

Dundee City Council

2024/25 Annual Audit Report



Prepared for Dundee City Council and the Controller of Audit
September 2025

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Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 Adjustments totalling £8.5 million were made in relation to the implementation of IFRS 16 and the valuation of operational land and buildings.

Wider scope audit

- 3 The council's budget setting and financial management arrangements operated effectively during 2024/25.
- 4 Medium term financial plans show an estimated budget gap for 2025/26 of £15.6 million with a cumulative budget gap over the three years 2025-28 of £33 million.
- 5 The council has provided a longer-term forecast showing the gap over a ten-year period has increased to £81 million from £53 million in the previous year.
- 6 The council has an established performance framework which aligns with the Council Plan. Progress against the Council Plan priority areas is generally positive with 68 per cent of the performance indicators within 5 per cent of the target identified in the plan.

Best Value audit

- 7 The council has effective and appropriate arrangements in place for securing Best Value.
- 8 The Best Value thematic report on service transformation states that the council is currently in phase six of its transformation programme, which is reported to have delivered nearly £70 million in savings since 2010. However, the report highlights that the council could improve how it communicates its transformation activities to elected members and the public
- 9 The council has 34% of indicators in the top two quartiles of the Local Government Benchmarking Framework indicators for 2023/24, a slight

decrease from the prior year. Although the council's overall comparative performance remains at similar levels to 2019/20, the number of indicators which are in the bottom quartile shows clear improvement over the 5-year period. However, educational attainment measures generally remain in the bottom two quartiles.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Dundee City Council's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Dundee City Council, hereafter referred to as 'the council', and the Controller of Audit and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Rachel Browne, of Audit Scotland, has been appointed as external auditor of the council for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, Rachel Browne as engagement lead and the audit team are independent of the council in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the council, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the council and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the council's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the council's arrangements for securing Best Value.
- Providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and Whole of Government Accounts.
- A review of the council's arrangements for preparing and publishing statutory performance information.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the council and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts and concluding on the council's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the council from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The council's responsibilities

10. The council has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the council and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the council and Scrutiny Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

Adjustments totalling £8.5 million were made in relation to the implementation of IFRS 16 and the valuation of operational land and buildings.

Audit opinions on the annual accounts

12. The council and its group's annual accounts were approved by the Scrutiny Committee on 24 September 2025 and certified by the appointed auditor on the same day. The Independent Auditor's Report is included in the Council's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual accounts and all working papers were received on 30 June 2025 in accordance with the agreed audit timetable. Working papers received were generally of an appropriate quality.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £456,600. We have charged an additional fee of £2,503 for the additional work on non-current asset valuations (see [Exhibit 2 item 1](#)). As a result, the total audit fee charged for the 2024/25 audit is £459,103.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a

monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of the council and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for the council and its group

Materiality	The council	Group
Materiality – set at 2% of Gross Expenditure	£18.1 million	£18.3 million
Performance materiality – set at 50% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£9.05 million	£9.15 million
Reporting threshold – all misstatements greater than the reporting threshold will be reported.	£0.5 million	£0.5 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the council is the Scrutiny Committee.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.

- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters

Significant findings, key audit matters and outcomes

1 - Revaluation of Operational Land and Buildings

The Code of Practice on Local Authority Accounting (the Code) requires that carrying amount of an item of property, plant and equipment should reflect its current value. The current value measurement basis for operational land and buildings (OLB) is an existing use value where an active market for the asset exists. In case where there is no active market, the Code permits use of a depreciated replacement cost (DRC) approach to estimate current value.

In order to meet Code requirements, the council operates a five-year programme of rolling valuations. These revaluations are undertaken by an in-house team of RICS qualified valuers.

The unaudited annual accounts reported an overall carrying value for other land and buildings of £1,028 million, of which £69 million of assets, mainly industrial and shop units, were formally revalued during 2024/25.

Management are responsible for the direction of the valuation process and provide the valuer with detailed formal instruction as to how they wish the valuation to be carried out. Management also provide the valuer with a spreadsheet of all the assets to be valued into which the valuer adds the valuation total for each asset. This is then used to update the asset register, from which the annual accounts are derived.

We reviewed a sample of assets and were satisfied that measurement bases were appropriate and the data and assumptions used in the 2024/25 valuation process were reasonable.

However, we identified a discrepancy between the valuer's detailed workings and the amount included in the unaudited accounts for one asset. A further sample of assets was selected and we found a further three assets with a similar error and one duplicate asset. The net impact of these errors was an overstatement in the valuation of £0.1 million.

Outcome:

We extrapolated the value of the errors identified in our testing across the value of all assets revalued in the year and identified a potential overstatement of £0.4 million. As this is below our reporting threshold, management have chosen not to amend the annual accounts for this. We have however included two recommendations at [Appendix 1](#) to address the issues identified ([Recommendations 1 and 2](#))

Significant findings, key audit matters and outcomes

2 - Valuation of Operational Land and Buildings, not formally revalued in year

The carrying amount of an item of property, plant and equipment should reflect its current value. However, the Code of Practice on Local Authority Accounting (the Code) does not explicitly require an annual revaluation. Instead, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from the current value. The Code permits a maximum interval of five years between valuations but that is only appropriate where the change in value in the intervening period is not significant. Therefore, more frequent valuations are required for assets that experience significant annual changes in value.

The unaudited annual accounts reported an overall carrying value for other land and buildings of £1,028 million, of which £69 million of assets were formally revalued during 2024/25. Of the remaining £959 million of assets, some elements had not been valued for up to 4 years, in accordance with the accounting policy of the council. We considered the council's approach to ensuring that the carrying value of these assets was not materially mis-stated.

A desktop exercise was carried out on 26 major assets with a valuation of £623 million which are valued using the depreciated replacement cost methodology. We were satisfied that the council's approach was based on a reasonable indexation factor and other inputs.

For assets which are valued using the open market valuation approach (mainly offices), the council discussed with the valuer the potential for market movements and identified that there would have been no material valuation movement. Our review of the market evidence agreed with this conclusion, however as depreciation had been charged on these assets this resulted in the valuation being understated by £5.1m.

Outcome:

Management corrected the audited 2024/25 annual accounts to reflect the current valuations of offices.

