

Dumfries and Galloway Council

2024/25 Annual Audit Report



Prepared for Dumfries and Galloway Council and the Controller of Audit
November 2025

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Key messages

2024/25 annual accounts

- 1 Audit opinions on the annual accounts of the council and its group are unmodified. The accounts show a true and fair view of the council's financial position and are free from material misstatement.
- 2 All audit adjustments required to correct the financial statements were processed by the council.

Financial management

- 3 The council operated within budget in 2024/25 after achieving service savings of £1.953 million. Non-recurring funding of £1.8 million was provided to the Dumfries and Galloway Integration Joint Board to address the overspend on services delegated by the council. There was a £24.390 million net reduction in usable reserves to £93.009 million at March 2025.
- 4 The council has appropriate and effective financial management processes in place to manage budgets with regular budget monitoring reports provided to elected members to support scrutiny of the council's finances.
- 5 Capital expenditure in 2024/25 equated to 99 per cent of the revised capital programme budget, although there are delays in the delivery of a number of capital projects.

Financial sustainability

- 6 The council needs to take an innovative approach when considering how services will be delivered in the future. Delivery of the change and savings programme is key to this.
- 7 Alongside the 2025/26 budget, a three year budget for 2025/26 - 2027/28 was approved, as part of the ongoing development of a medium-term financial strategy. The financial plans are aligned to the Council Plan 2023-28
- 8 It is planned that £1.597 million of reserves will be used to balance the 2025/26 budget after delivery of agreed savings.
- 9 A public consultation exercise was carried out to inform the 2025/26 budget. Public consultation with key stakeholders is now taking place to inform the next budget for 2026/27 to 2028/29.

- 10** The council is providing additional support to the IJB to help it address its significant financial challenges. This includes investment of £0.477 million in a review of care provision across complex care services and weekly and monthly joint meetings at both senior officer and operational levels.

Vision, leadership and governance

- 11** Since April 2024 the council is structured across 4 directorates, Enabling and Customer Services; Economy and Infrastructure; Education, Skills and Community Wellbeing and Social Work Services. An interim review of the effectiveness of the revised arrangements was reported to the Council meeting in March 2025 with a further review planned to be reported to the Council in December 2025.
- 12** Effective governance and decision-making arrangements are in place in the council. Arrangements are in place to support inclusive elected member leadership, focused on the shared endeavour to serve the people of Dumfries and Galloway.
- 13** A review of the council's Internal Audit function is in progress.

Use of resources to improve outcomes

- 14** The council has an established performance management framework in place, with service performance being reported to elected members twice yearly.
- 15** The annual delivery plan sets out the actions planned to deliver the Council Plan strategic outcomes. A summary of progress against the Council Plan for 2024/25 was presented to members in March 2025. This shows the majority of actions are complete or on track.
- 16** The annual 2024/25 service performance reports similarly show that the council is on track to achieve many of its success measures targets contained within service plans.
- 17** Officers reported a detailed analysis of its own LGBF data for 2023/24 to elected members in October 2025. This analysis shows that in 2023/24, 61 per cent of national indicators are in the top two quartiles of councils compared to 56 per cent in 2022/23.

Best Value

- 18** The council's leadership demonstrate a collective commitment to continuous improvement. The pace of improvement needs to be sustained to demonstrate that the council's arrangements are effective in driving delivery of its strategic outcomes.

- 19** Since 2022 the council has embedded transformation and change within its Council Plan and service plans, to ensure focus on its objectives. Our Best Value audit work in this area identified that the council's arrangements effectively support this approach.
- 20** The council plans to deliver cumulative savings of £13.134 million between 2025/26 and 2027/28, which includes £7 million of targeted future change and savings programme options to be delivered by 2027/28. These targeted future change and savings options will be developed and agreed by elected members as part of the agreed timetable for the production of the annual budget for 2026/27 and beyond.
- 21** The council's approach when setting the budgets for 2025/26 to 2027/28 is similar to previous years, in that there is a planned limited use of reserves in each of the three years to allow the targeted future change and savings options to be developed and implemented with the intention of the council returning to financial balance by 2028/29.
- 22** The council has made good progress in implementing the recommendations in our prior year Best Value thematic work. Only one recommendation relating to workforce planning is still to be completed.

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 Dumfries and Galloway Council annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to Dumfries and Galloway Council hereafter referred to as 'the council' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Scope of the audit

3. 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, Whole of Government Accounts return, and summary financial statements.
- A review of the body's arrangements for preparing and publishing statutory performance information.
- Provision of this Annual Audit Report.

Appointed auditor and independence

4. Fiona Mitchell Knight, of Audit Scotland, has been appointed as external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Fiona Mitchell Knight as engagement lead and the audit team are independent of the body 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.

Auditor's responsibilities

5. 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 body's arrangements in place for the wider scope areas and Best Value.

6. 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 body from its responsibilities outlined below.

7. 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

8. 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 body 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.

Communication of fraud or suspected fraud

9. In line with ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), in presenting this report to the Governance and Scrutiny Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the council, we invite them to communicate this to the appointed auditor for consideration prior to the annual accounts being certified.

Acknowledgements

10. We would like to thank the body 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.

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 Audit, Risk 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 state that the annual accounts were free from material misstatement.

All audit adjustments required to correct the financial statements were processed by the council.

Audit opinions on the annual accounts of the council and its group are unmodified

12. The council and its group's annual accounts were approved by the Audit, Risk and Scrutiny Committee on 20 November 2025 and certified by the appointed auditor on 20 November 2025. The Independent Auditor's Report is included in the body's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

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

13. The unaudited annual accounts were received in line with our agreed audit timetable on 25 June 2025.

14. In 2024/25 we were unable to meet the target of concluding the audit and signing the accounts by 30 September. In July 2025 the Chief Operating Officer at Audit Scotland wrote to public sector audited bodies in Scotland to provide an update on the progress external auditors were making to recover the timeliness of the audits of annual accounts and the plans over the next few years to further improve and return to pre-pandemic timelines. The letter highlighted that Audit Scotland's aim is to move back to a position of delivering audits within the dates set out in the Audit Planning Guidance by the end of the end of the 2026/27 audits, i.e. by Autumn/Winter 2027.

Audit Fee

15. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £420,610. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Our audit testing reflected the revised materiality levels

16. 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.

17. 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.

18. 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

Materiality values for the council and its group

Materiality level	Council	Group
Materiality – set at 2% of gross expenditure (less IJB contributions)	£12.528 million	£12.559 million
Performance materiality – set at 65% 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.	£8.142 million	£8.163 million
Reporting threshold – set at 4% of materiality.	£0.500 million	£0.500 million

Source: Audit Scotland

Significant findings and key audit matters to report on our audit of the accounts

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

20. 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.

21. 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.

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

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p>Pension balances</p> <p>The defined benefit pension schemes disclosures in the council’s annual accounts are taken from a report provided by the council’s actuary as required by International Accounting Standard (IAS) 19 – Employee Benefits. The IAS 19 report used to populate the council’s 2024/25 unaudited annual accounts did not include the actual results for Quarter 4 of 2024/25 but included estimates for Quarter 4 instead. This was due to timing of the availability of the information. However, due to the variance between the actual and estimated Quarter 4 results, officers obtained a revised IAS 19 report from the actuary. This has resulted in the pension disclosures in Note 27 of the accounts being adjusted by £2.123 million. There is no impact on the pension asset or liability disclosed in the Balance Sheet.</p>	<p>For information only. Officers have updated the annual accounts accordingly.</p>

Significant findings and key audit matters	Outcome
<p>IFRS 16 - Leases</p> <p>As highlighted in Exhibit 3, From 1 April 2024, a new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 changes the way in which the council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases. Due to the complex nature of this accounting standard, the council employed an external consultant to provide leasing advice and also procured a system (LS2) used by many local authorities to record all leases and calculate the accounting disclosures.</p> <p>IFRS 16 introduced a new 'Right of Use' asset class to the Balance Sheet and recognises the corresponding lease liability. This applies to all leases - property, land, vehicles, plant and equipment. This also impacted upon the council's school service concession arrangements (PPP and DBFM).</p> <p>The unaudited accounts included a balance in respect of Right of Use assets with a net book value of £8.532 million which was provided by the external consultant. A number of leases were not calculating correctly on the system, therefore finance officers carried out a detailed review that identified the net book value of these Right of Use assets needed to be reduced by £1.777 million. The corresponding lease liability was reduced by £2.169 million.</p>	<p>For information only. Officers have updated the annual accounts accordingly.</p>

