and skills development.</p>	
<p><b>8. Digital impacts and governance</b></p> <p>The council needs to understand the impacts that digital strategies and plans are having. There must be appropriate governance and oversight in place.</p> <p><i>Risk – the council does not know the impact that digital transformation plans are having, nor has adequate governance in place for effective oversight.</i></p>	<p>The council needs to be able to demonstrate the impacts and benefits arising from digital transformation, including for the workforce, citizens and financial benefits, with regular updates and progress reports on the outcomes from the programme. The terms of reference for the Digital Strategy Board should clearly set out its roles and responsibilities, including decision making authority, and its oversight of strategic digital projects and the impact they are having.</p>	<p><b>Accepted</b></p> <p>Update Terms of Reference for the Digital Strategy Board, including roles and responsibilities of membership; scope of decision-making authority; and reporting arrangements to Change Board/ Committee (covering progress and impact).</p> <p>Service Leader - Digital Enablement &amp; IT; and Service Leader – Gov, Change &amp; Strategic Policy</p> <p>November 2024</p>
<p><b>9. Skills audit and impact of skills programmes</b></p> <p>The council had planned to carry out a skills audit as detailed within their Workforce Plan 2023-2028; this was intended to give a clear picture of the wide range of skills available across the organisation. This was never carried out with the council stating it was not clear how this would fit with their operating model going forward. The council has a range of skills programme in place but there is no evidence of how effective these programmes are in addressing skills gaps and issues.</p>	<p>The council should consider carrying out a skills audit in the near future to identify any skills gaps, and ensure training and support is in place so they have a skilled workforce to meet the demand for their services. They also should assess and report on the impact that current skills and capacity development programmes are having on filling skills gaps and succession planning.</p>	<p><b>Accepted</b></p> <p>At a suitable time, undertake skills audit across all Council services, along with comparison of staff development programmes to identify any skills and succession planning gaps</p> <p>Service Leader – HR/OD/BS</p> <p>Timing to be confirmed – likely starting during 2025/26</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><i>Risk – staff do not have the required skills to carry out their role effectively and initiatives put in place do not address the workforce risks the council faces.</i></p>		
<p><b>10. Shared Services</b></p> <p>The council have joint workforce arrangements in place and have the vision of greater emphasis on collaboration across local authority boundaries. There is an opportunity to develop shared functions within the public, private and third sector.</p> <p><i>Risk – the Council are not making the most efficient use of resources</i></p>	<p>The council should explore and consider opportunities to develop shared services with other councils and partners as part of workforce planning and more efficient use of resources.</p>	<p><b>Accepted</b></p> <p>Continue to explore opportunities for shared services with other councils and partners, including consideration of options while undertaking workforce planning</p> <p>All Directors</p> <p>Ongoing action</p>
<p><b>11. Performance reporting and scrutiny</b></p> <p>There is a lack of clarity over which Committees are responsible for scrutinising the Workforce Plan and its progress.</p> <p><i>Risk – there is insufficient scrutiny of workforce plans and the progress they are making.</i></p>	<p>The council needs to clearly set out its scrutiny arrangements for workforce planning – with clear roles and responsibilities for monitoring, oversight and decision making on workforce planning at Committee and officer level.</p>	<p><b>Accepted</b></p> <p>Update Policy &amp; Resources Committee Terms of Reference to explicitly include responsibility for monitoring, oversight and decision making on workforce planning matters; and include workforce planning data as part of officer-based performance management framework</p> <p>Service Leader – Legal &amp; Procurement; Service Leader – HR/OD/BS; and Service Leader – Gov, Change &amp; Strategic Policy</p> <p>December 2024</p>