3 - Valuation of Council Dwellings

In accordance with the Code of Practice on Local Authority Accounting, the basis for valuation of dwellings is existing use value for social housing (EUV-SH). As part of the council's rolling 5-year valuation programme for property, the council's housing stock was last revalued in 2023/24.

To ensure that the carrying amount of dwellings reflected the current value, the council considered the advice of the professional valuer and undertook a review of the market conditions which impact on the EUV-SH. This concluded that there was no material change in the valuation. This was reflected in the unaudited accounts with the total net value of dwellings of £508.3 million included.

Outcome:

We reviewed the evidence used by the council to form this judgement other publicly available market data and were satisfied that there was no material movement in the overall valuation.

Significant findings, key audit matters and outcomes

4 - Implementation of IFRS16 accounting requirements for service concession arrangements and other leases

The implementation of International Financial Reporting Standard 16: Leases (IFRS16) is mandatory for local government bodies from 2024/25. Under IFRS16, a lessee is required to recognise right-of-use (RoU) assets and associated lease liabilities on the Balance Sheet.

As part of our audit work, we considered the arrangements used by management to identify potential lease arrangements and concluded that these were appropriate. At 31 March 2025, the council recognised RoU assets of £2 million with a corresponding lease liability in the balance sheet. We reviewed the adjustments and disclosures made by the council and confirmed that these were in line with the standard and guidance.

In addition to leases, IFRS16 applies to service concession arrangements. These are more commonly known as Public Private Partnership (PPP) schemes where a private sector operator uses an asset to provide a public service and is paid over the period of the arrangement. The council has 3 such schemes: Schools PPP, Baldragon DBFM and Baldovie Waste Plant.

IFRS16 requires the service concession lease liability to be remeasured to include indexation changes over the period of the lease. Previously such charges had been treated as expenses in the year. An opening balance adjustment at 1 April 2024 was therefore required to account for the change. Changes in the liability also require a compensating change in the value of the associated asset, which should then be adjusted to reflect the asset's current value.

Using CIPFA guidance, the Finance team reviewed the service concession financial models to calculate the change in lease liability. These were shared with us for comment and an agreed position was identified ahead of preparation of the unaudited accounts.

We reviewed the accounting entries and narrative disclosures in the unaudited accounts and whilst these were generally satisfactory, we found that the adjustment to the value of the Baldovie Waste Plant asset of £3.4m was written off to the Revaluation Reserve, when it should have been written off to the Comprehensive Income and Expenditure Statement (CIES).

Outcome:

Management corrected the audited 2024/25 annual accounts to reflect the correct accounting treatment for the Baldovie Waste Plant.

Significant findings, key audit matters and outcomes

5 – Infrastructure assets

Infrastructure assets are those that can only ever be used for the purpose they were originally constructed, i.e. there is no prospect of sale or alternative use. Typical examples include roads, bridges, street lighting and coastal defences.

The Code includes a statutory override so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2021/22 Code up to and including the 2024/25 Code. This statutory override has been introduced to the Code because historical information deficits mean that this information is unlikely to faithfully represent what it purports to represent.

We identified that the infrastructure asset relating to the Dry Dock associated with Discovery Point was not included in the council's asset register. Whilst we accepted the council's view that as this asset has been in place for over 30 years it would now be fully depreciated and therefore there was no misstatement in the unaudited accounts, the council could provide no evidence of the gross value of the asset and actual accumulated depreciation charged.

The statutory override is expected to be extended until 31 March 2027. However, after this time, the council will be required to report gross book value and accumulated depreciation for infrastructure assets. Ahead of this, the council will be required to ensure that it can identify all infrastructure assets that remain in use, including any which are no longer held on the asset register, and hold the relevant financial information required for each individual asset.

Outcome:

We have included a recommendation at [Appendix 1](#) to address this issue. See [Recommendation 3](#).

Significant findings, key audit matters and outcomes

6 - Group Accounts

Group financial statements are those in which the assets, liabilities, reserves, income, expenses and cash flows of a parent body and its subsidiaries, plus its investments in associates and interests in joint ventures, are presented as those of a single economic entity. The council consolidates its material group components in group accounts included in the financial statements.

The unaudited Dundee City Council group accounts were prepared using unaudited accounts for each material component or other financial information which was available to meet the required timetable. The audit process identified the following issues:

- Tayside Valuation Joint Board (TVJB) was included in the group accounts following a significant increase in the component's net assets. Following review, it was identified that there was an error in the TVJB unaudited accounts which resulted in TVJB falling below the council's de-minimis level for inclusion in the group accounts.
- The council's share of the net assets of Dundee City Integration Joint Board had been omitted from the unaudited accounts in error.
- The council received additional information from Tayside Contracts Joint Committee after the Dundee City Council unaudited accounts had been authorised for issue.

The net impact of these changes, and changes to the council-only accounts for the impact of findings 1-4 above, resulted in decrease in Group Total Comprehensive Income and Expenditure of £1.3m, and an increase in Net Assets of £5.2 million.

Outcome:

Management have corrected the audited 2024/25 group accounts to reflect these amendments.

Source: Audit Scotland

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the council's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by the council was assessed as part of the audit. These were considered to be appropriate to the circumstances of the council, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

24. Accounting estimates are used in number of areas in the council's financial statements, including the valuation of dwellings and other land and buildings assets and the valuation of the pension liability. Audit work considered the process management of the council has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

25. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in [Exhibit 5](#).

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit and these were found to be generally appropriate. However, the accounts run to over 150 pages, including a Management Commentary which is more than 20 pages long. There is scope to streamline the level of detail in the annual accounts. The Code of Practice on Local Authority Accounting 2024-25 requires that *'financial statements should only include disclosures that are material to the presentation of a 'true and fair' view of the financial position, financial performance and cash flows of the authority and to the understanding of users of the financial statements'*. Audit Scotland has previously published a Good Practice Note to support improvements in management commentaries. As a result of these issues, the following recommendation has been made, with further details outlined in [Appendix 1](#).

Recommendation 4

Review of Annual Accounts

The council should undertake a full review of the annual accounts to ensure that they meet the Code requirement to only include material information. Use should also be made of Audit Scotland's Good Practice Notes to support this review.

Group audit

27. The council is part of a group and prepares group financial statements. The group is made up of 7 components, including the council which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in [Exhibit 3](#).