Significant findings and key audit matters	Outcome
<p>Group accounts</p> <p>The council’s accounts include group accounts which disclose a subsidiary (SWestrans). The unaudited group accounts included the unaudited 2024/25 SWestrans accounts which, after being audited, were updated to make a current and prior year adjustment following review of leasing arrangements under IFRS16. In previous years, SWestrans accounted buses leased to private bus operators as specific route tenders as operating leases and after detailed discussions between the audit team and finance officers with reference to relevant accounting guidance, it was agreed that buses should be accounted for as finance leases.</p> <p>The main impact of the adjustment was to reduce the value of the non current assets disclosed in the Balance Sheet within the unaudited 2024/25 SWestrans accounts from £1.847 million to nil, which in turn reduced the Net Assets and Total Reserves in the Balance Sheet by the same amount to nil. The surplus reported in the Comprehensive Income and Expenditure Statement for 2024/25 also reduced from £0.825 million to nil.</p> <p>This adjustment had a similar impact on the group accounts included in the council’s accounts.</p>	<p>For information only. Officers have updated the annual accounts accordingly.</p>

Source: Audit Scotland

Identified misstatements above our reporting threshold were adjusted in the accounts

23. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit that were greater than the reporting threshold of £0.500 million. Management of the body processed audit adjustments for all misstatements identified greater than the reporting threshold and these are detailed in [Exhibit 2](#). As a result, there are no uncorrected misstatements to report. The correction of these misstatements had the effect of decreasing the council only total comprehensive income and expenditure in the financial statements by £0.391 million and increasing net assets by the same amount. These

corrections also affected the group accounts and had the effect of increasing the group total comprehensive income and expenditure in the financial statements by £0.435 million and decreasing net assets by £1.456 million.

Qualitative aspects of accounting practices

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

Accounting policies

25. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, 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

26. Accounting estimates are used in number of areas in the body's financial statements, including the valuation of land and buildings assets and the valuation of the pension asset and liability. Audit work considered the process management of the body 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.

27. 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 3](#) overleaf.

Disclosures in the financial statements

28. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as financial instruments and valuation of the pension asset and liability.

Our work responded to the significant risks of material misstatement we identified in the Annual Audit Plan

29. 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 3](#) overleaf.

Exhibit 3

Significant risks of material misstatement in 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 	<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. • No significant issues were identified from our cut-off

Risk of material misstatement	Planned audit response	Outcome of audit work
	<p>these for evidence of management bias.</p> <ul style="list-style-type: none"> • Carry out substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Perform focussed testing of accruals and prepayments. 	<p>sample testing around the year-end.</p> <ul style="list-style-type: none"> • No significant issues were identified from our accruals and prepayments testing. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>Dumfries and Galloway Council held £838.7 million of property, plant, and equipment (PPE) at 31 March 2024, of which £634.8 million was land and building assets.</p> <p>Dumfries and Galloway Council is required to value land and building 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>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 	<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 are involved in the valuation process and have an appropriate level of oversight. • 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 was reasonable and concluded there was unlikely to be a material difference to the current value at the year-end. <p>Conclusion: the valuation of PPE is not materially misstated.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
	the year-end, and challenge this where required.	
<p>Accounting for IFRS 16</p> <p>From 1 April 2024, a new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the Balance Sheet and recognises the corresponding lease liability. This applies to all leases - property, land, vehicles, plant and equipment. This will also impact on the council's school service concession arrangements (PPP and DBFM).</p> <p>IFRS 16 will change the way in which the council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases.</p> <p>IFRS 16 is a complex accounting standard, and the council has awarded MUFG the contract for the procurement of leasing system and advice.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over the change in accounting policy. • Assess whether service concession arrangements have been accounted for in accordance with the requirements of IFRS 16. • Test the IFRS 16 transitional accounting adjustments and confirm these are accurate and comply with the financial reporting framework. • Review the information provided to management's expert (MUFG) and assess this for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of management's expert. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over the change in accounting policy were appropriate. • Service concession arrangements have been accounted for in accordance with the requirements of IFRS 16. • IFRS 16 transitional accounting adjustments are accurate and comply with the financial reporting framework. • The information provided to management's expert (MUFG) was complete and accurate. • Management's expert had sufficient competence, capability, and objectivity to perform their work. <p>Conclusion: IFRS 16 has been accounted for properly.</p>

Source: Audit Scotland

Group audit

30. The body is part of a group and prepares group financial statements. The group is made up of three components, including the body 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 4](#).

Exhibit 4

Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
Dumfries and Galloway Council	Audit Scotland Fully scope audit of the council's annual accounts.	The outcome of audit work performed is reported within this Annual Audit Report.
SWestrans	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.
Dumfries and Galloway Integration Joint Board	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.

Source: Audit Scotland

Whole of Government Accounts (WGA) return

31. The body is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. The council was below this threshold and therefore only limited audit procedures were required, and submission of an assurance statement to the NAO will take place in due course.

Audit of the trusts registered as Scottish charities

32. The 2006 Regulations require charities to prepare Annual Accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a

council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

33. Dumfries and Galloway Council administered six such registered charities, disclosed in a single set of annual accounts (Nithsdale Connected Trust Funds), with total assets of £20,050 at 31 March 2024. This is in accordance with the connected charities rules. The preparation and audit of annual accounts of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

34. In our 2023/24 Annual Audit Report, we highlighted that the trustees of the Nithsdale Connected Trust Funds agreed to release the funds/investments to the Sanquhar Enterprise Company (a registered charity) with the transfer being legally executed in January 2024. The council contacted Office of the Scottish Charity Regulator (OSCR), who confirmed that accounts for the year 2023/24 were not required subject to the completion of a winding up application and evidence of the transfer being provided by 31 December 2024. However, officers advised us during 2024/25 that the winding up application was not completed by the deadline set by OSCR due to delays in the transfer of two sets of shares. As a result, the council was required to produce a set of accounts for the trusts for 2023/24 which we were required to audit alongside our 2024/25 audit work on the council. The 2023/24 accounts for the trusts were certified on 21 April 2025. The winding up application for the Nithsdale Connected Trust Funds was submitted to OSCR during 2025 and therefore accounts for 2024/25 will not be required.

Some progress has been made on implementing prior year audit recommendations

35. The council has made some progress in implementing the agreed prior year audit recommendation. A revised response and timescale have been provided by the council and are outlined in [Appendix 1](#).

Financial management

Conclusion

The council operated within budget in 2024/25 after achieving service savings of £1.953 million. Non-recurring funding of £1.8 million was provided to the Dumfries and Galloway Integration Joint Board to address the overspend on services delegated by the council. There was a £24.390 million net reduction in usable reserves to £93.009 million at March 2025.

The council has appropriate and effective financial management processes in place to manage budgets with regular budget monitoring reports provided to elected members to support scrutiny of the council's finances.

Capital expenditure in 2024/25 equated to 99 per cent of the revised capital programme budget, although there are delays in the delivery of a number of capital projects. An asset management plan is due to be approved in November 2025

Controls within the main financial systems were operating effectively while standards for the prevention and detection of fraud remain appropriate.

There are well-established budget monitoring and reporting processes in place

36. The council has effective budgetary and financial management processes in place that allow members to carry out effective scrutiny of its finances. This is supported by an experienced finance team.

37. From 1 April 2024, the Enabling and Customer Services Committee became responsible for providing scrutiny, challenge and assurances on all aspects of finance, procurement and transformation. The committee receives detailed financial reports, which are accompanied by an overview and presentation from the Chief Financial Officer. Service committees also receive relevant financial monitoring reports.

The council operated within budget in 2024/25 after achieving service savings of £1.953 million. Non-recurring funding of £1.8 million was provided to the Dumfries and

Galloway Integration Joint Board to address the overspend on services delegated by the council

38. Following achievement of service efficiencies, the council reported a net underspend of £0.446 million against service budgets. A net corporate surplus of £0.081 million was transferred to reserves at the end of 2024/25. This was achieved after the council made a non-recoverable additional payment of £1.8 million the Dumfries and Galloway Integrated Joint Board (IJB) which had significantly exceeded their budgeted resources.

39. The council's 2024/25 agreed budget included savings totalling £3.211 million to be delivered through the change and savings programme. Savings were achieved totalling £1.953 million, 61 per cent of the target. The savings shortfall was reduced by the application of £0.800 million of budget pressure/consequential funding (agreed by the Enabling and Customer Services Committee in February 2025). The remaining shortfall of £0.458 million is being met from the Change Fund in 2024/25. Delivery of agreed savings has proved more challenging in 2024/25 and it is recognised that delivering increasing savings requirements over upcoming years will require significant focus.