## Follow-up of prior year recommendations including Best Value

Issue/risk	Recommendation and Agreed Action	Progress
<p><b>b/f 1. Pension judgements and assumptions</b></p> <p>There are differences in the actuarial assumptions that one group entity has used to calculate their pension asset ceiling in line with IFRIC14 as outlined in Appendix 2 – uncorrected misstatements.</p> <p><i>Risk – Pension disclosures in the financial statements are inconsistent.</i></p>	<p>The council should ensure where practicable that consistent judgements and assumptions are in place across its group entities.</p> <p>Action - This is always sought where it is permitted by the timetable of accounts approval by group entities. It is noted, however, that the Council has limited influence on the accounts preparation by group entities.</p> <p><i>Steven Mill (Service Lead, Finance)</i></p> <p><i>30 June 2024</i></p>	<p><b>Implemented</b></p>
<p><b>b/f 2. Service concession assets</b></p> <p>The Council agreed to use financial flexibilities in 2022/23 for service concession assets in line with Finance Circular 10/2022. This circular requires that all arrangements are accounted for in the same way. However, the Beech Hill House service concession arrangement has not been treated in line with the others.</p> <p><i>Risk – The council are not accounting for this arrangement in line with the relevant Finance Circular.</i></p>	<p>The council should reconsider the treatment of this asset for 2023/24 with reference to Finance Circular 10/2022.</p> <p>Action - The Council's Leadership Team and 2 March 2023 Special Council meeting approved the approach to Service Concessions based upon the circumstances at that time. Consideration will be given to whether there has been any material change in these circumstances.</p> <p><i>Steven Mill (Service Lead, Finance)</i></p> <p><i>31 December 2023</i></p>	<p><b>Implemented</b></p>
<p><b>b/f 3. Accounts disclosures</b></p> <p>The audit identified some areas where the unaudited accounts did not identify relevant disclosures (e.g. Adjustment to usable</p>	<p>The council should consider completion of a disclosure checklist or other similar exercise to ensure the accounts are complete and accurate.</p>	<p><b>Implemented</b></p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>reserves permitted by accounting standards).</p> <p><i>Risk – The financial statement disclosures are incomplete or inaccurate.</i></p>	<p>Action - Consideration will be given to the benefit of incurring the additional expense of the Disclosure Checklist for 2023/24 accounts.</p> <p><i>Steven Mill (Service Lead, Finance)</i></p> <p><i>31 March 2024</i></p>	
<p><b>b/f 4. Revaluation Reserve</b></p> <p>An annual adjustment is made between unusable reserves to remove the difference between depreciation on revalued amounts and depreciation on historic costs. Differences highlighted in audit testing totalled £0.993 million.</p> <p><i>Risk – The revaluation reserve and movements disclosed in the financial statements are incorrect.</i></p>	<p>The council should consider reporting arrangements from the fixed asset register and investigated any potential accumulated differences between the balances remaining in the Revaluation Reserve and the Capital Adjustments Account.</p> <p>Action - The identified variances will be reviewed to determine any amendments required for the 2023/24 accounts.</p> <p><i>Steven Mill (Services Lead, Finance)</i></p> <p><i>31 March 2024</i></p>	<p><b>Not implemented</b></p> <p>This has yet to be implemented by the council with a difference of £0.896 million identified in the 2023/24 audit. Officers will undertake a reconciliation of the balances and consider options for replacing the current asset register which is no longer fit for accounting purposes.</p> <p>Responsible officer: Service Lead (Finance)</p> <p>Agreed date: 30 June 2025</p>
<p><b>b/f BV 1. Equality assessments</b></p> <p>The council is currently reviewing how the assessments are presented to the committees and is planning to digitise the whole process. As part of this, it is exploring ways of integrating children and other human rights considerations into the current assessments.</p> <p><i>Risk – equality assessments are inconsistent and do not consider all relevant aspects.</i></p>	<p>The council should further develop its approach to equality assessment to ensure overall consistency and allow effective delivery of priorities in the Council Plan.</p> <p>Action - The new digital process for EIAs, FSDs and children's rights will be finalised, then piloted and in place for the end of October 2023.</p> <p><i>Senior Practitioner – Equalities</i></p>	<p><b>Implemented</b></p>
<p><b>b/f BV 2. Service plans</b></p>	<p>To reflect good practice, the council should ensure</p>	<p><b>Superseded</b></p>