Exhibit 3

Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
Dundee City Council	Audit Scotland Full scope audit of the council's annual accounts.	The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in Exhibit 2.
Leisure and Culture Dundee	Henderson Loggie Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Dundee City Common Good Fund	Audit Scotland Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Fleming Trust	Audit Scotland Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Tayside Contracts	Audit Scotland Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.

Group component	Auditor and audit work required	Summary of audit work performed
Dundee City Integration Joint Board	Audit Scotland Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, which identified that net assets had not been included in the group accounts. We comment further on this at Item 6 in Exhibit 2 above.
Tayside Valuation Joint Board	Audit Scotland Analytical procedures at group level	Analytical procedures at the group level were performed by the audit team, which identified a significant rise in Net Assets. We comment further on this at Item 6 in Exhibit 2 above.

Source: Audit Scotland

28. ISA (UK) 600 requires auditors to report the following matters if these are identified or encountered during an audit:

- any instances where review of a component auditor's work gave rise to issues and how this was resolved.
- any limitations on the group audit.
- any frauds or suspected frauds involving group or component management.

29. No such matters were identified as part of our audit of the group accounts.

Significant matters discussed with management

30. All significant matters identified during the audit and discussed with the council's management have been reported in the Annual Audit Report.

Audit adjustments

31. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £0.5 million are outlined in [Exhibit 4](#).

Exhibit 4

Audit adjustments

Details	Comprehensive Income and Expenditure Statement (CIES)		Balance Sheet	
	Dr	Cr	Dr	Cr
Audit adjustments to financial statements	£000	£000	£000	£000
1. IFRS 16 implementation				
Following introduction of IFRS16, the increase in the liability for the Waste Plant Service Concession has been accounted for by creating a new asset for the value of the increase of £3.4m which has subsequently been written off to Revaluation Reserve. However, there is zero balance in Revaluation Reserve for Waste Plant assets and therefore the full total of increase £3.4m requires to be written off to CIES.				
Other Comprehensive Income and Expenditure	3,352			
Reserves				3,352
2. Valuation of Other Land & Buildings - Offices				
The council have considered that there is no material movement in the valuation of Offices in year. This is supported by external evidence. However, depreciation has been charged in 2 years since last formal revaluation - total of £5.1m. Therefore, the total value of Offices is potentially understated by this amount.				
Other Comprehensive Income and Expenditure		5,116		
Net Assets			5,116	
Net impact on financial statements	3,352	5,116	5,116	3,352

Source: Audit Scotland

32. Management of the council processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatements to report.

Significant risks of material misstatement identified in the Annual Audit Plan

33. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 5](#).

Exhibit 5**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>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>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Valuation of Dwellings</p> <p>The council held £508m of dwellings assets at 31 March 2024.</p> <p>The valuations of dwellings are significant estimates. Valuations are based on a specialist beacon approach and management assumptions, changes in which can result in material changes to valuations.</p> <p>Dwellings were revalued during 2023/24 as part of the council's 5 year rolling programme. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of dwellings.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Review management's assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • Management's conclusion that there had been no valuation movement was supported by the view of the professional valuer and available market evidence. <p>Conclusion: the valuation of dwellings is not materially misstated.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Valuation of Operational Land and Buildings (OLB)</p> <p>The council held £1,043m of other land and buildings assets at 31 March 2024.</p> <p>The council is required to value OLB assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.</p> <p>All OLB assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of OLB.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over the valuation process. • Review the information provided to the valuer and assess this for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the valuer. • Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. • Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and challenge these where required. • Review management's assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over the valuation process were appropriate. • The information provided to the valuer was accurate and complete. • The valuer had sufficient competence, capability, and objectivity to perform their work. • Management have an appropriate level of oversight of the valuation process. • The data and assumptions used in the 2024/25 valuation process were appropriate. • Management's assessment of assets not subject to a valuation process in 2024/25, including an indexation exercise on significant DRC assets, was reasonable. However, we identified an accounting error resulting in an understatement. Refer to issue 2 in Exhibit 2. <p>Conclusion: the valuation of OLB is not materially misstated.</p>

Source: Audit Scotland

Prior year recommendations

34. The council has made progress in implementing some of the agreed prior year audit recommendations, but further work is required. For actions not yet implemented, revised responses and timescales have been agreed with the council and are outlined in [Appendix 1](#).

Wider scope audit

Conclusion

The council's budget setting and financial management arrangements operated effectively during 2024/25.

Medium term financial plans show an estimated budget gap for 2025/26 of £15.6 million with a cumulative budget gap over the three years 2025-28 of £33 million.

The council has provided a longer-term forecast showing the gap over a ten-year period has increased to £81 million from £53 million in the previous year.

The council has an established performance framework which aligns with the Council Plan. Progress against the Council Plan priority areas is generally positive with 68 per cent of the performance indicators within 5 per cent of the target identified in the plan.

Audit approach to wider scope

Wider scope

35. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

36. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the council has in place for each of these is reported in this chapter.

Conclusions on wider scope audit

Financial Management

37. The audit work performed on the arrangements the council has in place for securing sound financial management found that these were

effective and appropriate, apart from two IT issues as noted in [paragraphs 38 and 39](#) below. This judgement is evidenced by the council:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.
- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having a well-resourced Internal Audit service who undertake a wide range of reviews, the results of which allowed the Chief Internal Auditor to provide their opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the council's framework of governance, risk management and control for the year to 31 March 2025.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by the Scrutiny Committee.

38. Two of the council's key financial systems – Resourcelink (payroll) and Mosaic (care management) – are cloud-based systems hosted externally by the respective software providers. Good practice requires that the council should seek regular confirmation from the provider over the integrity and security of the data held externally. We found however that such assurances are not routinely obtained by the council. There is a risk that key financial and personal data could become compromised or even completely lost.

Recommendation 5

Externally hosted financial and other systems

Where key council systems are externally hosted by the software provider, the council should seek regular confirmation from the provider over the integrity and security of the data held on the system.

39. Data held on the Resourcelink (Payroll) system was migrated in February 2024 to a cloud-based environment externally hosted by the software supplier. We were not informed about this move at the time and on identifying this, we requested evidence that the data migration had been successfully completed. We were advised that the staff who undertook the exercise had since left the council and no evidence was available of any review carried out at the time to confirm the accuracy and completeness of the data migration.