There was a £24.390 million net reduction in usable reserves

40. One of the key measures of the financial health of a council is the level of reserves held. In 2024/25 there was a net decrease of £24.390 million in the council's usable reserves, total reserves are now £93.009 million ([Exhibit 5](#)). General fund reserves decreased by £12.964 million (to £60.656 million) in line with the agreed budget plans, to support investment in roads, cost of living/tackling poverty measures, schools digital strategy/desktop technology and affordable housing initiatives. The capital fund decreased by £10.921 million, £14.853 million required to fund new capital investment in 2024/25 was offset by £3.4 million generated from reductions to borrowing costs and the final loan charge underspend/interest on balances of £0.5 million which was transferred from the general fund to the capital fund.

Exhibit 5 Dumfries and Galloway Council - usable reserves

Reserve	31 March 2023 £ million	31 March 2024 £ million	31 March 2025 £ million
General fund	£86.370	£73.620	£60.656
Capital fund	£8.183	£38.853	£27.932

Insurance fund	£3.629	£3.249	£3.393
Repairs and renewals fund	£2.975	£1.677	£0.480
Capital Grants & Receipts Unapplied	-	-	£0.548
Total usable reserves	£101.157	£117.399	£93.009

Source: Dumfries and Galloway Council Annual Accounts 2022/23 to 2024/25

41. The general fund reserve of £60.656 million includes an unallocated balance of £9.650 million, which represents 2 per cent of annual planned spending. Management considers that this level of reserve reflects a suitable contingency to contribute towards any unanticipated pressures and is consistent with the council's approved policy of maintaining unallocated reserves of at least 2 per cent of annual planned net expenditure to meet the potential cost of unforeseen liabilities.

Capital expenditure in 2024/25 equated to 99 per cent of the revised capital programme budget, although there are delays in the delivery of a number of capital projects

42. The June 2025 Capital Investment Strategy Final Outturn 2024/25 report to the Enabling and Customer Services Committee (ECSC) reported that total capital expenditure for the year was £70.789 million against a capital programme budget of £71.195 million, representing 99 per cent utilisation. The report highlights the challenges associated with delivering an ambitious capital programme including supply chain issues which continue to contribute to slippage in some areas. Delays are reported on some projects for example the Zero Waste Park works, and Dumfries Academy works starting later than planned. These were compensated for through the acceleration of the Dumfries High School project, approved by the ECSC in February 2025.

An asset management plan is due to be approved in November 2025

43. In 2022/23 we recommended that an asset management strategy should be put in place to demonstrate the right assets are in place to support delivery of services in line with priorities and support the council's capital plans. The council was progressing this and officers intended having a final AMP for approval by elected members in January 2025. However, due to management changes within Property Services and other priorities some of the information in the draft AMP had become outdated, so a review was undertaken through the Summer of 2025 and the updated AMP is due to be presented to the Economy and Infrastructure Committee on 4 November 2025 for approval.

Financial systems of internal control operated effectively

44. As part of our audit, we develop an understanding of the council's control environment in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that Dumfries and Galloway Council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements. Our audit is not controls based and we have not placed reliance on controls operating effectively as our audit is fully substantive in nature. Although we identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our 2024/25 Annual Audit Plan, we did identify the following minor controls issue that we recommend is addressed by the council:

- Journal processing – the council's financial code in this area requires that when entering manual journals in the financial ledger, specific information must be recorded. Each journal must include details of the officer who requested journal to be processed, the budget holder authorising journal or finance officer (this should be a different individual to the officer requesting the journal) and the officer who entered the journal into the financial ledger. We identified that this was not always the case officers should ensure that when processing journals, authorisation details are accurately recorded in the financial ledger system to ensure a complete audit trail.

No service auditor reports are provided to Dumfries and Galloway Council in respect of its cloud hosted financial systems

45. The key financial systems of Dumfries and Galloway Council are externally cloud hosted by third party providers. The council does not receive service auditor reports to obtain assurance over IT controls for these systems. Although an assurance gap exists, there have been no issues around service performance or availability of information to support the preparation of the financial statements of the council.

Internal audit provided a reasonable level of assurance over the council's internal control system, governance and risk management arrangements during 2024/25

46. The internal audit service, in any organisation, is an important element of internal control. It provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud. A review of the Internal Audit Function is in progress and due to be completed by December 2025.

47. Internal audit's controls assurance statement was presented to the June 2025 Audit, Risk and Scrutiny Committee meeting, as part of the

Annual Governance Statement included within the 2024/25 Annual Accounts. Internal audit's opinion is that sound systems of governance and internal control exist in most areas of the council. There were however a small number of exceptions where significant weaknesses were found. This reflects the risk-based approach to the Internal Audit Plan and the focus on identified areas of risk in the council. In all areas where significant issues were identified as a result of internal audit work appropriate action is being taken to secure improvement.

The council has in place appropriate arrangements for the prevention and detection of fraud and corruption. The council proactively investigate and report the outcomes of NFI activity

48. The council has a range of established procedures for preventing and detecting fraud and irregularity including a corporate anti-fraud and anti-corruption policy statement and strategy and codes of conduct for members and officers.

49. The council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. NFI data matches were issued to the council in January 2025 as part of the NFI exercise for 2024/25. Internal Audit took on responsibility for investigating matches and reporting the outcomes of NFI activity to elected members from November 2023.

50. The Interim Internal Audit Manager presented a report to the Audit, Risk and Scrutiny Committee in September 2025 which provided an update on the outcomes from the investigation of NFI matches.

51. The approach taken by the council is to follow-up matches within one month of receipt of matches where there is a high risk of an on-going payment. Other matches are followed up but this is dependent upon the operational requirements of the service in question. Each match has a risk score and all matches with a score of 75 per cent or higher have been followed up.

Financial sustainability

Conclusion

Alongside the 2025/26 budget, a three year budget for 2025/26 - 2027/28 was approved, as part of the ongoing development of a medium-term financial strategy. The financial plans are aligned to the Council Plan 2023-28

It is planned that £1.597 million of reserves will be used to balance the 2025/26 budget after delivery of agreed savings.

A public consultation exercise was carried out to inform the 2025/26 budgets. Public consultation with key stakeholders is now taking place to inform the next budget for 2026/27 to 2028/29

The council needs to take an innovative approach when considering how services will be delivered in the future. Delivery of the change and savings programme is key to this.

The council is providing additional support to the IJB to address its financial challenges. This includes investment of £0.477 million in the review of care provision across complex care services.

Alongside the 2025/26 budget, a three year budget for 2025/26 - 2027/28 was approved. It is planned that £1.597 million of reserves will be used to balance the 2025/26 budget after delivery of agreed savings

52. A cross-party budget panel is in place to allow panel members to contribute and provide opportunities to develop strategic thinking in relation to the council's medium term financial strategy, alignment with the Council Plan and development of the council budget each year. This is a positive development in the way in which the council is developing its financial planning to promote decisions being taken which align with the priorities of the council.

53. On 27 February 2025, the Council approved a balanced revenue budget for 2025/26 and indicative budgets for 2026/27 and 2027/28. The revenue budgets are aligned to Council Plan priorities and structured across its four services. The Council agreed a Council Tax increase of 9

per cent for 2025/26 and indicative Council Tax increases for 2026/27 and 2027/28 of 7 per cent and 6 per cent respectively.

54. Budget gaps were reported of £11.799 million for 2025/26 (after deduction of £0.675 million of previously agreed change and savings programme options but before additional savings measures), with a cumulative funding gap of £34.324 million by 2027/28.

55. The budget highlighted that the cumulative savings available through previously agreed savings (including non-domestic property relief) and additional agreed savings options are £3.512 million for 2025/26 (£2.837 million plus £0.675 million of previously agreed savings) These savings options would increase to £8.263 million for 2026/27 and £13.134 million for 2027/28. It is planned that £1.597 million of council balances will need to be used to address the remaining funding gap after additional savings measures (see [Exhibit 6](#)).

Exhibit 6

Financial Strategy – Funding Gap 2025/26 - 2027/28 (Cumulative)

Scenario	2025/26 £'million	2026/27 £'million	2027/28 £'million
Cumulative Funding Gap	11.799	22.449	34.324
Agreed Measures to Address the Funding Gap:			
• Previously agreed savings (inc. NDR relief)	-	(0.675)	(0.675)
• Additional agreed change and savings options	(2.837)	(4.088)	(5.459)
• Targeted future change and savings	-	(3.500)	(7.000)
• Council Tax/Income increases	(7.365)	(13.520)	(19.495)
Funding Gap to be Met from Council Balances	1.597	0.666	1.695

Source: Local Government Finance Settlement 2025/26 and the Impact on the Financial Strategy (February 2025) and Revenue Budget 2025/26 – 2027/28 (February 2025)

56. The 2025/26 annual delivery plan for the Council Plan based on the strategic commitments, programmes and projects reflected in the Council Plan, is linked to the agreed capital and revenue resources reflected in the agreed budget. The service plans then show how the services focus on delivery of the council priorities and outcomes with reference to the annual budget for each of the services. The annual delivery for the Council Plan for 2025/26 was agreed by Council in March 2025. The 2025/26 service plans were presented to the relevant service committees from April to June 2025.

A public consultation exercise was carried out to inform the 2025/26 budget

57. • The council carried out an online public budget consultation exercise for the 2025/26 budget and beyond with stakeholders (citizens, employees, customers and partners) from October to December 2024. The consultation set out a number of savings options and income generation proposals on which it sought the public's opinion. A series of community conversations were held in addition to the online budget consultation exercise.

58. The results from the consultation exercise for the 2025/26 budget and beyond were reported to the Council on 12 December 2024. The savings options and income generation proposals were shown under five themes:

- Sustained focus of resources on our Council Plan Priorities outcomes
- Modernise how we deliver some services to meet our outcomes
- Maximise use of fewer assets, working with and within communities
- Develop a smaller more flexibly skilled workforce for the future
- Maximise our income and underpinning fairness through targeted concessions

59. The report highlights that the ten options that received the most support across all five themes included, reduce council management and other staff-related costs, remove remaining in-house commercial catering provision within leisure centres, increased income generation options – marriages and civil partnerships, and third-party legal charges and reduce the school estate – Option 1.

60. The ten options that received the least or no support across all five themes included, reduce Additional Support for Learning (ASL) teachers and reconfigure service, reduce number of Household Waste Recycling Centres (HWRCs), implement 3-weekly collection of residual waste, end policy investment funding supporting tackling poverty and inequality measures and reduce the leisure facility estate and review opening times. Feedback from citizens, employees, customers and partners was published on the dedicated page on the council's website.

61. As part of the 2025/26 budget setting process, the council introduced a three stage Impact Assessment Process to give due consideration to the level of impact each savings option would have on the nine protected characteristic groups and other groups the council consider relevant. This includes Human Rights, Children's Rights, Care Experienced Young People, BSL Users, Armed Forces and Veterans, Health and Wellbeing and Health Inequalities, Poverty, Economic and Social Sustainability,

Consumer Duty and Environmental Sustainability, Climate Change and Energy Management.

62. Political groups had the opportunity to consider the detailed feedback of the budget consultation to develop their budget proposals for 2025/26 and beyond. Officers considered the feedback to ensure any specific operational comments were addressed.

Delivery of the change and savings programme is key to supporting the council's financial sustainability

63. The council's arrangements for budgeting and financial planning for the medium term demonstrate a sound understanding of financial planning and risk awareness which has been incorporated into financial plans. The council has a good track record of delivering savings targets in the past but in 2024/25 targeted savings were not delivered from developing change options and delays associated with the implementation of digital service redesign.

64. Going forward, the change and savings programme options include achieving targeted savings from developing change and savings options (£3.5 million in 2026/27 and £7 million in 2027/28), designed to deliver new service models within reduced resources. Savings Options highlight that workforce changes are required with fewer but more multi-skilled staff required. Many staff will have to be supported and retrained to transfer into new or in demand roles.

Public consultation with key stakeholders is now taking place to inform the next budget for 2026/27 to 2028/29

65. A report was presented to the Council meeting on 26 June 2025 setting out the budget process and timetable for the three-year period 2026/27 to 2028/29. As part of this process, the council will carry out a public consultation exercise with key stakeholders including citizens, customers, employees and partners, especially those experiencing poverty and inequality, on the council's three-year change and savings options that have been developed by officers from October to November 2025. The report highlights that all savings options are to be of a scale to ensure that these are sufficient to meet the projected funding gap over the next two financial years.

The council is providing additional support to the IJB to address its financial challenges from 2025/26 onwards

66. As highlighted in the Financial Management section, the council made an additional payment of £1.8 million to the IJB in 2024/25 to cover the overspend in relation to services delegated from the council to the IJB.

67. A report to the September 2025 ECSC meeting highlights the IJB's financial challenges from 2025/26 onwards and setting out the opportunities for the council to provide support to the IJB. There is a 2025/26 projected deficit (before savings) of £56.1 million of which

£12.5 million relates to services delegated by the council to the IJB. In recognition of this, the ECSC agreed on 17 June 2025 to an urgent review to identify support the council can provide to the IJB to minimise cuts to frontline adult social care services during 2025/26.

68. The September 2025 report to the ECSC sets out three main areas of direct council support to assist the IJB:

- the provision of non-recurring spend to save funding to support service change and cost reduction measures
- greater direct involvement of senior council officers in providing support to the IJB, their Interim Chief Officer, Interim Chief Financial Officer and their wider management team in the identification, development and progression of the required changes
- enhanced levels of council committee reporting and engagement with Council members in relation to IJB financial monitoring and progress on the service change and cost reduction measures that require to be progressed.

69. The report also notes that the focus of current support is based on the need for a clear change and savings plan that sets out how the IJB will return to containing of spending within agreed delegated budget levels on a sustainable basis and that scope for additional council funding, beyond spend to save initiatives, to address IJB pressures is very limited.

70. In terms of greater direct involvement of senior council officers providing support to the IJB, this includes the following measures:

- monthly IJB roundtable meetings which are chaired by the council's Chief Executive and include the IJB Interim Chief Officer and the Chief Social Work Officer along with other senior council and NHS staff which will monitor the progress of the savings being delivered
- revised arrangements where there is an IJB Chief Financial Officer dedicated specifically to the IJB itself rather than it being a joint role with the NHS Dumfries and Galloway Director of Finance. An appointment has been made to this post on an interim basis at this stage and both council and NHS officers are working closely with this officer to support the progression of the measures required
- weekly operational meetings between the Interim IJB Chief Officer (Savings Programme Lead) and General Managers, Senior Social Workers and the council's Finance & Information Manager
- further weekly finance meetings between the IJB's Interim Chief Officer, the Interim Chief Financial Officer, the Social Work Finance and Information Manager and the council's IJB Finance Officer

- weekly updates provided to the council's Chief Executive from the IJB Interim Chief Officer.

71. In relation to enhanced levels of council committee reporting and engagement with Council members, this will be done primarily through quarterly monitoring/progress reports to the council's Social Work Services Committee. The first quarterly IJB budget monitoring report for 2025/26 was presented to the Social Work Services Committee on 28 August 2025. The report shows that, at the end of Quarter 1 the projected deficit of the adult social care services delegated by the council to the IJB is £6.650 million, in relation to the funding provided by the council of £117.930 million. The report also provides details of the savings identified (£5.340 million) and delivered (£0.8 million) in Quarter 1

72. In addition, corporate financial monitoring reports to the ECSC will continue to include monitoring of council services delegated to the IJB. A separate report to the September 2025 ECSC meeting highlights that direct care provision accounts for £11.2 million of the £12.5 million projected 2025/26 overspend on services delegated by the council to the IJB. Initial reviews by officers indicated opportunities for significant savings to be achieved through undertaking a detailed review of all care packages. The report proposes spend to save, resources to support the reviews as follows:

- appointing 5 additional Social Workers for a period of 18 months at a cost of £0.447 million (£0.298 million per annum for 18 months).
- the target savings from the review are £7.2 million per annum (19 per cent of the current projected cost of complex care packages of £37.5 Million) on a recurring basis.

73. As the IJB has no remaining unallocated reserves available in 2025/26 to fund this proposal, the ECSC approved the report recommendation to allocate funding of £0.447 million from the council's Change Fund to support investment in the review of care provision across complex care services.

A ten-year capital investment strategy is in place and the council is in the process of finalising an asset management plan

74. The council has a ten-year capital investment strategy which is updated annually. The strategy was developed to reflect the council's strategic priorities and is effectively linked to its treasury management strategy and future costs of borrowing.

75. The February 2025 ECSC meeting also considered the updated capital investment strategy budget for the period 2025/26 to 2034/35. Significant projects within the capital investment strategy over the ten year period include the Dumfries High School replacement, Dumfries Academy refurbishment/Loreburn Primary relocation, Whitesands flood protection

and Newton Stewart Flood Protection Scheme. The report highlighted the following requests for additional investment:

- Dumfries Academy/Loreburn Primary – the project is still in the design phase and the final costs will not be known until late 2025. In the meantime, it has been identified that the current estimated total project costs exceed the original approved budget by £10 million (This was subsequently added to the capital investment strategy budget for 2025/26 to 2034/35 as part of budget setting meeting of the Council on 27 February 2025).
- Whitesands/Newton Stewart Flood Protection Schemes – both of these projects have been in development for some time and the costs and timescales currently reflected in the Capital Investment Strategy are outdated. Whitesands is currently in the detailed design phase and it is hoped that final pre-tender estimates will be available late 2025. Newton Stewart Flood Protection Scheme is currently going through a Local Hearing which means depending on the outcome, it will be at least 2026/27 before detailed design and further cost accuracy can be obtained. The report recommended that the council should retain suitable flexibility to ensure that the council's 20 per cent contribution to these projects can be added when final cost estimates are known.

Vision, leadership and governance

Conclusion

Since April 2024 the council is structured across 4 directorates, Enabling and Customer Services; Economy and Infrastructure; Education, Skills and Community Wellbeing and Social Work Services. An interim review of the effectiveness of the revised arrangements was reported to the Council meeting in March 2025 with a further review planned to be reported to the Council in December 2025.

Arrangements are in place to support inclusive elected member leadership, focused on the shared endeavour to serve the people of Dumfries and Galloway.

Effective governance and decision-making arrangements are in place in the council.

A review of the council's Internal Audit function is in progress.

The council's new senior leadership arrangements became effective on 1 April 2024 and an interim review of the arrangements was reported to the Council meeting in March 2025

76. In October 2023 the Council agreed proposals for the council's future senior leadership arrangements. The new structure was implemented on 1 April 2024.

77. The new leadership structure is organised across four directorates, Enabling and Customer Services; Economy and Infrastructure; Education, Skills and Community Wellbeing and Social Work Services. During 2023/24 the council had a total of 15 Chief Officers (including the Chief Executive and directors) across all directorates and under the new leadership structure there is a total of 16 Chief Officers, with the creation of the new Head of Children, Families and Justice Services post. The effectiveness of the new arrangements will be reviewed by the Council 18 months after implementation.

78. A report from the Chief Executive was presented to the Council meeting on 27 March 2025 providing members with an interim evaluation of the effectiveness of the revised chief officer structural arrangements. The report asked members to note:

- the development of a framework to support the evaluation of the effectiveness of the revised structure arrangements
- consider an interim update on the revised structural arrangements using that framework
- consider the further planned steps to support the progress on the effectiveness of the revised Chief Officer arrangements
- as previously agreed, that a further report on the effectiveness of the revised structure arrangements, 18 months from the launch of the new structure, will be presented by the Chief Executive at the Council meeting in December 2025.

The Chief Financial Officer is a member of the Senior Leadership Team

79. It is good practice that the Section 95 (s95) Officer in a council reports directly to the Chief Executive and is a member of the leadership team. From 1 April 2024, the s95 officer is known as the Chief Financial Officer to reflect the importance of the role and its status. The Chief Financial Officer sits within the Enabling and Customer Services Directorate of the council and reports to the Executive Director Enabling and Customer Services rather than the Chief Executive. He is a member of the council's Senior Leadership Team (SLT) who meet weekly and are responsible for the strategic oversight of the organisation in support of the Chief Executive, who chairs the SLT.

80. In addition, the Chief Financial Officer as s95 officer has accountability, and as a statutory officer, reports to the Chief Executive through regular (monthly) statutory officer meetings. The s95 officer also provides advice to all members directly. Reports authorised by the s95 officer are brought direct to the relevant committees and advice issued directly by him to members in relation to his responsibilities.

Effective governance and decision-making arrangements are in place at the council

81. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded together with the monitoring of the adequacy and effectiveness of these arrangements.

82. The council's Audit, Risk and Scrutiny Committee is an important aspect of its overall governance arrangements. One of the Committee's key responsibilities is to have oversight of the development of the annual

governance statement which is informed by annual council officers' self-assessment against the council's corporate governance framework.

83. The council has a local code of corporate governance. The local code follows the seven principles set out in the CIPFA /SOLACE Delivering Good Governance in Local Government: Framework 2016 and the annual governance statement sets out how the council demonstrates compliance with the seven principles. A review of the council's local code of corporate governance was completed and a revised code agreed in January 2025.

84. Arrangements are in place to support inclusive elected member leadership, focused on the shared endeavour to serve the people of Dumfries and Galloway. The council operates inclusive leadership arrangements which include a Leaders Panel, Budget Panel and a Business Bureau. During the debate on the council's 2024/25 budget on 27 February 2024, the Council agreed that, reflecting concerns around the political budget process, a review of the inclusive leadership should be conducted by members of each forum.

85. The review was reported to the June 2024 Council meeting after consultation with the forums. It highlights that the inclusive political leadership model established within the council, and the positive investment in closer member officer working, provides for the following working principles:

- Recognition that all members will not agree on everything but will focus on the shared endeavour to serve the people of Dumfries and Galloway well.
- All participants agree to contribute in a constructive and collaborative manner. The Chair shall regulate the conduct of business at meetings and shall ensure that all members receive a fair hearing.
- Member and officer attendees' sensitivity and discretion is essential – the meeting Chair will make clear any information that is confidential and not for wider dissemination and when it is not appropriate for officers to be present.
- None of these forums are decision-making – any decisions are made by the relevant Committees in line with the Scheme of Administration and Delegation to Committees.
- Administrative support is provided to support the efficient and effective co-ordination of meeting dates, papers and attendance.

A review of the council's Internal Audit function is in progress

86. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that audit functions must have robust quality assurance and improvement processes in place. The standards state that Internal Audit functions should be externally assessed at least every 5 years to demonstrate that they are meeting the requirements PSIAS.

87. Midlothian Council's Internal Audit Service reported on the latest external assessment of Internal Audit in Dumfries and Galloway Council in June 2024. The report concluded that the council's Internal Audit function generally complied with five areas of the PSIAS and partially complied in the remaining nine areas. The report contained nineteen recommendations for improvement. The Interim Internal Audit Manager, who has been in post since 2023, and senior management agreed to address the recommendations for improvement and progress on the action being taken is to be reported to the Audit, Risk and Scrutiny Committee on a regular basis. The Internal Audit Annual Assurance Report for 2024/25 was presented to the Audit, Risk and Scrutiny Committee in June 2025. This highlighted that the Interim Internal Audit Manager had undertaken a self-assessment of compliance with the PSIAS during 2024/25 that had suggested general compliance with the standards.

88. In our 2023/24 Annual Audit Report we recommended that the Council Management Team (CMT) should ensure that the Interim Internal Audit Manager is supported and has sufficient resources to meet the requirements of the Public Sector Internal Audit Standards. It was agreed that a review of the Internal Audit function would be carried out by 1 April 2025. The review is currently in progress, considering the needs of the council in terms of the Internal Audit function and the appropriate resourcing to meet those needs. Consultation will then take place with staff on any proposed changes to how the internal audit function is delivered. A revised date for reporting the results of the review is the end of December 2025.

Cyber security arrangements are reviewed regularly by the Audit, Risk and Scrutiny Committee but plans need to be tested

89. The council recognises cyber security in its corporate risk register (as information management), this is reviewed regularly by the Audit, Risk and Scrutiny Committee. A number of controls are in place in relation to addressing this risk. The council uses the services of a security partner, who provides a number of services in relation to cyber security, and the prevention and response to incidents.

90. On 16 April 2024, a report was presented to the Audit, Risk and Scrutiny Committee meeting to provide elected members with an opportunity to consider the council-wide risk relating to information management in more detail.

91. The report highlighted that a Data Protection Incident Contingency Plan has been developed to ensure a plan is in place that gives an appropriate response to be followed should a large-scale data breach occur. An exercise to test the robustness of the plan is still to be carried out and this exercise is currently being developed with colleagues. Following this exercise, the plan, will be communicated to all council staff and a Communications Plan developed.

92. In addition, the report notes that analysis is taking place to identify where data breaches are regularly occurring and at what level of the organisation. Following this analysis, all training requirements will be

identified. Any lessons learned will be communicated to all staff. The report also set outs a number of controls that are already in place in relation to the information management risk, as well as the planned actions to further mitigate this risk.

93. Members noted the existing measures in place and planned actions to manage the council's information management risk and agreed that these are sufficient.

94. The council has a Business Technology Solutions (BTS) Service Continuity Plan (October 2022) and a Business Continuity for Key Infrastructure and Disaster Recovery Plan (September 2022) in place, and these cover cyber incidents when or if they occur. These are supported by individual service business continuity plans which give regard to the impact of interruption to the council's main ICT infrastructure and actions to mitigate this, as well as other service business continuity areas. However, we identified that these plans have not been tested since 2019.

95. During 2025, the council experienced a power failure that impacted the data centre, requiring a coordinated ICT and Digital Services response that tested elements of its continuity and recovery plans to successfully restore services. In partnership with Resilience and Property, Estates and Programmes colleagues, officers ensured that the emergency generator and UPS power was fully tested under load conditions to support power within the Datacentre.

96. Additionally, ICT and Digital Services officers supported the Executive Director of Enabling and Customer Services in a tabletop exercise/workshop focused on assessing the resilience of directorates and constituent services to a significant cyber attack. This is planned to be repeated for the other directorates and the learning from these sessions will influence the council's ICT and Digital continuity and recovery planning. All of this activity will inform a refreshed approach to ICT and Digital Business Continuity and Disaster Recovery planning. While cyber security arrangements are reviewed regularly by the Information Management Group, chaired by the Executive Director of Enabling and Customer Services, and Audit, Risk and Scrutiny Committee, ICT and Digital Services recognise the importance of testing these plans and prioritise this as part of its forward programme in 2026. Officers anticipate having revised plans in place by September 2026 following completion of migration to the cloud which is expected to be completed by end of March 2026 and will influence recovery actions.

Recommendation 1

The council should ensure that its Service Continuity Plan and Business Continuity for Key Infrastructure and Disaster Recovery Plan are tested and updated in response to the testing findings.

Use of resources to improve outcomes

Conclusion

The council has an established performance management framework in place, with service performance being reported to elected members twice yearly

The annual delivery plan sets out the actions planned to deliver the Council Plan strategic outcomes. A summary of progress against the Council Plan for 2024/25 was presented to members in March 2025. This shows the majority of actions are complete or on track.

The annual 2024/25 service performance reports similarly show that the council is on track to achieve many of its success measures targets contained within service plans.

Officers reported a detailed analysis of its own LGBF data for 2023/24 to elected members in October 2025. This analysis shows that in 2023/24, 61 per cent of national indicators are in the top two quartiles of councils compared to 56 per cent in 2022/23. The analysis highlights those indicators where performance is not where it needs to be to deliver the strategic outcomes and includes observations and actions that have been identified for the responsible Head of Service to address underperformance.

The council complies with the requirements of the Statutory Performance Information (SPI) Direction.

A summary of progress against the Council Plan for 2024/25 shows the majority of actions are complete or on track

97. In March 2024, the Council approved the annual delivery plan which sets out the actions to deliver the Council Plan 2023-28 strategic outcomes during 2024/25.

98. The plan provides the focus on the activities, outputs and projects for the year ahead which will help achieve or contribute to the agreed

strategic outcomes set out in the Council Plan. It includes one hundred and twenty six actions across the four themes and twenty three strategic outcomes included in the Council Plan. Each action has been assigned to a lead committee and lead chief officer, as well as being cross referenced to the related themes and outcomes of the Council Plan.

99. The plan reflects that there are a wide range of day-to-day operational activities, set out within service plans, which support and underpin the Council Plan, and are of importance to elected members, stakeholders, partners and staff.

100. The Council Management Team (CMT) oversee a quarterly review of progress across activity within the annual delivery plan and ensure any actions or follow up required is undertaken throughout the year.

101. The end of year position on the delivery of the Council Plan for 2024/25 (as at the end of February 2025) was presented to the meeting of the Council on 27 March 2025, which highlights that the council has made progress across all of the themes and strategic outcomes with 120 (95 per cent) of the total 126 actions being completed or delivery is on track.. A summary of the progress made during 2024/25 in relation to the one hundred and twenty six actions across the four Council Plan themes is summarised in the council's 2024/25 annual accounts and is shown in the table below:

Council plan theme	Actions Complete	Actions On Track and In Progress	Actions In Progress	Actions Not Started
Economy	34%	60%	6%	-
Travel, Connectivity and Infrastructure	21%	79%	-	-
Education and Learning	35%	61%	2%	2%
Health and Wellbeing	35%	55%	5%-	5%

Source: Dumfries and Galloway Council Annual Accounts 2024/25 and Council Plan Delivery 2024/25 Report to Council 27 March 2025

102. The report to Council in March 2025 also includes the annual delivery plan which sets out the actions to deliver the Council Plan 2023-28 strategic outcomes during 2025/26. A mid-term impact report on the Council Plan 2023-28 was presented to Council on 2 October 2025 and shows the impact of the council's work and progress across all four themes of the plan.

The council has implemented our recommendation to introduce a measurement framework to assess the impact

of progress on agreed outcomes in relation to the delivery of the Council Plan

103. In our 2022/23 Best Value thematic management report and Annual Audit Report, we recommended that, in relation to the Council Plan, a measurement framework to assess the impact of progress on agreed outcomes needs to be put in place and progress reported regularly to elected members. The Council Plan measurement framework was reported to the Council meeting on 27 March 2025 and contains both quantitative and qualitative measures.

104. The covering report to Council highlights that the development of the framework for measuring the impact of the Council Plan was prepared working together with an expert associate from the Improvement Service. This provided external review and capacity to draw on a wide body of work both nationally and across different sectors to prepare proposals that reflect the complexity and diversity of the priorities outlined in the Council Plan.

105. As part of the development of the framework, 1:1 discussions took place with all members of the Corporate Management Team, a series of focus groups were held with Service Managers which informed the development of the proposed strategic measures. An elected member seminar was held in August 2024, followed by engagement with Political Groups in January 2025, to gain feedback on the proposed strategic measures and the overall framework. A selection of LGBF indicators are used within the measurement framework.

The council has an established performance management framework in place, with service performance being reported to elected members twice yearly

106. The service plans for 2024/25 were presented to service committees in August to October 2024 and these plans demonstrate how the council will deliver its strategic outcomes as set out in the Council Plan. The service plans set out the following:

- principal purpose of the service
- Council Plan strategic outcomes that the service leads on
- annual budget
- employee statistics for the service
- Council Plan delivery 2024/25 – for the relevant strategic outcomes, for each delivery plan action the team who will deliver the action is provided along with the linked strategy/plan
- service delivery 2024/25 – includes “what are we planning to do?” and the team who will deliver the action

- change and improvement activities – includes “what are we planning to do and what is the intended outcome?” and who will deliver the action
- service success measures – includes target, timescale/frequency, benchmark and area reporting for each measure
- relevant council wide indicators - includes target, timescale/frequency, benchmark and area reporting for each measure/indicator (service plans include relevant Local Government Benchmarking Framework (LGBF) Indicators)
- service risk register.

107. Six-monthly progress reports on the 2024/25 service plans were presented to service committees from November 2024. This approach provides visibility on progress for the public and elected members during the year alongside summary reporting on an annual basis to full Council.

108. These progress reports provide a summary of performance for the relevant 2024/25 service plan for the period 1 April 2024 to 30 September 2024. These reports provide performance data (values, targets, current status and trends where relevant) for the Key Performance Indicators (KPIs) of each service under the following categories:

- Council Plan delivery – the KPIs for this category are listed as Improvement Projects
- services plan delivery - the KPIs for this category are listed as Improvement Projects
- change and improvement activities - the KPIs for this category are listed as Improvement Projects
- success measures (service specific and LGBF) – listed as KPIs
- council wide – listed as KPIs
- health and safety – listed as KPIs.

109. The progress reports also provide an update on the management of the risks within the service’s risk register and a separate appendix detailing those KPIs where performance is not on target and the planned improvement actions being taken. These reports provide elected members with sufficient detail to monitor and track delivery of performance and outcomes of KPIs.

110. End of year assessment reports for service plans providing performance data for the whole financial year follow the same format as the six-monthly progress reports. Our analysis of the end of year assessment reports for 2024/25 is detailed in the section below.

The annual 2024/25 service performance reports show that the council was on track to achieve many of its success measures targets contained within service plans

111. Progress against the council's 404 Key Performance Indicators (KPIs) within end of year assessment reports for 2024/25 in respect of the success measures (service specific and LGBF) contained within service plans reported to the relevant service committees between April and June 2025 is shown in [Exhibit 7](#). Of the 265 indicators that could be reported on, 74 per cent are on target, 6 per cent are within acceptable limits and 20 per cent are off target. These results are similar to 2023/24 where, for the 292 indicators that could be reported on for 2023/24, 73 per cent were on target, 8 per cent were within acceptable limits and 19 per cent were off target.

Exhibit 7 Performance information for 2024/25

Service	On track	Target not met but within acceptable limits	Target not met and outwith acceptable limits	Data Only (baseline being established)	No data available/published*
Thriving Communities	15	1	1	5	6
Economy and Environment	23	2	10	3	19
Finance and Procurement	28	1	2	4	-
Education Resources	28	3	1	-	-
Schools – Quality and Curriculum	8	1	4	-	41
Adult Services, Housing Options and Homelessness	8	1	6	2	11
Children and Families, Justice and Resettlement	4	-	6	2	15
Customer and Digital	22	3	7	2	-
Facilities, Waste and Neighbourhood Services	19	-	3	3	10

Transport and Infrastructure	13	2	5	2	7
Governance and Human Resources	19	3	6	3	2
Assessor and Electoral Registration Officer	9	-	1	2	-
Total	196	17	52	28	111

Source: Dumfries and Galloway Council Heads of Service End of Year Assessment Reports (1 April 2024 – 31 March 2025) of Service Plans 2024/25 presented to Service Committees from April to June 2025

* Includes a number of LGBF indicators for which the latest data relates to 2023/24.

112. As noted earlier, the end of year performance reports contain an appendix which explains why the indicators in [Exhibit 6](#), are off target and highlights improvement actions, which provides sufficient information for scrutiny of progress in the delivery of the service plans and performance by the relevant service committee for each of the council's services.

Officers provided a detailed analysis of its own LGBF data for 2023/24 to elected members in October 2025. This analysis shows that in 2023/24 61 per cent of national indicators are in the top two quartiles of councils compared to 56 per cent in 2022/23

113. The Accounts Commission's [Local Government in Scotland Overview 2023](#) says that councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources.

114. The council participates in the [Local Government Benchmarking Framework \(LGBF\)](#). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. In analysing the LGBF data it is recognised that local policy choices about council services and strategic priority areas and the different context in which councils operate will have an impact on the results.

115. Following the publication of the 2023/24 LGBF data by the [Improvement Service](#) in February 2025, officers sent an email to the CMT on release of the data with a link to the LGBF dashboard so that they could see the council's position at a national level and also how it is performing within its family groups. In addition, officers provided elected members with a detailed briefing note in October 2025 which provides detailed analysis including:

- Graphs showing the council performance alongside the Scottish average figure and the family group average figure
- A more detailed look at the council's family group performance
- Family group quartile ranges and the council position.

116. The [detailed briefing note of the 2023/24 LGBF data](#) provided to elected members is available from the performance information section of the council's website. The council's briefing note highlights that 61 per cent of the council's 2023/24 indicators are in the top two quartiles compared to 56 per cent in 2022/23. A review of the LGBF data on the [Improvement Service](#) website shows that the number of indicators in the top two quartiles in the base year was 56 per cent which indicates that the council's overall performance year-on-year has improved.

117. The detailed briefing note states that the council's analysis highlights those indicators where performance is not where it needs to be to deliver the strategic outcomes within the Council Plan and includes observations and actions that have been identified for the responsible Head of Service to address underperformance. The briefing note also states that further engagement with the responsible Head of Service will be carried out and local context in terms of their actions will form part of a further update to elected members. Officers advised that an elected members seminar was held on 27 June 2025, facilitated by the Improvement Service, where the 2023/24 LGBF data was reviewed and used it to give elected members more of an understanding of the LGBF and how they could use the LGBF dashboard for their own purposes of analysis and comparing with others.

118. Dumfries and Galloway Council should continue to use its detailed analysis of the LGBF data alongside its engagement with its communities to assess its local performance and priorities. The performance of the council compared with neighbouring or similar councils in its detailed analysis can also be used to assess the effectiveness of its investment in priority areas and to inform and identify where improvements and better outcomes for its communities can be achieved.

The council complies with the requirements of the Statutory Performance Information (SPI) Direction

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

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)

- own assessment and audit, scrutiny, and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

120. In terms of SPI 1, as noted in the section above, officers provided elected members with a detailed briefing note of the 2023/24 LGBF data which provides detailed analysis including:

- Graphs showing the council performance alongside the Scottish average figure and the family group average figure
- A more detailed look at the council's family group performance
- Family group quartile ranges and the council position.

121. The [detailed briefing note of the 2023/24 LGBF data](#) provided to elected members is available from the performance information section of the council's website.

122. In terms of SPI 2, the [performance information section of the council's website](#) includes the following information:

- The Council Plan and measuring our performance
- Service plans
- Best Value
- Audits and inspections
- Benchmarking

123. In our 2022/23 Annual Audit Report we highlighted that service reviews and self-assessments are not included in the performance information section of the council's website. They can only be found by trawling committee papers or doing a search and the user is left unsure as to whether they have found all the information there is available. We recommended that the council should make self-assessments and service reviews more accessible on its website. Officers provided an update on our recommendation and advised that:

- Self-assessments - as part of the evaluation of the new organisational arrangements, Public Service Improvement Framework service self-assessments are part of this. The council is currently undertaking a comprehensive programme of self-assessments which will ultimately be informing the evaluation. Officers are also working with the Improvement Service on quality assurance and once assessments are signed off, they will be uploaded to the council website as per the SPI direction. The first assessment complete is Governance and Human Resources which will be available on the council website during December 2025.

- Service reviews - whilst the service review approach review is being used, there has been no whole service review within the council therefore there has been nothing to publish on the website.

124. We have concluded that the council complies with the requirements of the SPI Direction.

The council's overall performance, taken from national benchmarking data, shows an improving position from the base year for 57 per cent of the service indicators

125. The 2023/24 LGBF data on the council, published by [Improvement Service](#) in March 2025, shows that, of the 101 indicators reported to date (updated 29 August 2025) that are relevant to the council, 58 (57 per cent) of these have improved over time since the base year. Based on the indicators within each service area, the council shows an overall improving position over time for just over half of the indicators.

Best Value

Conclusions

The council's leadership demonstrate a collective commitment to continuous improvement. The pace of improvement needs to be sustained to demonstrate that the council's arrangements are effective in driving delivery of its strategic outcomes.

Since 2022 the council has embedded transformation and change within its Council Plan and service plans, to ensure focus on its objectives. The council's arrangements effectively support this approach.

The council has made good progress in implementing the recommendations in our prior year Best Value thematic work with only one recommendation relating to workforce planning still to be completed.

Best Value work in 2024/25

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

127. As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. For 2024/25 the scope of Best Value work included conclusions on:

- The Accounts Commission's requested thematic work on transformation: how councils are redesigning and delivering more efficient services to achieve planned outcomes
- Progress made against Best Value improvement actions made in previous years.

128. 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 the previous sections of this Annual Audit Report.

The council's leadership demonstrate a collective commitment to continuous improvement

129. The January 2024 Accounts Commission's Best Value report, on the council said that its leadership demonstrate a collective commitment to

Best Value, through self-evaluation and support for continuous improvement. The collaborative approach to strategic planning and financial management by members and senior officers is commended. The council's leadership now needs to sustain its pace of improvement and demonstrate that its arrangements are effective in driving delivery of its new strategic outcomes. The council's progress against the Council Plan strategic objectives is reported in the use of resources section above.

Since 2022 the council has embedded transformation and change within its Council Plan and service plans, to ensure focus on its objectives. The council's arrangements effectively support this approach

130. This year auditors were asked to focus on how councils are redesigning and delivering more efficient services to achieve planned outcomes. The results of this work were included in our Best Value thematic management report issued in October 2025 and reported to elected members at the Audit, Risk and Scrutiny Committee in November 2025.

131. The report explains that since 2022 the council has embedded transformation and change within its Council Plan and service plans, to ensure focus on its objectives. Our work identified that the council's arrangements effectively support this approach. The key findings in this report were as follows

- Transformation is about radically changing how councils operate and deliver services to achieve planned outcomes in a financially sustainable way. In 2024 we reported that the council's leadership demonstrate a collective commitment to continuous improvement. As part of this since 2022, the council has embedded transformation and change within its Council Plan and service plans, to ensure focus on its objectives.
- The council has estimated a budget gap of £35 million over the next three years. The council plans to deliver cumulative savings of £13.134 million between 2025/26 and 2027/28, which includes £7 million of targeted future change and savings programme options to be delivered by 2027/28. These targeted future change and savings options will be developed and agreed by elected members as part of the agreed timetable for the production of the annual budget for 2026/27 and beyond. The council's approach when setting the budgets for 2025/26 to 2027/28 is similar to previous years, in that there is a planned limited use of reserves in each of the three years to allow the targeted future change and savings options to be developed and implemented with the intention of the council returning to financial balance by 2028/29.
- The council's change activity is resourced from within services, with transformation being the responsibility of every employee. The council also has a small Change and Enabling Team in place to support the delivery of its change and improvement activities. It has invested in developing skills in the team in project management and delivering change.

- The Council Management Team receives regular reports on the delivery of the Council Plan, which includes transformation activity. We found limited reporting of progress in relation to costs and estimated benefits. The Council Management Team and Senior Leadership Team receive updates on progress against the delivery of agreed savings as part of the change and savings programme via draft reports that are prepared for the Enabling and Customer Services Committee, as well as the relevant service committees.
- The council has effective arrangements in place for reporting to elected members and there are opportunities for elected members to take part in discussions on transformational activity on a regular basis.
- The council has demonstrated it is working with partners to deliver its transformation plans and there are examples of joint funding arrangements between the council and partners for transformation projects.
- The council has engaged well with its communities, including vulnerable groups, to inform its planned changes to services and ensure unintended consequences are mitigated. We reviewed two full IIAs relating to the removal of services and found that these gave thorough consideration of potential impacts, including on vulnerable and protected groups, and outlined action to be taken.
- The council has a range of reporting structures in place to monitor service performance and reports publicly on specific transformation projects to relevant Committees. It is implementing a gateway process for some projects to further improve progress reporting and better demonstrate their impact.

132. Audit improvement recommendations were included in the Best Value thematic management report and are replicated in [Appendix 1](#) of this report. This includes details on the council's response to the recommendations. We will report on the progress over the term of our audit appointment.

**The council has made good progress in implementing the recommendations in our prior year Best Value thematic work
Only one recommendation relating to workforce planning is still to be completed**

133. In 2023/24 auditors were asked to focus on how councils were responding to workforce challenges. The results of this work were included in our Best Value thematic management report issued in May 2024 and reported to elected members at the [Audit, Risk and Scrutiny Committee in June 2024](#).

134. Audit improvement recommendations were included in the Best Value thematic management report and only one action is still in progress to report on the cost v benefit of using agency staff, as included in [Appendix 1](#) of this report. Improvements made in workforce planning

during 2024/25 include the development of Service People Plans with input from both employees and joint trades unions. Regular check-ins (appraisal and 1:1s) employees and line managers discuss employee aspiration and learning and development opportunities which also informs workforce planning.

135. In March 2025, Management Change Guidance was cascaded across services to support managing change through budget reductions with workforce implications.

136. In June 2025, a new Redeployment Policy and Procedure was agreed with a focus on supporting staff through organisational change, following significant engagement with stakeholders. The policy introduces support arrangements with a new Redeployment Support Programme which includes access to career coaching, retraining, CV workshops, interview preparation, financial advice, and access to internal and external networks. This access to a broader range of advice and support aims to help staff during a career transition, aiming to preserve dignity and good mental health for employees.

137. In March 2025 the Enabling and Customer Services Committee agreed the People Experience Framework and to receive annual updates on this. The framework allows the council to measure its success and progress towards outcomes which have been identified within a variety of strategic documents include our People Strategy, Council Workforce Plan and Employee Engagement Framework. Both qualitative and quantitative information will be gathered to evidence continuous improvement.

138. The flexible working policies/guidance (homeworking/smarter working) are now revised annually. More detailed reviews are planned for how effective flexible working is within a specific area, namely those on compressed hours, or shorter working week. A survey will be developed for staff operating flexible working to provide feedback for the review.

139. A publicity campaign to the whole workforce reinforced policies in place for flexible working, these are now planned twice yearly to supplement the regular information shared with the workforce on wellbeing matters which includes content regarding the promotion of flexible working.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Continuity and Disaster Recovery Plans</p> <p>The council has a Business Technology Solutions (BTS) Service Continuity Plan (October 2022) and a Business Continuity for Key Infrastructure and Disaster Recovery Plan (September 2022) to cover cyber incidents if they occur. These are supported by individual service business continuity plans. These plans have not been tested since 2019.</p> <p>Risk- The council fails to identify areas where the plans could be strengthened and cyber incidents disrupt council services</p>	<p>The council should ensure that its Service Continuity Plan and Business Continuity for Key Infrastructure and Disaster Recovery Plan are tested and updated following the results of the testing.</p>	<p>Accepted</p> <p>Fully revised and tested plans in place by September 2026 following completion of the data centre migration to the cloud which is expected to be completed by end of March 2026. Completion of the cloud migration will significantly influence plan content and further enhance recovery actions along with other planned work during the period.</p> <p>ICT and Digital Manager</p> <p>September 2026</p>

2024/25 recommendations from the BV thematic report on transformation

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Reporting on transformational activity</p> <p>The Council Management Team receives regular reports on the delivery of the Council Plan, which includes transformation activity. We found limited reporting of progress in relation to costs and estimated financial and non-financial benefits within the report reviewed.</p> <p>Risk – The Corporate Management Team may not be able to make informed decisions without a complete overview of the status of the projects.</p>	<p>Internal reporting of the council's transformational projects to the Council Management Team through the Council Plan Delivery Plan should be enhanced to include regular reporting of progress on project costs, and progress against estimated benefits.</p>	<p>This information is available through the quarterly information on budget monitoring. We will use this to include further information on costs, as appropriate, in the quarterly performance monitoring reports on the delivery of the Council Plan going forward.</p> <p>This will be applied to performance reports from Quarter 1 of 2026/27.</p> <p>Business Intelligence Manager</p> <p>June 2026</p>

Follow-up of prior year recommendations – Annual Audit Report

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. External Quality Assessment of Internal Audit</p> <p>The External Quality Assessment (EQA) report contained nineteen recommendations for improvement, to be implemented to conform to internal audit quality standards. There is a risk that the Internal Audit function is not sufficiently resourced to fully conform with internal audit quality standards.</p>	<p>The Council Management Team (CMT) should ensure that the Interim Internal Audit Manager is supported and has sufficient resources to meet the requirements of the Public Sector Internal Audit Standards.</p> <p><u>Original Management Response</u></p> <p>Review of Internal Audit Function to be carried out by 1 April 2025. This will include consideration of the needs of the council in terms of the Internal Audit function and</p>	<p>Work in progress</p> <p>The review in progress. It is to be completed and consultation will take place with staff on any proposed changes to how the internal audit function is delivered.</p> <p>Revised target completion is the end of December 2025.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
	appropriate resourcing to meet those needs. Assistant Director Governance and Human Resources 1 April 2025	

Follow-up of prior year recommendations – BV thematic report on workforce innovation

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
BV. Monitoring the temporary workforce The council do not collect data on the number of agency staff employed within the council.	<p>The council should monitor and report on the cost v benefit of utilizing the agency staffing workforce as part of its routine workforce planning analysis.</p> <p><u>Original Management Response</u></p> <p>HR Business Partners to engage with Chief Officers and Procurement to support systems development on the contracting, recording, analysis, cost, efficiency, and performance of agency staff working within services.</p> <p>Report six monthly to Senior Leadership Team as part of an HR Metrics report on usage of agency staff, cost, and benefit analysis to the service.</p> <p>Human Resources Manager November 2024</p>	<p>Work in progress</p> <p>Officers have advised that this action has been delayed and coincides with the launch of HR Business Partnering (HRBP) across the council and an agreed project which Elected Members approved at the 2025 budget setting process. The launch of the project is subject to ongoing recruitment of 3 staff to undertake a broad range of savings and efficiency work for 3 years, but on an interim basis the new HRBP model has launched on 1 July 2025 and this will be an interim action for HRBP's prior to the recruitment of temporary staff.</p> <p>An HR metrics report is scheduled for SLT for December 2025 which is 6 months from launch date.</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 practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Dumfries and Galloway Council

2024/25 Annual Audit Report

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