Issue/risk	Recommendation and Agreed Action	Progress
<p>The council are using the implemented Performance Led council (PLED) approach to demonstrate how it will deliver its priorities through its services. Detailed service plans are essential to demonstrate how the council deliver on the priorities set out in the Council Plan. The service plans within PLED in some instances have been reported to members formally (e.g. Education) with others just being considered as part of the Council Plan reporting arrangements.</p> <p><i>Risk - there is a lack of clarity and accountability over how the priorities set out in the Council Plan will be delivered.</i></p>	<p>detailed service plans are publicly available which clearly and comprehensively demonstrate how services will deliver the priorities set out in the Council Plan.</p> <p>Action - The Council will provide an appropriate level of service plan information, linked to the current Council Plan priorities, as part of its budget setting papers for FY 2024/25 (February/ March 2024).</p> <p><i>Service Leader (Governance &amp; Change)</i></p>	<p><b>See Recommendation 3</b></p>
<p><b>b/f BV 3. Long term financial planning</b></p> <p>The Best Value Assurance Report recommended that the council should develop its long-term financial planning framework. The council extended the completion date for this to September 2023.</p> <p><i>Risk - the council is unable to demonstrate its long-term financial sustainability.</i></p>	<p>The council should develop its long-term financial planning framework.</p> <p>Action - The Council's first Long Term Financial Planning Framework was considered at the meeting of the Council on 7 September 2023.</p> <p><i>Director of Finance</i></p>	<p><b>Superseded</b></p> <p>Coverage through section 2 - Best Value.</p>
<p><b>b/f BV 4. Directorate workforce plans</b></p> <p>The Workforce Plan 2023-28 approved alongside the Council Plan and Finance &amp; Change Plan in March 2023 provides a strategic workforce overview. The plan sets out how the council will review the workforce in</p>	<p>The council should develop its Directorate workforce planning arrangements to ensure sufficient focus on recruitment, retention and succession planning as service delivery transforms.</p> <p>Action - Workforce planning sessions are underway with Service Leaders and</p>	<p><b>Superseded</b></p> <p><b>See Recommendation 6</b></p> <p>Coverage through section 2 - Best Value thematic review of Workforce Innovation – how councils are responding to workforce challenges.</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>line with changing ways of working, retain and develop its employees to meet current and future workforce requirements and changes to service delivery. However, workforce planning at a Directorate level has yet to be developed.</p> <p><i>Risk - there is a lack of clarity and accountability over how the council's workforce will deliver services.</i></p>	<p>Directors. They are focused on improving our use of people data, identifying likely requirements and actions needed to ensure resilience and development of services. Directorate plans will be completed January – March 2024.</p> <p><i>Leader of HR ,OD and Business Support</i></p>	
<p><b>b/f BV 5. Digital Strategy</b></p> <p>The Best Value Assurance Report highlighted the council's intention to annually update its digital strategy. This review has not been undertaken in the last two years with a review planned for later this year. The current digital strategy therefore pre-dates the approved Council Plan.</p> <p><i>Risk - the council does not have appropriate strategies in place to support delivery of the Council Plan.</i></p>	<p>The council should update its digital strategy to ensure it reflects the current Council Plan and priorities.</p> <p>Action - A new digital strategy is currently being prepared and will be ready to be considered by committee by the end of the calendar year, 2023.</p> <p><i>Service Leader, Digital Enablement and IT</i></p>	<p><b>Superseded</b></p> <p><b>See Recommendation 7</b></p> <p>Coverage through section 2 - Best Value thematic review of Workforce Innovation – how councils are responding to workforce challenges.</p>

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# Appendix 2. Summary of uncorrected misstatements

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We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £0.3 million.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements. Cumulatively these errors are below our performance materiality level as explained in [Exhibit 1](#). We are satisfied that these errors do not have a material impact on the financial statements.

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## Narrative Disclosure Misstatements

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1. An annual adjustment is made between the Revaluation Reserve and Capital Adjustment Account to remove the difference between depreciation on revalued amounts and depreciation on historic costs. This movement is disclosed in the Movement in Reserves Statement as Adjustment to usable reserves permitted by accounting standards of £22.977 million in 2023/24. The differences highlighted through testing totalled £0.896 million (2022/23 £0.993 million) and are therefore well below performance materiality providing assurance that accounts are not materially misstated (see recommendation b/f 4).

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2. Transfers between reserves in the Movement in Reserves Statement has a balance figure of £0.3 million. The difference is below our performance materiality threshold, providing assurance that the accounts are not materially misstated. The council is to review in 2024/25 to ensure these balances figures are rectified.

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3. Models on which the long-term lease liabilities in the accounts are based indicate a liability of £30.4 million. The liability within the financial statements is noted as £33.7 million - a difference of £3.3 million. The difference is below our performance materiality threshold, providing assurance that the accounts are not materially misstated. A full review of the models is being undertaken in 2024/25 as part of the implementation of IFRS16 that will address these differences.

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4. Within the fixed asset register there are eleven assets with a negative value totalling £0.431 million. These amounts related to accumulated depreciation that had yet to be allocated to specific assets. The difference is well below performance materiality providing assurance that the accounts are not misstated. The council is to review the fixed asset register in 2024/25 to ensure these anomalies are rectified.

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# Angus Council

## 2023/24 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)