40. In response to this, we reviewed the controls the council has put in place to ensure the accuracy of payroll data including approval of new starts and leavers, establishment checks and update to standing data such as pay rates and found these to be operating as expected. We undertook our own testing of staff existence and found this to be satisfactory. Our substantive testing of payroll totals confirmed totals were as expected. We therefore concluded that the data migration was correctly implemented.

Financial Sustainability

41. The audit work performed on the arrangements the council has in place for securing financial sustainability found that these were generally effective and appropriate. This judgement is evidenced as set out in the remainder of this section.

42. A Budget Strategy and Financial Outlook 2025/26 paper was presented to the City Governance Committee on 28 October 2024. This provided members with updated medium-term financial projections and set out a strategy to address the projected budget shortfall for 2025/26. This showed an estimated budget gap for 2025/26 of £15.6 million with a cumulative budget gap over the three years 2025-28 of £25 million.

43. The council carried out an extensive budget consultation exercise as part of the development of the 2025/26 revenue budget. The online survey was made available via the council's website and paper versions were made available in libraries and community centres with support available from staff if required.

44. During the consultation period the council had regular promotion of the exercise to encourage feedback. Along with some more general questions, respondents were asked for their views on the impact of a number of proposals which had been developed to address the budget gap. There were 3,571 responses to the questionnaire. A detailed report of the results was included along with the budget papers and provided elected members with a clear understanding of the views of citizens ahead of final agreement of the budget.

45. During development of the 2025/26 revenue budget, the position was revised and as reported in the budget papers of February 2025, the projected cumulative budget gap for the period to 2028 has deteriorated and is now predicted as £33 million. The council also provided a longer-

term forecast of the budget gap up in the 10 years to 2035 of around £81 million, which equates to 16 per cent of the total 2025/26 revenue budget. This again shows a deteriorating position compared to 2024/25 when the projected 10-year deficit was £53 million.

46. Actions to address the 2026/27 budget gap, and longer-term budget challenges, will be considered as part of the annual budget setting process with the intention to approve the 2026/27 general fund budget and council tax levels in February 2026.

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

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

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

Equal Pay

50. In February 2021, trade unions submitted a collective equal pay claim on behalf of their members under the Equality Act 2010. The claim is for the full 5 year back-pay period and / or from their date of employment, if such a date is less than 5 years ago. The claimants are employed in predominantly female jobs groups (and / or groups of which the proportion of female workers is far greater than that in the comparator groups). Around 600 claims are presently lodged against the council. To date and following the requirements of the Employment Tribunal, some Trade Unions have recently informed the council of the name of the Lead Claimant, the posts they are seeking to compare and the specific terms in contracts of employment that they consider to be more favourable than those of the claims. The remaining parties had until 16 September to provide this information and the council has four weeks from this date (with a possible extension) to respond. At this stage, it is not possible to quantify the council's financial liability, if any.

51. While it is not possible to establish at this stage whether any cash outflow will result from the equal pay claim, this presents a potential liability to the council for future years. A contingent liability has therefore been disclosed in the 2024/25 annual accounts to reflect this.

Leisure and Culture Dundee

52. Leisure and Culture Dundee (LACD) is a subsidiary of the council that was established to manage the leisure and cultural facilities owned by the council and has been in operation since 1 July 2011. The council provided an annual management fee of £9.2 million to LACD in 2024/25.

53. Following a request from the board of LACD to undertake consultations regarding the future of Caird Park golf course, Mills Observatory and Broughty Ferry Castle, the City Governance Committee agreed in December 2024 to recommendations on changes to these services. This resulted in continued support the operation of the Mills Observatory; the deferral of a decision on the closure of Broughty Ferry castle, museum and grounds to allow officers to fully engage with Historic Environment Scotland and Scottish Ministers over the long-term funding and management of the castle, museum and grounds and to cease to operate Caird Park Golf Course resulting in its closure in April 2025.

54. An internal audit report on Financial Sustainability of LACD was presented to the Scrutiny Committee in June 2024. This concluded the assurance level was 'Limited' due to the altered profile of demand for services and the current economic climate impacting on the services can be delivered for the available budget. Internal audit made a number of recommendations for both the council and LACD to address this. Given the issues raised in the report, the Convenor of the Scrutiny Committee agreed to refer the report to the City Governance Committee for review by all members.

55. In August 2024, the City Governance Committee agreed to an externally led review of agreements, priorities, funding and options for leisure and culture to ensure that sustainable services can be maintained in the longer term. As part of this review consideration would also be given to the impact of the development of the new East End Community Campus on how and where leisure and culture services could be delivered.

56. The outcome of this review will be reported to the City Governance Committee on 22 September 2025 and the recommendations contained in the report will provide options for the 2026/27 budget setting process.

Severance scheme

57. As part of the setting of the 2025/26 revenue budget, the council agreed to implement an updated Voluntary Severance/Early Retirement Scheme from March 2025. The scheme was open to all eligible staff (excluding teachers) and offered additional incentives to provide more opportunities for voluntary severance/early retirement to be used to assist workforce planning and organisational change in line with budgetary requirements.

58. Employees were provided with an initial estimate of the potential benefits that may be available to them. Where an employee wished to

proceed further, an assessment was carried out to identify if the application was both financial and operationally viable. To date the council is currently processing around 40 applications. This could deliver savings in excess of £1.4 million per year once fully implemented, subject to formal acceptance of offers.

Vision, Leadership and Governance

59. The audit work performed on the arrangements the council has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by the council:

- having a Council Plan in place, supported by operational plans, that clearly set out its vision, strategy, and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner.
- involving service users, delivery partners, and other stakeholders in the development of its vision, strategy, and priorities to ensure these align to their needs.
- having clear financial and performance reporting in place, both internally and externally, that is linked to its operational plans, and effective scrutiny and challenge of performance provided by Scrutiny Committee.
- having effective governance arrangements in place in general, as reflected in the Annual Governance Statement included in the annual accounts.

Reinforced autoclaved aerated concrete

60. Reinforced autoclaved aerated concrete (RAAC) is a lightweight construction material that was used in the construction of some public buildings like schools and hospitals between the 1950s and 1990s. It was used mostly in flat roofing, but also in some pitched roofs, floors and walls.

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

62. During 2023/24, the council undertook a survey of its full portfolio of domestic properties. This identified 79 blocks of flats and 162 cottages, both with council tenants that contained RAAC. From this the council also identified a further 2 blocks of flats and 131 cottages, all fully owner occupied, which also contain RAAC. The survey concluded that in general terms, across the portfolio, RAAC is in an acceptable condition and can be managed or remediated as part

of a planned strategy. The surveys undertaken did not highlight any current need for wholesale decants.

63. In May 2025 the Neighbourhood Regeneration, Housing and Estate Management Committee agreed to undertake pilot works on 5 vacant council properties affected by RAAC to test potential solutions to the issues caused. It is hoped that this will establish the suitability of these works for future roll out across all affected properties.

Use of Resources to Improve Outcomes

64. The audit work performed on the arrangements the council has in place around its use of resources to improve outcomes found that these were effective and appropriate. This judgement is evidenced by the council:

- having an agreed Council Plan 2022-27 which clearly sets out the key actions to be taken in response to each priority and provides KPIs with 1, 3 and 10-year targets that the council has committed to achieve and a lead service area that will take responsibility for delivering the action.
- approving a revised Performance Management Framework 2025-28 which sets out how the council will respond to the new Statutory Performance Indicator (SPI) Direction, take action to address internal audit recommendations and continue to focus on progressing strategic priorities and achieve best value.
- publishing performance information showing progress against the 22 indicators included in the Council Plan every 6 months. A mid-year progress report was presented to the City Governance Committee in November 2025 and the council's Annual Performance Report 2024/25 was published in June 2025. These reports are clear and present a balanced assessment of performance. Performance against the Council Plan is generally positive with 15 (68%) of measures showing improvement on the previous year and 14 (64%) within 5 per cent of the target identified in the plan.
- preparing an annual performance benchmarking report based on the Local Government Benchmarking Framework (LGBF) data which enables comparison between Scottish councils. The latest benchmarking report was presented to the City Governance Committee in May 2025 and was based on 2023/24 performance. The report provides a high level overview of the indicators in relation to each of the council's five strategic priorities and where the council is on target by meeting the benchmark of performing better than or equivalent to the LGBF family group mean average. This identified a slight improvement with 18 out 40 (45%) indicators that were on or better than target compared to 16 out of 39 (41%) indicators in 2022/23.

Best Value audit

Conclusion

The council has effective and appropriate arrangements in place for securing Best Value.

The Best Value thematic report on service transformation states that the council is currently in phase six of its transformation programme, which is reported to have delivered nearly £70 million in savings since 2010. However, the report highlights that the council could improve how it communicates its transformation activities to elected members and the public

The council has 34% of indicators in the top two quartiles of the Local Government Benchmarking Framework indicators for 2023/24, a slight decrease from the prior year. Although the council's overall comparative performance remains at similar levels to 2019/20, the number of indicators which are in the bottom quartile shows clear improvement over the 5-year period. However, educational attainment measures generally remain in the bottom two quartiles.

Audit approach to Best Value

65. Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit. As part of the annual audit, auditors are required to take a risk-based approach to assessing and reporting on whether the council has made proper arrangements for securing Best Value, including follow up of findings previously reported in relation to Best Value.

66. The Accounts Commission also reports nationally on thematic aspects of councils' approaches to, and performance in, meeting their Best Value duties. As part of the annual audit, thematic reviews, as directed by the Accounts Commission, are conducted on the council. The thematic review for 2024/25 is on service transformation and considers how the council is redesigning services to maintain outcomes and deliver services more efficiently. Conclusions and judgements on the thematic review are reported in a separate Management Report and summarised in this chapter.

Conclusions on Best Value

The council's arrangements and performance in meeting Best Value and community planning duties

67. The audit work performed on the arrangements the council has in place for securing Best Value and its community planning arrangements found these were effective and appropriate. The Controller of Audit reported on Dundee City Council to the Accounts Commission in November 2023. The Commission commended the council for the progress it had made since the Best Value Assurance Report (September 2020). It also noted the clear and effective leadership and commitment to community empowerment and engagement and was assured that the council is taking action in response to long standing issues such as educational attainment and drug deaths.

Themes prescribed by the Accounts Commission

68. As previously outlined, the Accounts Commission reports nationally on thematic aspects of council's approaches to, and performance in, meeting their Best Value duties, with the thematic review for 2024/25 on the subject of service transformation. Conclusions and judgements on the council's approach to service transformation are outlined in a separate Management Report which is available on the Audit Scotland website. A summary of the conclusions and judgments made in the report is outlined below.

- The council is in the sixth phase of its transformation programme. Its plans for transformation are incorporated under the Design a Modern Council priority within its Council Plan.
- The council reports that it has delivered savings of nearly £70 million since 2010 that are linked to transformation. However, it is not clear how much its current transformation projects will contribute to bridging its projected budget funding gap of nearly £33 million over the next three years.
- The council has not published information in the public domain about the transformation projects it is currently taking forward.
- The council has robust officer-led governance arrangements in place to monitor transformational activity through its Transformation Board. The council has effective arrangements in place for reporting progress on transformational activities to its Extended Leadership Team, but there is scope to improve the information it provides to elected members and the public.
- The transformation programme is well resourced and there are planned improvements in the development of new transformation projects with clear criteria being set and new monitoring arrangements for them.

- The council has provided good examples of partnership working aimed at improving outcomes and generating savings. The council recognises that there is scope to explore further opportunities for transformational change with partners alongside potential joint funding arrangements.
- The council has consulted with its communities and conducted formal assessments of the impact of planned service changes, where appropriate, for projects within its Transformation Programme. There is evidence changes have been made as a result of this work.
- The impact of the council's current (sixth phase) transformation work is not yet clear as a new approach to defining and measuring benefits is still being implemented. In response to an internal audit report, the council has developed benefits trackers for each transformation project, including estimates of savings, that will enhance reporting in future.

69. The report also included 3 recommendations for improvement which are replicated in [Appendix 1](#) of this report along with the council's planned response, responsible officers and dates for implementation. We will report on the council's progress in implementing these actions as part of our 2025/26 audit.

Statutory performance information (SPI) and service performance

70. The Accounts Commission issued a [Statutory Performance Information Direction](#) which requires the council to report its:

- performance in improving services and progress against agreed desired outcomes, and
- a self-assessment and audit, scrutiny, and inspection council assessment of how it has responded to these assessments.

71. Auditors have a statutory duty to satisfy themselves that the council has made proper arrangements for preparing and publishing statutory performance information in accordance with the Direction and report a conclusion in the Annual Audit Report.

72. Audit work assessed the arrangements the council has in place for preparing and publishing SPI, including how it has responded to assessments, and concluded the arrangements in place were effective and appropriate.

73. The Accounts Commission also requires auditors to report a summary of the information on service performance reported by the council. The council reports information on service performance on its website and through:

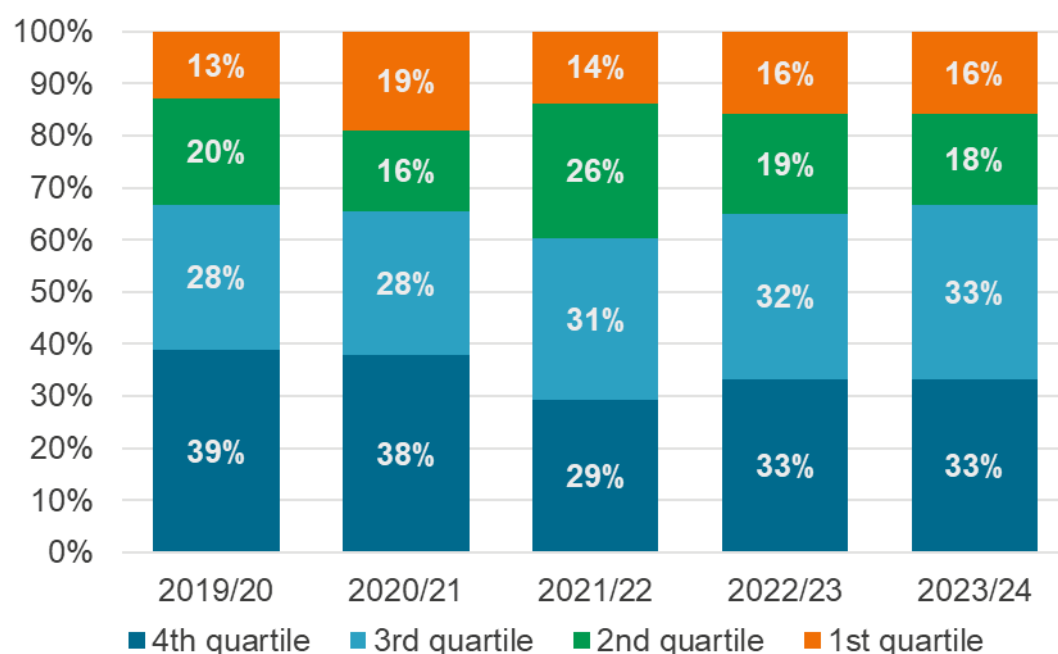
- an Annual Performance Report and a mid-year progress report which show progress against the Council Plan
- reporting the council's performance against the [Local Government Benchmarking Framework](#) (LGBF).

74. The information reported is a combination of the LGBF indicators and other relevant indicators the council has developed to monitor progress against key strategic priorities. From review of the service performance information reported by the council, this was found to be sufficiently detailed to provide an assessment of progress the council is making against its strategic priorities and allow effective scrutiny of performance.

75. We reviewed the 57 LGBF outcomes-based indicators to compare the council's performance over a 5-year period in comparison with the other 31 Scottish councils. As shown in [Exhibit 6](#), after a slight improvement in performance in 2021/22, the council has fallen back in 2023/24 with only 34% of indicators in the top 2 quartiles. Although the council's overall comparative performance remains at similar levels to 2019/20, the number of indicators which are in the bottom quartile shows clear improvement over the 5-year period.

Exhibit 6

LGBF data comparison across all 32 Scottish councils



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

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

- Social Work Indicator 7: Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections. The council has improved 5 places since 2019/20 and is now in the third quartile.
- Corporate Indicator 10: Percentage of Scottish Welfare Fund Community Care Grant decisions within 15 days has improved by 10 places and is now in the top half of councils for this indicator.

77. Areas where the council's ranking has moved down include:

- Corporate Indicator 8: percentage of invoices sampled that were paid within 30 days. The council was the first ranked in 2019/20 but has fallen 21 places and is now in the third quartile.
- Housing Services Indicator 4b: Average number of days taken to complete non-emergency repairs. The council has fallen by 20 places and is now in quartile 3.

78. We also noted that of the 11 Education Attainment LGBF measures which have data for the 5-year period, the council has improved in 3 of these, with a further 5 indicators remaining broadly the same. Despite this, the council remains in the bottom 2 quartiles for 10 of the 11 indicators. However, the percentage of Pupils from Deprived Areas Gaining 5+ Awards at Level 6 (Children's Services Indicator 7) has improved and the council now performs in the top half for this indicator.

Progress against previous Best Value findings and recommendations

79. Best Value findings and recommendations have been made in previous years' annual audit reports, management reports on themes prescribed by the Accounts Commission, and the November 2023 Controller of Audit Report on the council's performance in meeting its Best Value duties.

80. Details of previous recommendations and progress the council is making against these can be seen in [Appendix 1](#). Overall, the council is making good progress in implementing the previous recommendations made, with 3 of the 7 recommendations made being implemented to date, and progress being made with the remaining recommendations.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Revaluation of Operational Land and Buildings</p> <p>We identified a number of discrepancies between the value of assets notified to management by the in-house valuer and the valuer's own detailed calculations. Where valuations are provided by an internal valuer, it is common practice across Scotland for councils to appoint an external valuer to undertake checks on a sample basis.</p> <p>Risk: the valuation of Operational Land and Buildings is misstated.</p>	<p>The council should annually review the information provided by the valuer to satisfy themselves that there are no discrepancies between these values and the valuer's detailed calculations. This may include appointment of an external valuer to undertake checks on a sample basis.</p> <p>Exhibit 2 item 1</p>	<p>Accepted</p> <p>The council will ensure that only formal valuations are reflected in the fixed asset register. This should prevent any discrepancy between the valuer's detailed calculations and the fixed asset register.</p> <p>The council will consider the benefits of appointing an external valuer in future years once an internal review of the valuation process has been completed in response to this recommendation.</p> <p>Responsible officer: Service Manager (Accounting Strategy)</p> <p>Agreed date: 30 June 2026</p>
<p>2. Duplicate assets</p> <p>Our review of a sample of assets revalued in the year identified one instance of a duplicated entry held in the council's asset register.</p> <p>Risk: the valuation of Operational Land and Buildings is misstated.</p>	<p>The council should undertake a review of the asset register to identify any duplicate assets.</p> <p>Exhibit 2 item 1</p>	<p>Accepted</p> <p>The council will correct the fixed asset register for all duplicated assets identified during 2025/26.</p> <p>The council will continue to identify any duplicates as part of the cyclical revaluation programme.</p> <p>Responsible officer: Service Manager (Accounting Strategy)</p> <p>Agreed date: 30 June 2029</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>3. Infrastructure assets</p> <p>The current statutory override for the reporting of Infrastructure assets is likely to end from March 2027. It is therefore important that the council not only has a register of all infrastructure assets currently in use, but that it also has the required financial information relating to each individual asset.</p> <p>Risk: the council is unable to identify the financial information required to comply with the Code when the current statutory override ends.</p>	<p>A full review of all Infrastructure assets that remain in use should be carried out and all items brought onto the council's asset register along with the financial information for each asset to comply with requirements of the Code.</p> <p>Exhibit 2 item 5</p>	<p>Accepted</p> <p>The council will undertake a review of infrastructure asset accounting if and when the Code requirements change.</p> <p>Responsible officer: Service Manager (Accounting Strategy)</p> <p>Agreed date: 30 June 2026</p>
<p>4. Review of Annual Accounts</p> <p>The council's unaudited accounts run to over 150 pages in length. There is scope to streamline the level of detail in the annual accounts. The Code of Practice on Local Authority Accounting 2024-25 (the Code) requires that <i>'financial statements should only include disclosures that are material to the presentation of a 'true and fair' view of the financial position, financial performance and cash flows of the authority and to the understanding of users of the financial statements'</i>.</p> <p>Risk: the annual accounts do not support clear financial reporting.</p>	<p>The council should undertake a full review the annual accounts to ensure that they meet the Code requirement to only include material information. Use should be made of Audit Scotland's Good Practice Notes to support this review.</p> <p>Paragraph 26.</p>	<p>Accepted</p> <p>The council will undertake a review of the annual report and accounts.</p> <p>Responsible Officer: Service Manager (Accounting Strategy)</p> <p>Agreed date: 30 June 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>5. Externally hosted financial and other systems</p> <p>Good practice requires that where an organisation makes use of externally hosted financial and other systems, it should seek regular confirmation from the provider over the integrity and security of the data held externally.</p> <p>Risk: key financial and personal data could become compromised or even completely lost.</p>	<p>Where key council systems are externally hosted by the software provider, the council should seek regular confirmation from the provider over the integrity and security of the data held on the system.</p> <p>Paragraph 38.</p>	<p>Accepted</p> <p>External partners are contractually obligated to ensure the integrity and security of our data.</p> <p>Assurance is gained through contract management practices.</p> <p>The council will ensure that the Council's contract management guidance is updated to reflect the requirement to obtain robust assurances over data security.</p> <p>Responsible Officer: Corporate Procurement Manager</p> <p>Agreed date: 30 June 2026</p>

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Disclosure and classification errors in accounts presented for audit</p> <p>Our audit identified a number of disclosure and classification errors in the notes to the financial statements that had to be corrected in the audited accounts. These included errors and inconsistencies in the group statements.</p> <p>Risk: The notes to the financial statements do not agree to the corresponding figures in the primary statements or accurately reflect the underlying information.</p>	<p>Management should undertake a detailed check of the annual accounts prior to them being presented for audit.</p> <p>Responsible officer: Service Manager – Accounting Strategy</p> <p>Agreed date: June 2025</p>	<p>Completed</p> <p>Although our review of the unaudited accounts did identify a number of minor narrative issues that required to be updated, these were not significant.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>2. Grant income unspent at year end</p> <p>We identified unspent grant income which had not been correctly accounted for in the unaudited accounts.</p> <p>Risk: Grant income received during the year is not correctly accounted for in the annual accounts resulting in income being understated.</p>	<p>Management should review all unspent grant income at the year end to ensure it is correctly accounted for in the annual accounts.</p> <p>Responsible officer: Service Manager – Accounting Strategy</p> <p>Agreed date: June 2025</p>	<p>Completed</p> <p>We reviewed balances carried forward to 2025/26 and no significant issues were identified.</p>
<p>3. Remuneration report - Trade Union (Facility Time Publication Requirements) Regulations 2017 disclosures</p> <p>The regulations require a range of information in relation to the time and costs of employee involvement in trade union activity to be published by the council each year.</p> <p>These disclosures have been required since 2020/21 but the council does not yet have processes in place to collate current year data, or information on the time spent on paid trade union activities, for publication in the annual accounts each year.</p> <p>Risk: The time and costs associated with staff involvement in trade union activity is not reported.</p>	<p>Management should put arrangements in place to ensure the required information is collated and disclosed in the remuneration report in the 2024/25 annual accounts.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: June 2025</p>	<p>Ongoing</p> <p>The Remuneration Report in the 2024/25 Annual Accounts includes most of the required information for 2024/25, however disclosure of 'time spent on paid trade union activities as a percentage of total paid facility time hours' was not available. We understand that the council continues to work with Trade Unions to put arrangements in place to identify and disclose this information for 2025/26.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>4. Council house completions</p> <p>Between 2021/22 to 2023/24 the council expected to complete 222 new properties but only 57 (26 per cent) of those were actually completed.</p> <p>Risk: This presents a risk to the council achieving its aim to “Build homes to meet community needs” and to the City Plan target to build 480 new homes across all tenures annually.</p>	<p>Management should review the project to increase the supply of council housing in the city to ensure it provides a realistic timetable for completions. Alongside this it should also look to identify ways to increase the number of new properties being completed each year.</p> <p>Responsible officer: Executive Director of Neighbourhood Services</p> <p>Agreed date: March 2025</p>	<p>Completed</p> <p>The Strategic Housing Investment Plan was reported to Committee on 28 October 2024 and a further update of the plan will be reported to committee on 27 October 2025 and subsequently shared with Scottish Government.</p> <p>In 2024/2025, there were 341 new affordable housing completions delivered in the city. The tender application for Blackness was approved at Committee on 23 June 2025 and has commenced with a clear programme.</p> <p>Progress on housing completions continue to be closely monitored and reported to members through the established performance management arrangements.</p>
<p>5. Clearance of internal audit reports</p> <p>We reported in our 2022/23 Annual Audit Report that services were often slow to respond to draft internal audit reports and we again noted delays in the issue of internal reports during 2023/24, including a protracted process for the clearance and issue of many reports.</p> <p>Risk: This presents a risk to the adequacy and effectiveness of the council’s framework of governance, risk management and control.</p>	<p>Management should look to streamline the process for clearing internal audit reports to ensure recommendations are agreed and actioned within an appropriate timescale.</p> <p>Responsible officer: Executive Director of Corporate Services</p> <p>Agreed date: March 2025</p>	<p>Ongoing</p> <p>The Chief Internal Auditor has indicated that whilst there is a good level of support from senior managers and that the situation has improved over the course of the year, there continues to be some delays in clearing some internal audit reports.</p>

Progress against previous Best Value findings and recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
<p>BV1. Alignment of Strategic Workforce Plan 2023-28 and service plans</p> <p>Each of the council's service plans links to the Council Plan and includes workforce planning actions. However, these are set out in different ways and in differing levels of detail in each service plan, so there is no consistent or direct read across between the action plan in the Strategic Workforce Plan 2023-28 and the workforce actions identified in the service plans.</p> <p>Risk: Workforce planning arrangements across services do not support the delivery of the Strategic Workforce Plan 2023-28, and the council's strategic priorities.</p>	<p>The council should review workforce planning arrangements across services to ensure these support the delivery of the Strategic Workforce Plan 2023-28, and the council's strategic priorities.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>	<p>Ongoing</p> <p>A review of existing workforce planning arrangements is in progress, with a revised Action Plan currently being developed. This will include an agreed format for Services to report on their Workforce Planning annually as part of their Service Plan updates, agreed impact measures, templates and additional processes as required, and a suite of training materials and resources for use by services that ensure a consistent approach.</p>
<p>BV2. Impact of greater use of digital technology</p> <p>The impact of the greater use of digital technology on the council's future workforce requirements is not yet fully considered and embedded within the Strategic Workforce Plan 2023-28 and service plans.</p> <p>Risk: Service plans do not accurately reflect the projected impact of the greater use of digital technology on the council's future workforce requirements.</p>	<p>The council should review service plans to ensure they reflect the projected impact of the greater use of digital technology on the council's future workforce requirements.</p> <p>Responsible officer: Head of Digital and Community Services</p> <p>Agreed date: September 2024</p>	<p>Closed</p> <p>This action is now included as part of the review of workforce planning arrangements at point BV1 above.</p>
<p>BV3. Establishment of Digital Leadership Board</p> <p>The Digital Leadership Board, responsible for leading on the delivery of the digital strategy, is still being set up.</p> <p>Risk: There is a lack of oversight, governance and direction for the delivery of the digital strategy.</p>	<p>The council should establish the Digital Leadership Board as a matter of priority to ensure there is appropriate oversight, governance and direction for the delivery of the digital strategy.</p> <p>Responsible officer: Head of Digital and Community Services</p> <p>Agreed date: September 2024</p>	<p>Completed</p> <p>Digital Leadership Board was established in October 2024. This is chaired by the Head of Digital Services and includes senior representatives from all services. The board reports directly to the council's Transformation Board.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
<p>BV4. Digital skills survey</p> <p>The council has not undertaken a digital skills survey since 2018.</p> <p>Risk: The council lacks up-to-date information to inform the development of its digital skills plan.</p>	<p>The council should complete a digital skills survey to assess the current digital capabilities of its workforce and to identify areas for additional training and development.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>	<p>Ongoing</p> <p>A Digital Skills audit process has been designed and developed. This is currently being piloted in People Services before being rolled out to all other services as a tool to identify digital skill development themes and actions.</p>
<p>BV5. Reliance on casual workers</p> <p>Over 7 per cent of the council's staff are employed as casual workers.</p> <p>Risk: The council's current reliance on casual workers may present business continuity risks for services.</p>	<p>The council needs to review its use of casual workers to ensure this does not present a business continuity risk for the organisation.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>	<p>Completed</p> <p>An Establishment Control Board was established in October 2024 to consider recruitment approval requests, as well as to scrutinise and support the implementation of the council's approach to organisational structure and design. Relief/casual usage will be monitored as part of this.</p>
<p>BV6. Joint working with partners</p> <p>The council has embraced joint workforce arrangements with other bodies in a range of areas. However, there may be further opportunities for the council to work with other partners to tackle shared workforce challenges in the future.</p> <p>Risk: The council may not be utilising its staff resources as efficiently and effectively as possible.</p>	<p>The council should look to identify further opportunities to work together with partners to tackle shared workforce challenges in the future.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>	<p>Completed</p> <p>This is now considered to be 'business as usual'. There are a number of examples of partnership working currently in place, particularly related to development and delivery of various training programmes with other public sector bodies.</p>
<p>BV7. Measuring the impact of workforce planning</p> <p>The council has still to develop smart measures and targets to monitor and report on progress against the Strategic Workforce Plan 2023-28.</p> <p>Risk: Workforce planning arrangements may not be supporting the delivery of the strategic priorities in within the Council Plan.</p>	<p>The council needs to develop smart measures and targets to monitor and report on progress against the Strategic Workforce Plan 2023-28. This should include reporting to elected members on the delivery of workforce priorities.</p> <p>Responsible officer: Head of People</p> <p>Agreed date: March 2025</p>	<p>Ongoing</p> <p>As part of the ongoing review of current workforce planning arrangements noted at point BV1 above, appropriate and relevant measures and guidance will be communicated to all services to enable them to understand the impact of their workforce plans. This will be reported via the Service Planning reporting process to committee.</p>

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practice: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Dundee City Council

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot