

Standards, Audit and Risk Committee

Committee Room 2, 5th Floor, Fife House, North Street,
Glenrothes / Blended Meeting



Friday, 28 June 2024 - 10.00 a.m.

AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** – Minute of the meeting of the Standards, Audit and Risk Committee of 23 May 2024 3 – 5
4. **ISSUED AUDIT REPORTS** – Report by the Service Manager - Audit and Risk Management Services 6 - 13
5. **2023/24 INTERNAL AUDIT ANNUAL REPORT** – Report by the Service Manager - Audit and Risk Management Services 14 - 39
6. **FIFE COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE** – Report by the Executive Director Finance and Corporate Services 40 - 58
7. **ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2024** – Report by the Executive Director, Finance and Corporate Services 59 - 72
8. **FIFE COUNCIL UNAUDITED ANNUAL ACCOUNTS 2023-24** – Report by the Executive Director, Finance and Corporate Services 73 - 147
9. **FIFE COUNCIL CHARITABLE TRUSTS - UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24** – Report by the Executive Director, Finance and Corporate Services 148 - 166
10. **FINANCIAL BULLETIN 2022-23 - FIFE'S POSITION** – Report by the Head of Finance 167 - 180
11. **NATIONAL FRAUD INITIATIVE** – Report by the Service Manager - Audit and Risk Management Services 181 - 186
12. **STANDARDS AUDIT AND RISK COMMITTEE WORKPLAN** - Report by the Executive Director, Finance and Corporate Services 187 - 191

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

Lindsay Thomson
Head of Legal and Democratic Services
Finance and Corporate Services

Fife House
North Street
Glenrothes
Fife, KY7 5LT

21 June, 2024

If telephoning, please ask for:
Wendy MacGregor, Committee Officer, Fife House 06 (Main Building)
Telephone: 03451 555555, ext. 442178; email: Wendy.MacGregor@fife.gov.uk

Agendas and papers for all Committee meetings can be accessed on
www.fife.gov.uk/committees

BLENDED MEETING NOTICE

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

THE FIFE COUNCIL - STANDARDS, AUDIT AND RISK COMMITTEE – BLENDED MEETING

Committee Room 2, Floor 5, Fife House, North Street, Glenrothes

23 May 2024

10.00 am – 11.15 am

PRESENT: Councillors Dave Dempsey (Convener), Lesley Backhouse, John Beare, Al Clark, Gordon Pryde, Ann Verner and Ross Vettraino (substitute for Councillor Sarah Neal).

ATTENDING: Elaine Muir, Head of Finance; Pamela Redpath, Service Manager - Audit and Risk Management Services, Shona Slayford, Audit Team Manager and Hazel Hastie, Auditor, Audit and Risk Management Services; Martin Kotlewski, Service Manager – BTS Solutions and Service Assurance; Mhairi Mullen, Service Manager (Housing Management Executive) and Ian Dawson, Business Change Manager, Housing Service; Scott Clelland, Service Manager - Grounds Maintenance Service; Allan Barclay, Service Manager, Building Services, Billy Ferguson, Service Manager, Fleet Services and Brian Fairie, Team Manager, Mechanical Electrical, Environment and Building Services; Jane Findlay, Lead Consultant, Climate Change and Partnerships and Tony McRae, Service Manager, Passenger Transport Service, Roads and Transportation Service; Shelagh McLean, Head of Education Service (Early Years and Directorate Support) and Neil Finnie, Quality Improvement Officer (ASL), Education Service; Avril Sweeney, Manager (Compliance), Avril Alexander-Parr, Health and Social Care Partnership; Gary Moyes, Category Manager, Procurement; Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Service Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO ATTENDING: Karen Jones, Director of Audit and Assurance, Azets Audit Services.

APOLOGIES FOR ABSENCE: Councillors Tom Adams, Graeme Downie and Sarah Neal.

87. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 22.

88. MINUTE

The committee considered the minute of the meeting of the Standards, Audit and Risk committee of 17 April 2024.

Decision

The committee agreed to approve the minute.

89. 2023/24 ISSUED AUDIT REPORTS

The committee considered a report by the Service Manager, Audit and Risk Management Services summarising findings from the Internal Audit Reports which had been finalised since the previous meeting of the committee on 17 April 2024. Any areas of concern were highlighted and, where applicable, instances where Services were not taking appropriate action.

Councillor John Beare joined the meeting during consideration of the above item.

Decision

The committee noted:-

- (1) the contents of the report and summary of findings detailed at Appendix 1 of the report; and
- (2) in relation to Internal Audit Report No. 10/23 School Transport - Additional Support Needs (ASN) – any changes to the 'New Home to School Transport Policy', including ASN Transport, would be presented to the Cabinet Committee (or other appropriate committee) for approval in line with standard working practices.

90. CRITICAL RECOMMENDATION FROM THE COMMUNITY EQUIPMENT REPORT - VERBAL UPDATE

The committee considered a verbal update from the Service Manager, Audit and Risk Management Services on the progress of the implementation by 30 April 2024 of the critical recommendation (2 elements) identified in Internal Audit Report No. 08/23 Community Equipment Service - Fife Equipment Loan Store (FELS) – Servicing of Equipment. The critical recommendation had been partially implemented, Management had engaged with the contractor and felt confident that necessary action was being taken. The 2024/25 Audit Plan would include a follow up review of all the identified recommendations relating to this internal audit report, which would be reported back to the Standards, Audit and Risk Committee in the first quarter of 2025.

Decision

The committee:-

- (1) noted the update; and
- (2) agreed in relation to the actions identified in the critical recommendation at Report No. 08/23, findings from the planned formal follow-up progress report, submitted to this committee in the first quarter of 2025, would prompt further discussion on whether the committee would be required to take further action.

91. POST AUDIT REVIEW PERFORMANCE REPORT

The committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on progress towards implementing internal audit recommendations previously agreed with management.

Decision

The committee noted the contents of the report and acknowledged the progress that had been made in implementing recommendations.

92. 2024/25 INTERNAL AUDIT PLAN

The committee considered a report by the Service Manager, Audit and Risk Management Services providing the Internal Audit Plan for the 2024/25 financial year, the outcome from the review of the 2023/24 Internal Audit Plan and an update on progress made towards delivering planned assignments.

Decision

The committee:-

- (1) agreed to approve the 2024/25 Internal Audit Plan as detailed in Appendix A of the report;
- (2) agreed to approve the amendments made to the 2022/23 and 2023/24 Internal Audit Plans; and
- (3) noted the update on progress made towards delivering the 2022/23 and 2023/24 Internal Audit Plans, detailed in Appendix B of the report.

93. FIFE INTEGRATION JOINT BOARD (IJB) INTERNAL AUDIT REPORTS - WORKFORCE PLAN FIFE INTEGRATION JOINT BOARD (IJB) RESILIENCE AND BUSINESS CONTINUITY PLANNING ARRANGMENTS

The committee considered a report by the Service Manager, Audit and Risk Management Services providing two Fife Integration Joint Board (IJB) internal audit reports - Fife IJB Workforce Plan (from the 2022/23 Internal Audit Plan) and Resilience and Business Continuity Planning Arrangements (from the 2023/24 Internal Audit Plan).

Decision

The committee noted, for assurance purposes, the information contained in the two internal audit reports detailed in Appendix 1 of the report: -

- Report No. F0/23 - Fife IJB Workforce Plan; and
- Report No. F06/24 - Resilience and Business Continuity Planning Arrangements.

94. STANDARDS AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME

The committee considered a report by the Executive Director - Finance and Corporate Services - providing the workplan for future meetings of the committee.

Decision

The committee reviewed the workplan and noted that members would come forward with suggestions for specific areas they wanted to see covered in any future report.

28 June 2024

Agenda Item No. 4

Issued Audit Reports

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a summary of findings from the Internal Audit Reports that have been finalised since the last meeting of the Standards, Audit and Risk Committee. The reports highlight any areas of concern and, if applicable, instances where Services are not taking appropriate action.

Recommendation(s)

Members are asked to note the contents of this report, including the summary of findings at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. It examines, evaluates and reports objectively on the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 This report provides a summary of audit reports issued since the last report to this Committee. It describes key findings and highlights areas of concern.

2.0 Analysis of Issued Audit Reports

- 2.1 To enable the Standards, Audit and Risk Committee to form an opinion on the effectiveness of the internal control environment, to provide assurance where internal controls are working well and to highlight areas for concern, the Service Manager - Audit and Risk Management Services, prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.2 The reports issued in the current period relate to audits from the 2023/24 Internal Audit Plan and from work carried out in various Services and Directorates. A short outline of each report is contained in Appendix 1.
- 2.3 Following each completed internal audit / fraud risk report, Services are asked to complete a Post Audit Review (PAR) exercise. This indicates:
 - the Service's progress in implementing agreed recommendations;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.
- 2.4 The results of all PAR exercises are reported to Standards, Audit and Risk Committee separately.

3.0 Conclusions

- 3.1 This period's audits reveal some instances of non-compliance with the Council's governance arrangements. However, these are not systemic failings and, in general, satisfactory procedures are in place and being followed. Appropriate actions have been agreed in all instances to address these shortcomings.
- 3.2 I conclude that the findings do not pose a significant risk and implementation of all actions will improve the Council's control framework.

List of Appendices

1. Summary of Audit Reports Issued

Report Contact: Carolyn Ward

Audit Team Manager, Audit and Risk Management Services

Email - Carolyn.Ward@fife.gov.uk

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>1. Place - Protective Services, Building Standards</p> <p>Dangerous Buildings and Public Safety Report (11/23)</p>	<p>This audit is a high-level review to ensure that the Council is discharging its statutory duties in relation to dangerous buildings under the Building (Scotland) Act 2003. It forms part of the 2023/24 Internal Audit Plan.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 4 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The Dangerous Buildings Handbook and Protocols document has not been reviewed since 2017 and whilst it includes contacts for other Council Services, it does not include adequate procedures for coordinating the reporting, actions taken and liaison, including the identification of Council owned buildings. In addition, some key information, such as contact details, is out of date. • The Uniform system is not kept fully up to date and not all available information is recorded, such as dates and names of staff involved. • There is no log of lessons learned to drive improvement and better practice. • Although there is a section on the Council website directing the public to an email address for reporting potentially dangerous buildings, the telephone number for the Contact Centre is not provided. • The planned online reporting form is currently work in progress and is expected to be introduced in the near future. • The Building Services' Public Safety Team is made up of one Lead Professional, one Building Standards Surveyor and one Building Standards Inspector. The Surveyor and Inspector posts are currently vacant. The Team is experiencing recruitment difficulties. • A planned project to identify buildings in Cupar that could potentially become dangerous has been delayed, we were advised by the Service Manager, Building Standards and Safety, that this is due to resource pressures. • There is no record of the completion of the risk assessments that determine the follow up outcome (for example dangerous / defective or no action). • Relevant Letters / Notices for Defective / Dangerous Buildings that have been issued to the building owners are not always followed up promptly on expiry of the notice period to ensure that the owner has taken appropriate action.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> Sufficient attempts are not always made to establish ownership. Sample testing identified one case where the owner had not been established within 11 months of the survey date, resulting in non-recovery of fencing costs incurred. It was subsequently established by Internal Audit that the Council is the owner of the building. <p>Satisfactory actions have been agreed to address the 9 audit recommendations (5 Substantial and 4 Moderate) in the report by 31 March 2025.</p>
<p>2. Finance and Corporate Services - BTS</p> <p>Data Centres</p> <p>Report (12/23)</p>	<p>This audit reviews the arrangements in place to ensure uninterrupted service delivery at the Council's two data centres, including security arrangements, environmental controls, incident management and disaster recovery.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 2 System Materiality Grade 5 Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> There are no written procedures covering the management of key fobs, monitoring and reporting of temperature, power usage and humidity. The processes in place for issuing and authorising key fobs to allow access to the machine rooms within the data centres is not well controlled and the key fobs in circulation are not actively monitored. Audit testing identified a small number of anomalies which have been shared with BTS management to investigate and address. Alert emails for critical triggers at the data centres are not forwarded on to a relevant officer during out of hours. The Business Continuity Plan for the data centres has not been reviewed since 2021 and, for example, does not reflect recent changes in accommodation of one of the data centres. <p>Satisfactory actions have been agreed to address the four audit recommendations (2 Substantial and 2 Moderate) in the report by 31 December 2024.</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>3. Corporate</p> <p>Third Sector Funding</p> <p>Report (13/23)</p>	<p>This audit is a high-level review of the Council's funding and governance arrangements in place for third sector organisations against best practice principles, including the Accounts Commission's 'Following the Public Pound Code' (the Code).</p> <p>It is a corporate review of the Council's Monitoring and Evaluation Framework (the Framework) that included sample testing of the processes followed by each of the grant-funding Services across the Council and Health and Social Care Partnership (for the purposes of this report these are referred to collectively as 'Services').</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 4 • System Materiality Grade 5 • Overall Risk High <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <p><u>Corporate Arrangements</u></p> <ul style="list-style-type: none"> • Sections of the Framework are not sufficiently detailed, reviewed regularly or up to date. • Services are using out-of-date or incorrect grant application form / monitoring form templates, etc., and / or are unaware of some aspects of the guidance, e.g., accounts checklist, indicating they have not received appropriate communication on revisions to / requirements of the Framework. • There is no council-wide database for the recording, co-ordinating and reporting of recurring and non-recurring grant funding allocated to third sector organisations. Consequently, Internal Audit was unable to establish the amount of non-recurring grant awards for 2023/24. • There are no appropriate council-wide oversight and governance arrangements for third-sector funding across Council Services and H&SCP. <p><u>Service Arrangements</u></p> <p><i>Community Grants Scheme Management</i></p> <ul style="list-style-type: none"> • Audit testing confirmed that, for non-recurring Community Grants Scheme grant applications: <ul style="list-style-type: none"> ➢ information is sought from the organisation on whether the project has received other grant scheme funding, as only one grant is allowed per project. However,

there is no active check in each case, to confirm no other funds have been awarded due to there being no central database / system to manage grants.

- Approval is not appropriately evidenced in each case, e.g., via an email or electronic signature. For one grant award checked, the minute of the Fife Grants Panel was insufficiently detailed to confirm which grants had been approved.
- Where the monitoring form is not returned by the organisation, they are not always chased up.

Recurring Grants Process and Non-Recurring, where applicable across all Services

- Link officers' training is not effectively monitored and recorded to ensure it is up to date and all officers have received all relevant training.
- The evaluation of grant applications is not sufficiently evidenced in each case to demonstrate that the required checks have been carried out, e.g., annual accounts checks, and where it is a one-off grant, how the recommended grant funding level has been determined.
- Information required to support the grant application and award decision, e.g., up-to-date annual accounts, is not promptly provided / sought in each case.
- Services are using out-of-date or incorrect grant application form / monitoring form templates etc.
- Grant funding documentation, e.g., application forms, constitutions, service level agreements (SLAs), accounts checklists and monitoring forms are not fully completed, signed and dated by the relevance organisation and / or Service in each case.
- For one of three rejected grant applications checked as part of the audit fieldwork, there was no formal record of the decision and authorisation to reject or the reason(s) behind the rejection, i.e., the checklist on the application form (for official use only) was not completed and signed by the appropriate manager.
- There is no consistent approach for notifying organisations of the grant award decision. In one Service, for recurring grants under £10k, an email or letter informing the organisation of the award decision is only issued on request. In another Service, due to insufficient evidence, Internal Audit was unable to verify that a confirmation email / award letter is always issued.
- Four of the six SLAs checked as part of the audit fieldwork were reviewed and updated outwith the required timescale.
- Appropriate checks are not being carried out in each Service / Team to ensure all approved grant awards, and only those approved, have been correctly paid through the ledger.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • Annual monitoring is taking place outwith the required timescale, e.g., after the next year's grant has been approved. • Three-year evaluations are not always carried out within the required timescale or where an annual recurring grant extends over three years. • In one Service, it was established that the grant application, SLA, monitoring and evaluation processes have not been carried out in line with the Framework for the last two years. This has been due to prioritising the Reimagining of the Third Sector Commissioning programme. The work is nearly completed, however, which means the Service will be able resume the above processes as required. <p>Satisfactory actions have been agreed to address the 7 audit recommendations (5 Substantial and 2 Moderate) in the report by 31 March 2026.</p>
<p>4. Communities - Community Use - Halls, Centres and Schools</p> <p>Income Collection, Recording and Reconciliation Arrangements</p> <p>Report (14/23)</p>	<p>This audit reviewed the income collection, recording and reconciliation arrangements in place to ensure data integrity and income maximisation for halls, centres and community use schools. As part of this audit, we chose three separate establishments for our sample: Balwearie High School Community Use (Balwearie), Parkgate Community Centre and Cupar Corn Exchange.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 3 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • Parkgate Community Centre does not have procedures for income collection, recording and reconciliation. • Across all establishments visited, some procedures have not been reviewed recently, whilst others carry no review history. • Formal agreement / approval of fees and charges by management is not evidenced. • Invoices for sports lets are not subject to the correct VAT application at Balwearie, more specifically from May 2023, in line with HMRC guidance, sports bookings should have been given VAT code 7, Out of Scope (transactions that are not subject to VAT in the UK). Instead, invoices were coded as either VAT code 1, 20%, or VAT code 3, exempt.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • Establishments have no way of knowing whether a customer is in arrears with the Council, either in relation to their own or another establishment. • The one refund processed, that Audit Services reviewed, had not been authorised by a supervisor or manager or signed by the customer as confirming receipt. • For telephone bookings, customers are not provided with a copy of the Booking Terms and Conditions of hire for signing which detail a number of requirements including PAT testing (Portable Appliance Testing), Liability Insurance and emergency evacuation procedures. • At all three establishments visited, periodic spot checks on the recording of income are not carried out by management. • Access to cash boxes and safes is not appropriately controlled at either Balwearie or Parkgate Community Centre e.g. The safe code at one of these establishments is not changed in line with the terms of the Councils insurance policy and at the other establishment, access to the safe key is not restricted. • At Balwearie and Parkgate Community Centre, employees who drive to the bank with cash are not all registered on DAVIS and do not always hold valid Business Car Insurance. • At Cupar Corn Exchange and Parkgate Community Centre, actual income is not reviewed against expected income. At all establishments, income is not adequately monitored on a regular basis by staff independent of the process. <p>Satisfactory actions have been agreed to address the 13 audit recommendations (2 Substantial and 11 Moderate) in the report by 31 December 2024.</p>

28 June 2024

Agenda Item No. 5

2023/24 Internal Audit Annual Report

Report by: Pamela Redpath, Service Manager - Audit & Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee the 2023/24 Internal Audit Annual Report. The report provides an independent annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework and a summary of the key activities from which the opinion is derived.

Recommendation

Standards, Audit and Risk Committee is asked to:

1. Consider and note the contents of this report.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls, the risk increases that the Council will not achieve its objectives and may suffer financial loss and reputational damage.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

None.

1.0 Background

- 1.1 The Terms of Reference of the Standards, Audit and Risk Committee includes approving the Internal Audit Strategy and annual Internal Audit Plan, ensuring that the process has due regard to risk and coverage, and operational effectiveness of Internal Audit by considering its standards, resources, staffing, technical competency, performance measures and output from the External Quality Assessment (EQA). In addition, the Committee is also required to review audit reports submitted by the Service Manager - Audit & Risk Management Services, monitor management action taken in response to audit recommendations made and consider the Internal Audit Annual Report.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 (updated 1 April 2017), apply to all internal audit service providers within the public sector and set out the requirements in respect of professional standards for these services. Professional Standard 2450, Overall Opinions, states that “the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”. In the context of Fife Council, the “chief audit executive” is the Service Manager - Audit and Risk Management Services.
- 1.3 The PSIAS state that the annual report prepared by the chief audit executive must incorporate:
 - the annual internal audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control;
 - a summary of the information that supports that opinion;
 - a disclosure of any impairments to scope and / or independence;
 - a statement of conformance with the PSIAS; and
 - the results of the quality assurance and improvement programme (relating to any PSIAS EQAs and self-assessments) and progress against any improvement plans.
- 1.4 The Local Authority Accounts (Scotland) Regulations 2014, which came into effect in October 2014 state that “a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing”. In this context, recognised standards and practices are deemed to be those set out in the PSIAS. The Regulations require that the local authority must, from time to time, assess the efficiency and effectiveness of its internal audit service, in accordance with the standards, the findings from which must be considered as part of the review of the effectiveness of its system of internal control.
- 1.5 The Internal Audit Annual Report for the 2023/24 financial year, which is attached for consideration by Elected Members, has been prepared on the basis of the requirements outlined above.

2.0 Framework of Governance, Risk Management and Control

Governance

- 2.1 The governance framework comprises the systems, processes, culture and values by which the activities of the Council are directed and controlled and through which they are accountable to, engage with, and (where appropriate) lead the community. It enables the Council to monitor the achievement of its strategic objectives and

consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Risk Management

- 2.2 Risk management is a fundamental element of good governance and decision making in any organisation. The range of vital services delivered by the Council for individuals and businesses in Fife routinely result in a varied and complex risk profile. The Council's risk management arrangements are designed to support, on a continuous basis, the identification, assessment and management of risks as well as the monitoring, reviewing and reporting of them.
- 2.3 Driven by the Risk Management Strategy Group, which continued to meet regularly during the year as planned, and implementation of the Risk Management Improvement Plan, the Council's corporate risk management arrangements continued to mature during 2023/24. Key improvements include:
- Development of a new Strategic Risk Register, subsequent defining of corresponding risk appetite levels for, and assigning standing governance groups to, each risk.
 - Formal horizon scanning and risk escalation processes established.
 - Appointment of a second, full time, dedicated Risk Management Co-ordinator.
 - Funding secured via the Workforce Youth Investment Fund to establish and recruit to fill a new Risk Management Trainee post.
 - Establishment of an Ideagen Governance Group.
 - Progress towards implementing the Roll Out Plan, supporting services to develop, implement and embed effective risk management arrangements locally, including development of service-level risk registers.
 - Utilisation of the new, approved PESTELO (Political, Economic, Social, Technological, Environmental, Legal and Organisational) risk impact assessment matrix.
 - Delivery of training and awareness sessions, including awareness session for the extended Council Leadership Team and CPD events.
 - Ongoing development of e-learning solutions, in consultation with HR colleagues.
 - Member Council of the recently established Risk Management Sub-Group of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG).
- 2.4 Further improvements surrounding the Council's risk management arrangements are planned for 2024/25, including the following:
- Full implementation of the Roll Out Plan.
 - Finalisation and launch of a formal training and awareness programme, including e-learning solutions.
 - Establish Risk Management Trainee post and fill the position.
 - Development and implementation of risk management methodology to be utilised in strategic decision-making.
 - Review and revise the Risk Management Maturity Model.
 - Provision of risk management advice and guidance to Council ALEOs.

System of Control

- 2.5 The system of control is a significant part of this framework, comprising a whole network of established controls and actions taken by management / others to effectively mitigate risk and help provide reasonable assurance that the aims and objectives of the Council, including delivery of better outcomes for the individuals and businesses of Fife, can be achieved.

- 2.6 As a result of the constantly changing and complex environment in which the Council operates, it is essential that the framework of governance, risk management and control evolves at pace to support it.

3.0 Role of Internal Audit

- 3.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It is a fundamental element of Fife Council's governance and assurance framework and assists the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of its governance, risk management and control framework. This role includes the requirement to have a full understanding of the key risks to which the Council is exposed.
- 3.2 During 2023/24, Audit Services was independent of all the activities it audited. Independence is essential and helps ensure unbiased judgements and impartial advice can be provided to management. Whilst there have been no audits relating to the organisation's fraud governance, corporate risk management or insurance arrangements delivered during the year, the Service Manager - Audit and Risk Management Services continues to be operationally responsible for the Corporate Fraud Team as well as corporate risk function and Insurance Team.
- 3.3 Audit Services, with strict accountability for confidentiality and the safeguarding of records and information, is authorised full, free and unrestricted access to all of the organisation's records, physical properties and personnel relevant to carrying out any engagement and effectively discharging its remit.
- 3.4 The primary purpose of internal audit is to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control framework. The programme of work within the Internal Audit Plan requires to be sufficient and diverse enough to enable the annual opinion to be formed. The types of reviews undertaken are grouped into key themes in the Audit Plan, which are integral to the assurance gathering process across the organisation's activities, specifically governance, ICT, systems, procurement / contract and financial. In addition, Audit Services provides ad-hoc support in the form of advice and guidance to assist services in respect of specific queries and contribute to the delivery of improvements.
- 3.5 The existence of Audit Services does not diminish the responsibility of management to ensure that resources are utilised efficiently and effectively, in an appropriate manner and on the activities intended and that governance, risk management and control arrangements are sufficient to address the risks that their services are exposed to.
- 3.6 The Internal Audit Charter sets out in more detail, within the context of Fife Council, the purpose, authority and responsibility of Audit Services.

4.0 Audit Planning

- 4.1 A key component of the effective management of internal audit is planning audit work to ensure that objectives are met, priorities are established, resources are targeted and used effectively, Best Value is achieved, and cognisance is taken of the risk(s) associated within each area.

- 4.2 To ensure planning is operationally effective, Audit Services is required to have a clear understanding of the Council's functions / activities, associated risks and range and breadth of potential areas for inclusion within the plan. The Internal Audit Plan is compiled on an annual basis and provides a summary of the areas where it is proposed that work will be carried out during the forthcoming year. The 2023/24 Internal Audit Plan was reviewed and approved by the Standards, Audit and Risk Committee at its meeting on 25 May 2023. In line with recognised good practice, the Internal Audit Plan was prepared using the best information available at that time.
- 4.3 The internal audit arrangements are assessed on an annual basis by the Council's External Auditor, which during 2023/24 was Azets. The activities of internal audit are considered as part of that assessment, principally to obtain an understanding of the work carried out and determine the extent to which assurance can be placed on it. This approach helps minimise duplication of effort and unnecessary disruption to Council services. Audit Services continued to actively engage with external audit colleagues during 2023/24.

5.0 Audit Reports

- 5.1 In general, each planned internal audit results in an internal audit report being published, which includes an executive summary as well as audit findings (in the form of good practice points and areas for improvement), recommendations and management responses. The audit report provides management with an action plan, which assigns responsibility and details the timescale agreed for implementation of each audit recommendation.
- 5.2 Within all audit reports, a judgement is given on the importance of each recommendation i.e. critical, substantial or moderate. These judgements are considered along with the materiality of the area being audited and an assessment of the system of controls to determine and articulate the overall level of residual risk. Beyond the formal reporting process, management is informed of any minor matters identified.
- 5.3 The findings and recommendations arising from each of the internal audits reported upon since the last Annual Report have been discussed and agreed with appropriate officers of the Council and action plans have been put in place to address the areas for improvement identified. A summary of findings from each finalised Internal Audit Report is submitted to Standards, Audit and Risk Committee for consideration. In addition, a full copy of every finalised report is shared with the Standards, Audit and Risk Committee Elected Members and each of the Council's four Scrutiny Committee Conveners, the Council Executive Team, Head of Finance, Head of Legal & Democratic Services, Service Manager - Change & Improvement and the Council's External Auditor, Azets.
- 5.4 To confirm that management is discharging its responsibility in terms of implementing audit recommendations within the agreed timescales, Audit Services undertakes formal follow-up work and Post Audit Reviews (PARs). The outcomes from those exercises are formally reported to relevant officers and Committee, along with revised implementation dates where appropriate. In line with previous years, the implementation of internal audit recommendations was managed and monitored via Ideagen. The format of the PAR report is designed to facilitate active scrutiny.

6.0 Challenges, Change and Development

- 6.1 The Council continues to operate within a substantially challenging and changing environment and has done for some time. Whilst the General Fund Revenue Budget 2024-27 report submitted to the meeting of Fife Council on 22 February 2024, for budget setting purposes, described a one-off investment position of £6m for 2024/25 (funded from uncommitted balances / reserves), it made clear that the *'Council continues to operate in a climate of unprecedented financial uncertainty, the enduring impacts of which remain unknown.'* At that time, the medium term forecast highlighted that the Council would be required to make cumulative savings of £42.522m by 2026/27 to achieve balanced budgets. It is expected, therefore, that the required level and pace of change will need to increase progressively for the foreseeable future. The report also communicated that *'the assumptions from 2025/26 onwards could be optimistic given the current levels of inflation and wider economic challenges'*. A 3-year budget report, based on revised assumptions, informed by all available intelligence at that point in time, is scheduled to be presented to Cabinet Committee by September 2024.
- 6.2 As part of the Council's initial response to Covid-19, which continues to impact the organisation, a number of governance and operational arrangements were subject to change. These measures were necessary to allow key services to continue to be delivered, albeit, in some cases, in a different manner. Over the last couple of years, steps have been taken to recover / re-start and reform services and these efforts continue.
- 6.3 A number of events and developments that have occurred, or are in the pipeline, have brought / will bring about change in the Council's strategic direction, working practices and procedures, including those relating to:
- **Council leadership changes** - including the appointment of a new Chief Executive Officer, Executive Director of Place, Executive Director of Education (due to start August 2024), Chief Planning Officer, Chief Social Work Officer, as well as the impending departure of the Director of Health and Social Care Partnership.
 - **Identification of the Council's strategic change ambitions** (Community Wealth Building, Place, No Wrong Door, Health & Wellbeing and Digital) - following the Fife Leadership Summits, corresponding thematic workshops and supporting masterclasses and their subsequent design and implementation, linking in where appropriate with the Council's Workforce and Digital strategies.
 - **Council structural changes** - e.g. new Place Directorate established and transfer of Children's Services from the former Education & Children's Services Directorate into the Communities Directorate, in turn creating a new Education Directorate.
 - **Funding levels / pressures** - Future Local Government finance settlements and supplementary funding (e.g. UK Government Levelling-up Funding, UK Shared Prosperity Fund grant), as well as UK inflation levels / cost of living crisis / supply chain issues.
 - **National commitments** - such as those communicated via the Climate Change (Emissions Reductions Targets) (Scotland) 2019 Act, the Early Learning and Childcare Expansion provision, the Review of Children's Services in Scotland (The Promise); the Education: 2021 National Improvement Framework and Improvement Plan; Scottish Attainment Challenge Strategic Equity Funding; Scottish Government's Equally Safe Strategy; Marmot Review / Health Inequalities in Scotland; National Housing Emergency; Health and Care (Staffing) (Scotland) Act 2019 and related Statutory Guidance.

- **Health and Social Care** - including continuously increasing demands re service provision, Health and Care (Staffing) (Scotland) Act 2019 and National Care Service (Scotland) Bill, which recently passed Stage 1 in Parliament.
- **Strategic Risk Register** - Approval of the Council's new register in January 2024.
- **Strategic and operational planning** - planned reset / refresh of the Plan for Fife, preparation for developing the next Local Outcome Improvement Plan to be in place from 2027; service planning process, including change and thematic considerations; and related Public Performance Reporting arrangements.
- **Staffing / Human Resources** - workforce planning (Service People Plans), including future workforce considerations; attendance management arrangements, including establishment of a new Attendance Support Unit; Equal Value Assessment process, including new project team; blended / hybrid, remote and other future workstyles as well as changes surrounding Flexible Working legislation; staff health and wellbeing; employee learning and development e.g. new First Line Manager Development Programme, programme of digital events, mandatory learning, new induction arrangements, Developing a Trauma Informed Workforce and Trust Masterclass for managers; Pay Strategy project, looking at pay and grading arrangements for Craft and Single Status employees; the Council's portfolio of staff surveys (Heartbeat, Education's Staffwise and planned Health and Social Care iMatter survey); and new Customer Charter.
- **Development and implementation of key systems** - including ongoing development of Oracle Cloud and replacement of legacy systems such as COMIS and SWIFT, as well as prioritisation and delivery of a large portfolio of digital projects / enhancements.
- **Corporate policies and strategies** - approval and implementation of a number of new / updated policies and strategies, including Whistleblowing Policy; Financial Regulations; Climate Fife 2024 - Strategy and Action Plan; Common Good Policy; Housing Allocation Policy Review; Fife Homelessness Strategy; Local Heat and Energy Efficiency Strategy; Local Transport Strategy for Fife; Fife Economic Strategy; and Fife Tourism Strategy.

6.4 The ongoing uncertainty surrounding funding and changes to the way Council services are administered (referred to in more detail above) will continue to result in a challenging environment within which Audit Services is required to plan and deliver services. Steps will continue to be taken to ensure that any potential difficulties are identified by Audit Services and managed timeously.

7.0 PSIAS Conformance

- 7.1 Audit Services operated in conformance with the PSIAS throughout 2023/24.
- 7.2 A requirement of the PSIAS is that the Chief Audit Executive develops and maintains a Quality Assurance and Improvement Programme (QA&IP) covering all aspects of Audit Services, including both periodic internal self-assessments and five-yearly EQAs. Since the PSIAS came into effect in April 2013, periodic self-assessments, and two EQAs, have been undertaken as required to assess conformance against the PSIAS and identify opportunities for improvement.
- 7.3 The most recent EQA was carried out during 2022/23 through a formal, independent peer review process managed by SLACIAG. A copy of the full report, detailing the findings, conclusions and recommendation from that assessment was submitted to Standards, Audit and Risk Committee on 25 May 2023. A copy of the corresponding Action Plan, containing one recommendation, can be found at

Appendix C to this report along with an update on progress towards its implementation.

8.0 Audit Plan Achievement

- 8.1 For the 2023/24 Internal Audit Plan, there was of the order of 1,450 productive days used directly for audit activities. However, for a number of reasons, including increasing levels of absence and other staffing-related challenges this was approximately 31% under the 2,100 budgeted productive audit days.
- 8.2 Throughout the year, resource was also utilised for support activities, including the strategic management of Audit Services, audit planning and staff training / development. In addition, there has been a noteworthy level of involvement in the national Internal Audit agenda through membership at several national groups / sub-groups. More specifically, membership of SLACIAG and its Management Committee, as well as its Computer Audit Sub-Group; Scottish Local Authority Investigators Group; EQA Sub-Group; and new Risk Management Sub-group. A copy of SLACIAG's Annual Report for 2023/24, which provides an update on activities and achievements throughout the year, along with some of Fife Council's contributions (highlighted in yellow), can be found at Appendix D to this report.
- 8.3 The 2023/24 Internal Audit Plan included a portfolio of internal audits, both at a corporate and service level across the organisation. It also included an allocation of audit days for follow-up reviews, the PAR exercise, finalisation of audit assignments that commenced in the previous financial year, the provision of advice and guidance to services, specific investigations, and PSIAS Self-assessment. Whilst work on the majority of the planned areas for corporate / service reviews included within the plan commenced during 2023/24, there were changes to the Audit Plan, which resulted in some re-scheduling of work into 2024/25 and one deferral. Along with specific reasons, these changes were reported to, and approved by, the Standards, Audit and Risk Committee at its meeting on 23 May 2024.
- 8.4 As part of the continuous improvement process, Audit Services issue client questionnaires to auditees following the finalisation of each audit report. Feedback from this process is used, where appropriate, to improve the service. During 2023/24, completed questionnaires received were positive, with an overall satisfaction rating of 94.64%. Auditees were most satisfied with the audit approach (98.21%), followed by the performance and conduct of audit staff (95.24%) and the audit report (95.24%) and least satisfied with the timing of the audit, rating it as 89.29% overall.

9.0 Overall Assessment of Governance, Risk Management and Control

- 9.1 Internal Audit activity covered a diverse range of areas during 2023/24, including Performance Management, Cash Handling and Security, Stocks and Inventories, Lone Working, Works Orders, Safeguarding, Pupil Equity Funding, IT Disaster Recovery, Members' Expenses, Discretionary Housing Payments, Data Breach Management, Salary Overpayments, Community Equipment Service, Gas Safety, School Transport, Dangerous Buildings and Public Safety, Data Centres, Third Sector Funding and Income Collection, Recording and Reconciliation Arrangements.

- 9.2 The range of areas covered within the organisation continues to reflect the changing landscape and nature of internal audit work and focusses on evaluating, and contributing towards the improvement of the organisation's governance, risk management and control framework.
- 9.3 The 2023/24 corporate and service-level reviews identified that many of the expected controls are in place and operating satisfactorily in the areas examined. However, audit work also identified several areas requiring improvement and, consequently, Internal Audit reports included a range of recommendations and action plans (developed in consultation with management), which, once implemented, will improve the organisation's governance, risk management and control framework.
- 9.4 In addition, whilst not necessarily directly informed through the planned programme of work, Audit Services assisted the Council through the provision of ongoing advice and guidance surrounding a number of areas, including community councils, new Oracle risk management module, COBIT (Control Objectives for Information Technologies) assessment review process and general development of procedures. Assistance was also provided through representation on the Risk Management Strategy Group, Corporate Governance Group and Corporate Health and Safety Strategy Group.
- 9.5 A number of areas have been identified as requiring further improvement / development during 2024/25. These include some of the planned and ongoing developments mentioned at 2.4 and 6.3 as well as, for example, counter fraud and anti-corruption arrangements, impact assessments, performance management, ALEO governance, programme / project management arrangements, the leavers process, attendance management, recurring payments and servicing of community equipment. Some of these areas will feature, alongside other areas identified as requiring improvement, in the Council's Annual Governance Statement improvement plan. Progress towards addressing those areas for improvement will be formally monitored during 2024/25 by senior officers on the Corporate Governance Group, which is chaired by the Executive Director of Finance and Corporate Services.
- 9.6 A total of 19 internal audit reports have been finalised since the last Annual Report was submitted to the Standards, Audit and Risk Committee on 30 June 2023. In general, these reports have been well received by clients, with management agreeing to implement 100% of the recommendations made. A total of 140 recommendations were contained in the internal audit reports issued, including 113 new recommendations and 27 previous recommendations that were formally followed-up. Of these 140 recommendations, 2 were categorised as critical, 70 as substantial and 68 as moderate.
- 9.7 Analysis of the overall audit opinion in each of the reports issued highlighted that, in general terms, 10.5% of the areas reported upon were controlled as expected (full assurance), 68.4% were controlled, but potentially with some critical and / or many substantial / moderate weaknesses requiring improvement (reduced assurance) and 21.1% were not adequately controlled and required significant improvement (limited assurance). None of the areas reviewed were assessed as providing no assurance.
- 9.8 A summary of the outcome of the PAR exercise carried out during 2023/24, which obtained management assurances surrounding progress towards implementing 138 previously agreed recommendations, can also be found at Appendix A.

- 9.9 The PSIAS requires the Service Manager - Audit and Risk Management Services to provide an internal audit annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, which should be used to inform the Council's Annual Governance Statement. This principle is also affirmed in the Local Authority Accounts (Scotland) Regulations 2014. Attached at Appendix B is the Service Manager - Audit and Risk Management Service's annual opinion, which is supported by the audit work carried out by Audit Services and other relevant information. On the basis of the areas used to inform this process for the year to 31 March 2024, the overall audit opinion reached is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

10.0 Conclusions

- 10.1 The governance framework comprises the systems, processes, culture and values by which the activities of the Council are directed and controlled and through which they are accountable to, engage with, and where appropriate, lead the community.
- 10.2 Risk management is a fundamental element of good governance and decision making in any organisation. The Council's corporate risk management arrangements continued to mature during 2023/24 and the Risk Management Strategy Group met regularly as planned.
- 10.3 The system of control comprises a whole network of established controls and actions taken by management / others to effectively mitigate risk and help provide reasonable assurance that the aims and objectives of the Council, including delivery of better outcomes for the individuals and businesses of Fife, can be achieved.
- 10.4 Internal audit is a fundamental element of Fife Council's governance and assurance framework. Its primary purpose is to provide an annual opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. The programme of work within the Internal Audit Plan, therefore, requires to be sufficient and diverse enough to enable the annual opinion to be formed. During 2023/24, Audit Services was independent of all the activities it audited and operated in conformance with the PSIAS.
- 10.5 The 2023/24 Internal Audit Plan included a portfolio of internal audit assignments at a corporate and service level across the organisation. It also included an allocation of audit days for follow-up reviews, the PAR exercise, finalisation of audit assignments that commenced in the previous financial year, the provision of advice and guidance to services, specific investigations, and PSIAS Self-assessment.
- 10.6 A total of 19 internal audit reports have been finalised since the last Annual Report was submitted to the Standards, Audit and Risk Committee on 30 June 2023. A total of 140 recommendations were contained within those reports, of which 2 were categorised as critical, 70 as substantial and 68 as moderate. Analysis of the overall audit opinion in each of the reports issued highlighted that, in general terms, 10.5% provided full assurance, 68.4% provided reduced assurance and 21.1% provided limited assurance. None of the areas reviewed were assessed as providing no assurance.
- 10.7 On the basis of the areas used to inform this process for the year to 31 March 2024, the overall audit opinion reached is that reasonable assurance can be placed upon

the adequacy and effectiveness of the Council's framework of governance, risk management and control.

List of Appendices

- A. Summary of Internal Audit Reports and 2023/24 PAR Exercise
- B. Service Manager - Audit and Risk Management Service's - Annual Opinion
- C. PSIAS - EQA 2022/23 Action Plan - Progress Update
- D. SLACIAG Annual Report 2023/24

Report Contact:

Pamela Redpath

Service Manager, Audit and Risk Management Services

Email – Pamela.Redpath@fife.gov.uk

Summary of Internal Audit Reports Issued and 2023/24 Post Audit Review Exercise

Key – Overall Level of Assurance (based on the Grade from the Assessment of the System of Controls)			
F = Full Assurance Grade 1 - All, or practically all, expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses.	R = Reduced Assurance Grades 2 / 3 - Most expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses. - Most expected controls are in place and operating effectively, but the audit uncovered some critical and / or many substantial / moderate weaknesses.	L = Limited Assurance Grade 4 - Few of the expected controls are in place or operating effectively.	N = No Assurance Grade 5 - None, or practically none, of the expected controls are in place or operating effectively.

i) Summary of Internal Audit Reports Issued

Report No.	Directorate / Service Area(s) Covered	Audit Title	Level of Assurance	Recommendations			
				Total No.	Importance		
					Critical	Substantial	Moderate
23/22	Finance & Corporate Services, BTS	Follow-up Review of IT Performance Management	R	8	-	5 (5-PI)	3 (3-PI)
24/22	Education & Children’s Services, Education Service	Arrangements for Cash Handling and Security	R	4	-	1	3
25/22	Corporate	Stocks and Inventories	R	5	-	-	5
27/22	Education & Children’s Services, Children & Families Communities, Housing Services Fife Health & Social Care Partnership	Lone Working	L	9	-	8	1
28/22	Place, Environment & Building Services - Grounds Maintenance Service	Works Orders	R	6	-	3	3

Key – Overall Level of Assurance (based on the Grade from the Assessment of the System of Controls)			
F = Full Assurance Grade 1 - All, or practically all, expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses.	R = Reduced Assurance Grades 2 / 3 - Most expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses. - Most expected controls are in place and operating effectively, but the audit uncovered some critical and / or many substantial / moderate weaknesses.	L = Limited Assurance Grade 4 - Few of the expected controls are in place or operating effectively.	N = No Assurance Grade 5 - None, or practically none, of the expected controls are in place or operating effectively.

Summary of Internal Audit Reports Issued (Cont'd)

Report No.	Directorate / Service Area(s) Covered	Audit Title	Level of Assurance	Recommendations			
				Total No.	Importance		
					Critical	Substantial	Moderate
01/23	Finance & Corporate Services Education & Children’s Services Fife Health & Social Care Partnership	Follow-up Review of Safeguarding^	F	5	1 (1-FI)	3 (3-FI)	1 (1-PI)
02/23	Education & Children’s Services, Education Service	Pupil Equity Funding	R	6	-	5	1
03/23	Finance & Corporate Services, BTS	Follow-up Review of IT Disaster Recovery^	R	4	-	2 (1-NI, 1-PI)	2 (1-FI, 1-PI)
04/23	Finance & Corporate Services, Legal & Democratic Services	Members’ Expenses	R	7	-	2	5
05/23	Communities, Customer & Online Services	Discretionary Housing Payments	F	-	-	-	-
06/23	Finance & Corporate Services, Legal & Democratic Services	Data Breach Management	R	10	-	2	8
07/23	Corporate	Salary Overpayments	R	11	-	4	7
08/23	Place Fife Health & Social Care Partnership	Community Equipment Service – Fife Equipment Loan Store	L	11	1	5	5

Key – Overall Level of Assurance (based on the Grade from the Assessment of the System of Controls)			
F = Full Assurance Grade 1 - All, or practically all, expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses.	R = Reduced Assurance Grades 2 / 3 - Most expected controls are in place and operating effectively, and the audit uncovered no critical weaknesses. - Most expected controls are in place and operating effectively, but the audit uncovered some critical and / or many substantial / moderate weaknesses.	L = Limited Assurance Grade 4 - Few of the expected controls are in place or operating effectively.	N = No Assurance Grade 5 - None, or practically none, of the expected controls are in place or operating effectively.

Summary of Internal Audit Reports Issued (Cont'd)

Report No.	Directorate / Service Area(s) Covered	Audit Title	Level of Assurance	Recommendations			
				Total No.	Importance		
					Critical	Substantial	Moderate
09/23	Communities, Housing Services	Follow-up Review of Gas Safety [^]	R	10	-	10 (6-FI, 2-PI & 2-NI)	-
10/23	Education Place, Roads & Transportation	School Transport - Additional Support Needs	L	11	-	6	5
11/23	Place, Protective Services - Building Standards	Dangerous Buildings & Public Safety	R	9	-	5	4
12/23	Finance & Corporate Services, BTS	Data Centres	R	4	-	2	2
13/23	Corporate	Third Sector Funding	L	7	-	5	2
14/23	Communities, Community Use - Halls, Centres and Schools	Income Collection, Recording & Reconciliation Arrangements	R	13	-	2	11
Totals				140	2	70	68

[^] For follow-up reviews, the recommendation importance is from the original audit report and the level of assurance is based on the position at follow-up. The information in brackets, details the number of original recommendations formally assessed as being fully implemented (FI), partly implemented (PI), not implemented (NI) or no longer applicable (N/A).

ii) Summary of 2023/24 Post Audit Review (PAR) Exercise

As part of the 2023/24 Audit Plan, a total of 138 recommendations from 47 internal audit reports were subject to a PAR. In line with the previous exercises, an update on recommendations with implementation deadlines up to an agreed cut-off date of 31 March 2024 were included. Implementation of the recommendations within the new audit reports will be monitored in line with these standard working practices.

A summary of the outcome of the PAR exercise is detailed in the table below. A report providing more detail on the progress made towards implementing internal audit recommendations previously reported to and agreed by management was presented to the Standards, Audit and Risk Committee on 23 May 2024.

No. of Recommendations	Fully Implemented	Partly Implemented	Not Implemented
138	108 (78%)	12 (9%)	18 (13%)

For the recommendations reported as partly / not implemented, assurances were provided by management to Audit Services that the outstanding areas would be addressed. None of the recommendations assessed by management as being partly / not implemented in the table above were critical. However, following a review of evidence carried out by Audit Services, it was established that the critical recommendation should have been reported as partly implemented.

Delays in the implementation of some recommendations have occurred due to resource pressures and implementation of new IT systems. Revised implementation dates have been agreed with Services and outstanding actions will continue to be monitored until they have been appropriately implemented. An update on progress made towards full implementation of the outstanding recommendations will be sought from management, via Ideagen, during the 2024/25 PAR Exercise and reported in line with standard working practices to the Standards, Audit and Risk Committee.



To the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services

As Service Manager - Audit and Risk Management Services of Fife Council, I am pleased to present my annual opinion for the year ended 31 March 2024. It should be noted that the statement does not include assurances on group activities and relates solely to Fife Council.

Respective Responsibilities of Management and Internal Audit in Relation to Governance, Risk Management and Control

It is the responsibility of Council officers to determine, establish and maintain sound systems of governance, risk management and control, to ensure that the organisation's resources are utilised in the proper manner and on the activities intended and that these arrangements are sufficient to address the risks facing their services. This includes responsibility for the prevention and detection of fraud. Management is also charged with monitoring the continuing effectiveness of these arrangements and taking action as / when appropriate.

It is the responsibility of the Service Manager - Audit and Risk Management Services to provide an annual assessment of / opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Control Environment

This comprises the governance, risk management and control processes in the context of the Council's defined goals and objectives. The key elements include the following:

- Consistency of operations with established goals and objectives.
- Efficiency and effectiveness of operations and deployment of resources.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify and report such information.
- Safeguarding of assets.

A sound control environment reduces, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. It, therefore, provides reasonable but not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the adequacy and effectiveness of its control environment.

The Focus of Internal Audit Work

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Through its work, Audit Services assists the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of its governance, risk management and control framework. The Council's Audit Services operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Local Authority Accounts (Scotland) Regulations 2014. The requirements under the PSIAS represent best practice and these, along with the Regulations, are mandatory.

The Service Manager - Audit and Risk Management Services prepares an annual Internal Audit Plan, which outlines the programme of work to be undertaken. The Internal Audit Plan is developed utilising a risk-based methodology based on the audit / risk universe and considers the requirement placed upon the Service Manager - Audit and Risk Management Services to provide an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In compiling the plan, input from Elected Members, senior management and other relevant parties is sought, and cognisance is taken of emerging issues. The plan needs to be flexible to be able to reflect the changing risks and priorities of the organisation. The plan, any material changes to the plan, and any significant matters that may impact upon the delivery of the plan are reported to the Standards, Audit and Risk Committee as appropriate.

Audit Services formally reports upon the areas subject to review. Such reports, which identify system weaknesses and / or non-compliance with expected controls, are issued for the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that due consideration is given to internal audit reports. This includes management taking remedial action where appropriate or accepting that there may be a level of risk exposure if the weaknesses identified are not addressed (at all or timeously) for operational reasons. The Service Manager - Audit and Risk Management Services must establish a follow-up process to monitor and ensure that audit recommendations have been effectively implemented or as noted above, that senior management has accepted the risk of not taking action. Matters arising from internal audit work are also reported to the Council's Standards, Audit and Risk Committee, Convenors of the Council's Scrutiny Committees, the Council Executive Team, Head of Finance, Head of Legal & Democratic Services, Service Manager - Change & Improvement and the Council's External Auditor, Azets.

Summary of Internal Audit Activity

A total of 19 internal audit reports have been finalised since the last Annual Report was submitted to the Standards, Audit and Risk Committee on 30 June 2023 covering a diverse range of areas (some corporate in nature and others reporting on multiple service areas) including Performance Management, Cash Handling and Security, Stocks and Inventories, Lone Working, Works Orders, Safeguarding, Pupil Equity Funding, IT Disaster Recovery, Members' Expenses, Discretionary Housing Payments, Data Breach Management, Salary Overpayments, Community Equipment Service, Gas Safety, School Transport, Dangerous Buildings and Public Safety, Data Centres, Third Sector Funding and Income Collection, Recording and Reconciliation Arrangements.

Audit Services also undertook a comprehensive PAR exercise during the year and provided advice and guidance as required surrounding the Council's governance, risk management and control framework.

The audit work during 2023/24 has identified that many of the expected controls are in place and operating satisfactorily, however, there is scope for improvement. Audit Services has made a range of recommendations in the areas examined and action plans have been developed in consultation with management which, once successfully implemented, will improve the Council's governance, risk management and control framework.

In addition, whilst not necessarily directly informed through the planned programme of work, Audit Services has assisted the Council, through the provision of ongoing advice and guidance surrounding a number of areas, including community councils, new Oracle risk management module, COBIT (Control Objectives for Information Technologies) assessment review process and general development of procedures. Assistance was also provided through representation on the Risk Management Strategy Group, Corporate Governance Group and Corporate Health and Safety Strategy Group.

Limitation of Scope or Independence

There was no limitation of scope or independence placed upon the work undertaken by Audit Services during 2023/24.

Basis of Opinion

My evaluation of the framework of governance, risk management and control has been informed by a number of sources, including the following:

- Work undertaken by Audit Services.
- The assessment of risk carried out during preparation of the Internal Audit Plan.
- Knowledge of the Council's culture, governance, risk management and performance monitoring arrangements.
- The Self-assessment Checklists completed by Executive Directors / Heads of Service providing formal assurances surrounding how effective the Council's governance arrangements are.
- Reports issued by the Council's External Auditor during 2023/24, together with other relevant reports.

Opinion

It is my opinion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024.




Pamela Redpath FCCA

Service Manager – Audit and Risk Management Services, Fife Council

DATE: 12 June 2024

PSIAS - EQA 2022/23 ACTION PLAN – PROGRESS UPDATE

No.	Original Finding / Recommendation	Grading	Progress Update	Implementation Status
1	<p>Attribute Standard 1200 - Proficiency and Due Professional Care</p> <p>Since the Service Manager commenced employment in November 21, there have been no formal assessments of continuous professional development needs carried out. However, there have been a number of training and development opportunities that staff have benefitted from since the Service Manager took up post (e.g. e-learning, power BI training, attendance at SLACIAG presentations, technical reading, Better Governance Forum Newsletters etc.). The Audit Team Manager has also organised Personal Development Plan meetings to be held in March 2023 with all professionally qualified auditors, with the rest of the team to follow. In addition, it is the responsibility of each individual member of staff to maintain training records and keep their employee development up to date in line with their requirements of their professional bodies as required.</p> <p>The Service Manager should implement their plans for CPD within the Internal Audit Service. This should look to ensure that there are annual assessments of the team’s CPD needs against predetermined skills and competencies.</p>	Routine	<p>Formal assessments of each team member’s skills and competencies were carried out in 2023/24 utilising the Council’s Personal Development Plan methodology, supplemented with the use of a recognised skills and competencies framework for the internal audit profession.</p> <p>Development needs and opportunities will continue to be discussed during 1-2-1s / team meetings throughout the year.</p>	Fully Implemented

	Critical
	Significant
	Routine



ANNUAL REPORT FROM THE CHAIR – 2023

“WORKING TOGETHER TO SUPPORT THE KEY ROLE OF INTERNAL AUDIT”

1. INTRODUCTION

- 1.1 Membership of the CIPFA Scottish Local Authorities Chief Internal Auditors’ Group (SLACIAG) is open to the chief internal auditor from each Scottish local authority and the Strathclyde Partnership for Transport (SPT). SLACIAG is a Special Interest Group of CIPFA in Scotland, with operational arrangements, vision, and objectives set out in a formal Constitution.
- 1.2 SLACIAG’s vision is to be the voice of internal audit across Scottish local authorities and a driving force for best practice in respect of local authority and public transport bodies internal audit, governance, and operations.
- 1.3 In support of that vision, SLACIAG has the following objectives:
- to secure a quality and responsive service for members of the group;
 - to develop the influence of the group with key decision makers and institutions in Scotland, as the key representative body for internal audit in local government with a particular emphasis on governance, risk, control and assurance matters;
 - to strengthen links and build long term relationships across the internal audit community within the public service;
 - to provide an effective group for the discussion of issues of common concern, sharing of good practice and commissioner of work to develop advanced practice;
 - to consider the development and training needs of our people as a collective to ensure that the best available products are procured at the best price;
 - to uphold the group’s key values including: respect; openness and honesty; adding value; professional team working; sharing best practice; integrity; continuous improvement.
- 1.4 The purpose of this annual report to key stakeholders is to provide an update on SLACIAG’s activities and achievements over the course of 2023 and to recognise actions required to achieve its vision.
- 1.5 SLACIAG has two long-established sub-groups whose activity is reflected in this report:
- the Computer Audit Sub-Group (CASG); and
 - the Scottish Local Authorities Investigators’ Group (SLAIG).
- 1.6 During 2023 some further sub-groups were established by SLACIAG to lead on development actions arising from the SLACIAG Conference held in June 2023 within specific themes, including risk, data analytics, resourcing, and sustainability/climate change. Their activity is also reflected in this report.

2. MANAGEMENT COMMITTEE

- 2.1 I, Jill Stacey, Scottish Borders Council, was appointed as Chair of SLACIAG at the AGM on 11 March 2022. I previously served as Chair of SLACIAG during 2014-2015. In accordance with SLACIAG’s Constitution, my term of office will expire after serving 2 years at the SLACIAG AGM in March 2024. There is an expectation that the Chair of SLACIAG joins the meetings of the CIPFA Scotland Branch Executive Committee, as SLACIAG is a special interest group of CIPFA in Scotland.

- 2.2 Yvonne Douglas, South Lanarkshire Council, was re-elected as Treasurer of SLACIAG at the AGM March 2022 having initially been appointed to the role in June 2020. Yvonne provided regular updates on the financial position of SLACIAG to enable the Management Committee to plan activity.
- 2.3 The appointments to the SLACIAG Management Committee were approved at the AGM March 2022. New members were welcomed to the Management Committee, with former Chairs providing valuable continuity. The same membership has continued during 2023, as follows:

SLACIAG MANAGEMENT COMMITTEE 2023		
Jill Stacey	Scottish Borders Council	Chair SLACIAG
Yvonne Douglas	South Lanarkshire Council	Treasurer SLACIAG
Eilidh Mackay	East Ayrshire Council	member and former Chair
Kenneth Ribbons	West Lothian Council	member and former Chair
Pamela Redpath	Fife Council	member
Gillian McConnachie	East Dunbartonshire Council	member
Duncan Stainbank	East Lothian Council	member
Duncan Black	Glasgow City Council	member
Peter Moore	East Lothian Council	Chair CASG
Barry Moncur	East Dunbartonshire Council	Chair SLAIG

- 2.4 There were six SLACIAG Management Committee virtual meetings during 2023 in January, February and July (weekly meetings). The purpose of these meetings was to reflect on learning and review actions arising from past meetings in order to forward plan meetings, considering topics, setting dates and arranging speakers. The weekly meetings held in July 2023 were to analyse the extensive content from the workshop Menti results from the Conference to determine actions for the Group and sub-groups, take early steps to re-focus and re-purpose the SLAIG and CASG sub-groups, consider new sub-groups, and agree future collaborations to implement actions.
- 2.5 The Chairs of both CASG and SLAIG participate in the SLACIAG Management Committee meetings to derive benefits from their sectoral expertise and to ensure synergy when forward planning the regular meetings.
- 2.6 The Management Committee also oversees the External Quality Assessment (EQA) process, which is a peer review process established by SLACIAG to enable external validation of compliance with the Public Sector Internal Audit Standards (PSIAS). The Management Committee monitors progress with completion against a recommended programme of reviews each year to ensure that all participating organisations comply with the requirement to undertake an EQA once every 5 years.

3. SCOTTISH LOCAL AUTHORITIES CHIEF INTERNAL AUDITORS GROUP (SLACIAG)

SLACIAG Conference 2023

- 3.1 The SLACIAG Conference was held on 15-16 June at Dumfries House in East Ayrshire, the first in-person conference held since 2019. The event was attended by 137 delegates from Internal Audit teams representing 31 local authorities and Strathclyde Partnership for Transport.
- 3.2 There were excellent networking opportunities for all individuals, significant sharing of knowledge and practice during the workshop sessions, and lots of suggestions for improvement actions in keeping with the conference title ‘Connections Collaborations Catalysts’.
- 3.3 The themes of the conference were:
- Counter fraud
 - Data analytics
 - Climate change
 - Resourcing the function.

- 3.4 Keynote speakers were the Chief Executive of East Ayrshire Council and the Executive Director of Finance of Glasgow City Council. They shared their perspectives on the role of Internal Audit in challenging times, the value of Internal Audit and the vital role it has in councils across the country (not only in terms of providing assurance, but through insight and advice on a whole range of areas of work) and reflected on the significant challenges facing the public sector. They also acted as catalysts for the workshop connections and collaborations each day.
- 3.5 There were also a range of virtual and in-person speakers including representatives from:
- Tenancy Fraud Forum
 - Scotland Excel
 - Chartered Institute of Internal Auditors
 - Birmingham City Council
 - Sustainable Scotland Network
 - Audit Scotland.
- 3.6 Images from the SLACIAG Conference 2023 were featured in East Ayrshire’s blog for that week and the #SLACIAG23 hashtag was used to promote the event through social media. Digital tools were used to capture output from the workshop sessions.

SLACIAG Meetings 2023

- 3.7 There were three other SLACIAG virtual meetings in 2023 with topics/speakers set out in the table below in addition to core business. The network continues to be strongly supported by members with a focus on significant and current issues.

Date	Topics / Speakers
17 March 2023	<p>AGM</p> <ul style="list-style-type: none"> • SLACIAG Annual Report 2022 (Chair) • SLACIAG Constitution (Chair) • SLACIAG Annual Accounts 2022 (Treasurer – Yvonne Douglas, South Lanarkshire Council) <p>Consultation on Internal Audit Standards (CIPFA Group)</p> <ul style="list-style-type: none"> • Francis Scott, Glasgow City Council <p>Group discussion on CIA Issues and Challenges</p> <ul style="list-style-type: none"> • Duncan Black, Glasgow City Council
15 & 16 June 2023	<p>SLACIAG Conference 2023 title ‘Connections Collaborations Catalysts’</p> <p>The themes of the conference were:</p> <ul style="list-style-type: none"> • Counter fraud • Data analytics • Climate change • Resourcing the function. <p>There were also a range of virtual and in-person speakers including representatives from:</p> <ul style="list-style-type: none"> • Tenancy Fraud Forum • Scotland Excel • Chartered Institute of Internal Auditors • Birmingham City Council • Sustainable Scotland Network • Audit Scotland

Date	Topics / Speakers
8 September 2023	<p>Management Committee / Sub-Groups recommendations arising from SLACIAG Conference 15 and 16 June 2023</p> <ul style="list-style-type: none"> • SLACIAG Management Committee <p>CIPFA Publication 'Internal audit: untapped potential' (learning and development session including a broad range of Chairs and Vice Chairs from Scottish Council's and IJB's Audit Committees)</p> <ul style="list-style-type: none"> • Diana Melville, CIPFA Governance Advisor <p>EQA2 Update and EQA3 Planning</p> <ul style="list-style-type: none"> • Pamela Redpath, EQA Sub-Group – Lead, Fife Council
8 December 2023	<p>Update from Risk Group – draft Terms of Reference</p> <ul style="list-style-type: none"> • Pamela Redpath, Fife Council, Eilidh Mackay, East Ayrshire council, and Jill Stacey, Scottish Borders Council <p>SLACIAG Risk in Focus 2023 – Analysis of Key Risks and Potential Impact on Internal Audit Assurance Work</p> <ul style="list-style-type: none"> • Pamela Redpath, Fife Council <p>Update from Data Analytics Group (Workshops; Skills; Strategy)</p> <ul style="list-style-type: none"> • Duncan Black, Glasgow City Council <p>Update from Resourcing Group (Challenges; Training; Delivery Model)</p> <ul style="list-style-type: none"> • Laura Calder, City of Edinburgh Council <p>Update from Sustainability / Climate Change Group (Shared audit experience; Information Requests; Membership)</p> <ul style="list-style-type: none"> • Laura Miller, North Ayrshire Council

3.8 The Treasurer, Yvonne Douglas of South Lanarkshire Council, produced the 2022 annual accounts, which were considered by the Group at the AGM in March 2023. Thanks to those at South Ayrshire Council for completing the audit of the 2022 Accounts. The Treasurer provided regular updates on the financial position of SLACIAG which is of particular importance during 2023 due to the significant income and expenditure associated with the Conference to ensure the Group remains financially sustainable. Thanks to Yvonne for her professionalism in fulfilling this role.

External Quality Assessment (EQA)

3.9 There are increasing challenges for the EQA2 schedule including staff resourcing issues in Councils, knock-on effect of delays in EQA2 completions during the pandemic response and recovery periods, and conflicts of interest arising from increased Internal Audit shared services arrangements. Responsibility is on the reviewee Council CAE to meet EQA requirements and to keep their Audit Committee informed of any delays in meeting the 5-year timeframe.

3.10 The appointments to the re-established SLACIAG EQA Sub-Group and Moderation Panel were approved at the December 2022 meeting. The same membership has continued during 2023, as follows, to oversee the completion of the EQA2 schedule, and initiative planning of the EQA3 schedule:

EQA Sub-Group		Moderation Panel	
Pamela Redpath	Fife Council	Paul MacAskill	Argyll & Bute Council
Andrew Paterson	Orkney Islands Council	Ken Adamson	North Lanarkshire Council
Cecilia McGhee	South Ayrshire Council	Gordon O'Connor	Stirling Council

New Sub-Groups

- 3.11 SLACIAG agreed to formally constitute the **Data Analytics subgroup** at the December 2023 meeting and appointed Duncan Black, Glasgow City Council (GCC) as CAE lead/sponsor, with Will Hart, GCC, as coordinator of workshops. SLACIAG agreed to an iterative workplan (all to offer to organise presentations and topics). GCC had hosted a Data Analytics workshop that had been held in-person in September 2023 in Glasgow, then virtual workshops were held in October and November 2023 to which CASG members were invited as an opportunity to share practice. There had been very good participation at all these workshops including Scottish Government (September), South West Audit Partnership (SWAP) (November), and Derek Jamieson of Chartered Institute of Internal Auditors (CIIA).
- 3.12 At the September 2023 meeting, it was agreed to set up a **Resourcing Group** to cover all matters resourcing our teams including recruitment, succession planning, training, soft skills, ways of working, and mentoring. Volunteers for Resourcing Group were Laura Calder (City of Edinburgh Council) - Lead, Eilidh Mackay (East Ayrshire Council), Richard Fox (Dumfries & Galloway Council), Michelle Blair (East Renfrewshire Council), Cathie Wyllie (Angus Council/Dundee City Council).
- 3.13 At the September 2023 meeting, volunteers were approved to join a short life **Sustainability / Climate Change Group** to develop an Internal Audit Programme covering the broad aspects of this topic, linked to new statutory guidance that is being developed by Sustainable Scotland Network in collaboration with SLACIAG and Audit Scotland on the Role of Audit. Volunteers were Laura Miller (North Ayrshire Council), Andrew Steven (East Lothian Council), Chris Hurt (Scottish Borders Council), Paul Brown (East Dunbartonshire Council), Paul Davies (East Ayrshire Council).
- 3.14 At the December 2023 meeting whilst noting that not all CAEs have the corporate risk management framework as part of their remit, **a Risk Group was established with an approved Terms of Reference**. Volunteers were Jill Stacey (Scottish Borders Council), **Pamela Redpath (Fife Council)**, Eilidh Mackay (East Ayrshire Council), with their corporate risk officers, and Kenneth Ribbons (West Lothian Council).

SLACIAG Knowledge Hub

- 3.15 All Agendas, Minutes, and Presentations of SLACIAG meetings, Conference, EQA Framework Guidance, and other relevant documents are uploaded to the SLACIAG Knowledge Hub to enable access by all members in a secure way. New Members have been registered on the SLACIAG Knowledge Hub, including those delegates at the SLACIAG Conference 2023, thus enabling greater participation.

4. COMPUTER AUDIT SUB-GROUP

- 4.1 The main aim of the Computer Audit Sub-Group (CASG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss computer audit practices and developments. This includes raising awareness of new standards, updates to legislation, new and current topics of interest, and computer audit developments, resources, and techniques.
- 4.2 The Computer Audit Sub Group (CASG) met twice in 2023, all meetings were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
23 March 2023	<p>Power Query</p> <ul style="list-style-type: none"> • Callum Justice, Glasgow City Council - CASG acknowledged that Power Query is a useful tool to use for members who don't have other data analytics systems such as IDEA and are dealing with large amounts of data.
30 August 2023	<p>Cyber Security in Internal Auditing</p> <ul style="list-style-type: none"> • Adam Howie, Glasgow City Council

29 November 2023	<p>Introduction to AI</p> <ul style="list-style-type: none"> Recorded Teams presentation from Charlie Anderson, Head of BTS (Business Technology Solutions), Fife Council <p>AI and Ethics of AI</p> <ul style="list-style-type: none"> Recorded Teams presentation from Fi Williams, Team Manager (Digital Skills and Learning), Fife Council
------------------	--

- 4.3 A common discussion point at CASG meetings during 2023 has continued to be the sustainability of the sub-group. One specific action arising from the SLACIAG Conference June 2023 has been discussion on widening the role and outputs of CASG in light of suggestions to cover, for example, Digital Transformation, Artificial Intelligence (AI), IT/Cyber Security, and Data Analytics, in addition to core Computer Audit work. The sub-group is keen to influence its future, as evidenced by the topics at August and November 2023 meetings.
- 4.4 It was also agreed that one of the SLACIAG Management Committee would be assigned as Senior Sponsor of CASG to provide direction from SLACIAG re Group’s cycle of meetings and agendas; this will be considered as part of the AGM business in March 2024.
- 4.5 All Agendas, Minutes, and Presentations for CASG meetings are uploaded to the SLACIAG Knowledge Hub (CASG sub-folder) to enable access by all members in a secure way.

5. SCOTTISH LOCAL AUTHORITY INVESTIGATORS GROUP (SLAIG)

- 5.1 The main aim of the Scottish Local Authority Investigators Group (SLAIG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss counter fraud practices and developments. This includes raising awareness of updates to legislation, new and current topics of interest, and developments in counter fraud activities.
- 5.2 The Scottish Local Authority Investigators Group (SLAIG) met four times in 2023, all meetings bar one were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
1 March 2023	<p>Presentation on the work of the Scottish Social Security Agency</p> <ul style="list-style-type: none"> John Gregson, Dean Liddle & Susan Marr – SSSA Intelligence and Teresa Cullen and Amanda Bissett - SSSA Investigation Team <p>Brief update presentation on the Digital Economy Act (2017)</p> <ul style="list-style-type: none"> Jabeen Kamran, Michael Sowerby, Ryan White - Cabinet Office and Alison Dewar, Scottish Government
31 May 2023	<p>Presentation on the work of Trading Standards Scotland entitled ‘Opportunities for Joint Working’ and sharing case studies</p> <ul style="list-style-type: none"> Andy Wilson, Principal Investigator, Trading Standards Scotland
30 September 2023	<p>Feedback from the SLACIAG Conference June 2023 to outline and discuss ongoing objectives for SLAIG</p> <ul style="list-style-type: none"> Jill Stacey, Chair of SLACIAG, Scottish Borders Council
13 December 2023	<p>Overview of role of HMRC RIS Intelligence Bureau</p> <ul style="list-style-type: none"> Lucy Biggerstaff and Audrey Fulton, HMRC RIS Intelligence <p>Outline of the facility to provide local authorities in Scotland and England to trace and verify individuals</p> <ul style="list-style-type: none"> Jacqueline Davenport and Steve Black, LOCTA

Date	Topics / Speakers
	<p>Case Study - Sharing lessons learned from case study where a Head Teacher had embezzled School Funds</p> <ul style="list-style-type: none"> • Stuart Saunders, West Lothian Council

5.3 In order to align with the vision and objectives of SLACIAG and SLAIG’s Terms of Reference, one specific task arising from the SLACIAG Conference June 2023 assigned to SLAIG was the Benchmarking on fraud activity and resources. It has been agreed that all local authorities will participate in a benchmarking exercise. The core content of the exercise has still to be agreed but will also include resources, training, and outcomes. It was also agreed that one of the SLACIAG Management Committee would be assigned as Senior Sponsor of SLAIG to provide direction re Group’s meetings and agendas; this will be considered as part of the AGM business in March 2024.

5.4 All Agendas, Minutes, and Presentations of SLAIG meetings, and other relevant documents are uploaded to the SLAIG Knowledge Hub to enable access by all members in a secure way.

6. CONCLUSION

6.1 Notwithstanding the challenges that continue to affect our organisations, SLACIAG and its sub groups have had another successful year, as evidenced by the attendance at our 2-day in-person Conference at Dumfries House, East Ayrshire, as well as other virtual meetings, and the range of topics discussed.

6.2 During the year Chief Internal Auditors: considered matters such as consultation on Internal Audit Standards, data analytics, counter fraud and crime, climate change, and internal audit developments; discussed key issues facing our assurance functions, including resourcing, workforce planning, and the skills and knowledge mix; and shared approaches being taken to address these. In line with their remits, the CASG and SLAIG sub-groups focussed on computer audit and counter fraud matters respectively. New Data Analytics, Resourcing, and Sustainability/Climate Change sub-groups were established during the year to explore and develop specific matters.

6.3 I would like to thank the Management Committee and the office bearers of our sub groups for their work in organising meetings and responding to the challenges that have arisen. I would also like to thank our speakers for giving up their time to join us at our Conference and other virtual meetings during 2023 and assist us in enhancing our effectiveness as internal auditors and fraud investigators.

6.4 My thanks are also extended to our members for their support, as evidenced not just by engaging in our Conference and other virtual meetings during 2023, but also by the generous advice and assistance provided in relation to the myriad of audit, risk and governance questions which have arisen within our membership during the year.

6.5 I am very proud to have been SLACIAG Chair for the past two years, engaging with such dedicated and hard-working public sector professionals in these challenging times.

Jill Stacey
Chief Officer Audit & Risk, Scottish Borders Council
Chair of SLACIAG
14 March 2024

28 June 2024

Agenda Item No. 6

Fife Council Local Code of Corporate Governance

Report by: Executive Director (Finance and Corporate Services)

Wards Affected: All

Purpose

To present a revised local code of corporate governance for consideration and approval.

Recommendation(s)

It is recommended that the committee:-

- (1) approve the updated and revised local code of Corporate Governance attached at Appendix 1; and
- (2) note the associated template (Appendix 2) which supports the council's annual governance statement process.

Resource Implications

None. The code brings together existing council policies and processes into one document.

Legal & Risk Implications

There are no direct legal implications arising from this report.

Impact Assessment

An Equalities Impact Assessment is not required as the report does not propose a change or revision to existing policies and practices.

Consultation

The preparation of the local code of corporate governance was discussed and considered by the internal Governance group, which includes representatives from across the council.

1.0 Background

- 1.1 The council's current Local Code of Corporate Governance has been in operation since 2019. The council's approach to the Code is based on the seven core principles and associated sub-principles of good governance and the behaviours and actions that demonstrate good governance as outlined in the CIPFA guidance "Delivering Good Governance in Local Government Framework" document (2016 Edition – updated version anticipated). The draft code provides background information on the approach and sets out the seven core principles and provides more detail along with examples of supporting evidence in terms of existing Council policies and processes.
- 1.2 The annual assurance template which sets out the core principles and a summary of the sub-principles of the Good Governance Framework is set out at Appendix 2. For further information on this process, members are invited to consider the Annual Governance statement report. The outcome of the current annual assurance process is reflected in the council's Annual Governance Statement which is signed off by the Chief Executive and the Leader of the Council and is included in the annual accounts.
- 1.3 There are opportunities in the forthcoming year to consider how the Code might be used to drive improvement. This could include through the link to the publication scheme, induction material and for training and development. It could also drive a corporate plan mapping ownership of the various approaches and the appropriate review cycles.

2.0 Conclusions

- 2.1 The committee is asked to approve the revised local code of corporate governance.

List of Appendices

1. Background information on Fife Council's Local Code of Corporate Governance
2. Draft Annual Assurance Template

Background papers

[CIPFA – Delivering Good Governance in Local Government \(2016\)](#)

Report Contact

Lindsay Thomson
Head of Legal & Democratic Services
Email: lindsay.thomson@fife.gov.uk

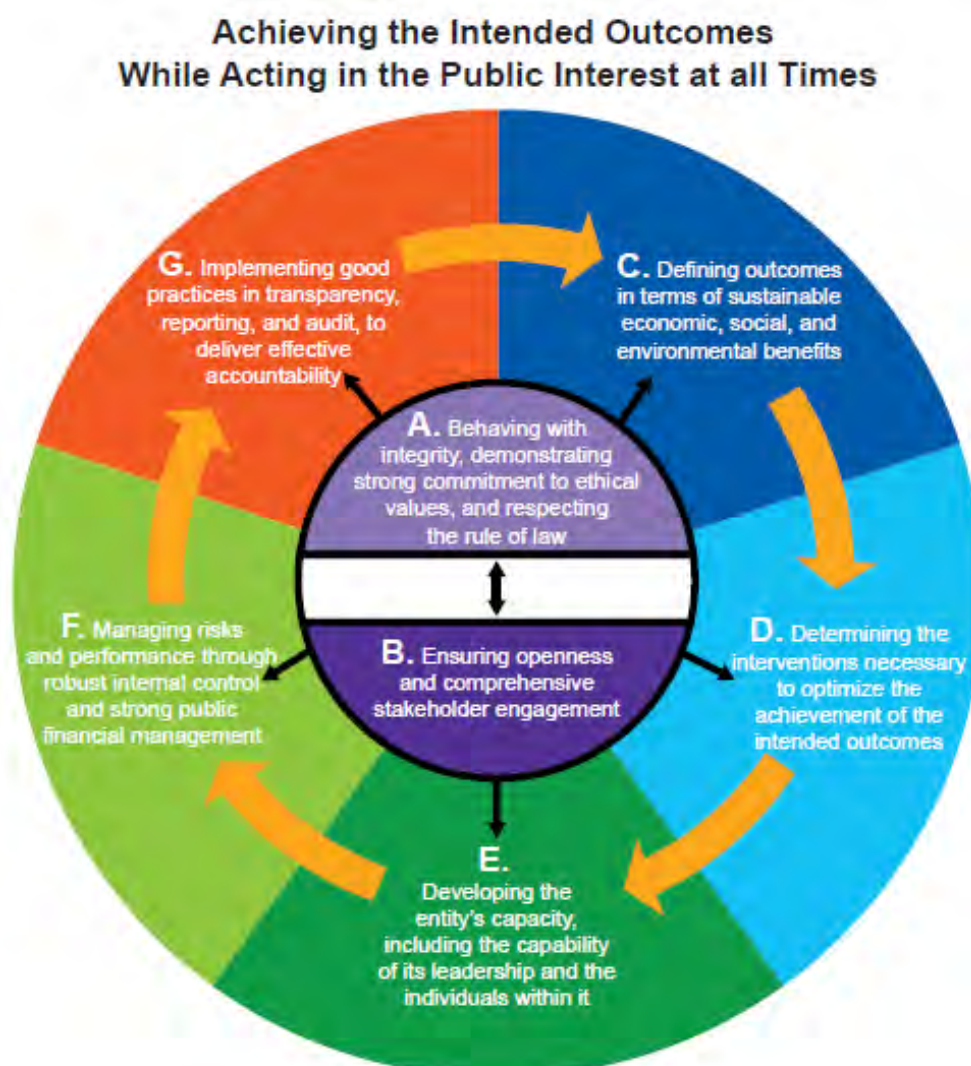
Fife Council

Local Code of Corporate Governance

1.0 Delivering Good Governance

- 1.1 Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure intended outcomes for stakeholders are defined and achieved.
- 1.2 Good governance enables the council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.
- 1.3 The '*Delivering Good Governance in Local Government Framework (2016)*', published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The framework is structured around seven core principles, as illustrated in Diagram 1 below.

Diagram 1



in Local Government Framework (2016 Edition) Source: CIPFA Delivering Good Governance in

- 1.4 The **concept** underpinning the Framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way.
- 1.5 The **purpose** of the Framework is to assist individual authorities in reviewing and accounting for their own unique approach, with the overall aim to ensure that:
- resources are directed in accordance with agreed policy and priorities;
 - there is sound and inclusive decision making; and
 - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 1.6 Fife Council demonstrates its commitment to these principles of good governance through the adoption, monitoring and development of its own **Local Code of Corporate Governance** (LCoCG) based upon this framework. This LCoCG comprises key areas of policy, procedure, culture and behaviours by which the council is controlled and governed.
- 1.7 The council also recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The council therefore expects members and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

2.0 Accountability and Scrutiny

- 2.1 Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. We also have a duty, under the Local Government in Scotland Act 2003, to make arrangements to secure continuous improvement in the way in which our functions are exercised.
- 2.2 Elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.
- 2.3 The council has in place appropriate management and reporting arrangements to enable us to satisfy ourselves that our approach to corporate governance is both adequate and effective in practice. Under these arrangements:
- the **Executive Director (Finance and Corporate Services)** has been appointed to oversee implementation and monitor and review the operation of the Council's Local Code of Corporate Governance;
 - the **Service Manager - Audit & Risk Management** has been given the responsibility to independently review and report to the **Standards, Audit & Risk Committee** annually on the adequacy and effectiveness of the Local Code of Corporate Governance and extent of compliance with it; and
 - the **Chief Executive** is accountable for ensuring Fife Council discharges its statutory duties under Best Value and meets its obligations with respect to audit and financial regulations.

3.0 Arrangements for Governance Assurance

- 3.1 Fife Council must satisfy itself and its external auditors that a high standard of governance is being achieved. An Annual Governance Statement (AGS), agreed by Fife Council and signed by the Leaders and the Chief Executive, is included in the annual accounts. The primary purpose of this is to give assurance about the effectiveness of internal financial controls. As a minimum, this assurance is based on the Annual Governance Statement and other sources as considered appropriate.
- 3.2 The AAS is prepared by the Head of Legal and Democratic Services for consideration by the Executive Director (Finance and Corporate Services). The purpose of this is to give assurance and suggested areas for improvement relating to governance and the internal controls of the council. As a minimum, this assurance is based upon the collated Governance Assurance Certificate returns (Appendix 2), described below, the outcomes of the annual audit programme of the council and any other sources deemed appropriate.
- 3.3 The returns are prepared by all Executive Directors (in conjunction with Heads of Service, as appropriate). Their purpose is to provide assurance for every Service and Directorate that effective governance and internal control is in place and to highlight any potential areas for improvement. As a minimum, the returns are based on an annual assessment of the principles on which our Local Code of Corporate Governance is based (see **Appendix 1** attached) and any other sources deemed appropriate.
- 3.4 Fife Council's annual assessment of the Local Code of Corporate Governance takes the form of a series of statements which Executive Directors (and designated lead officers for specific areas of activity) are asked to provide as evidence of its effectiveness by identifying the arrangements and the controls they have in place (see **Appendix 2** attached). This will identify areas for improvement or any risks they will not meet. This, in turn, will feed into an action plan, details of which will be included in the Annual Governance Statement.

4.0 Certification

- 4.1 We hereby certify our commitment to the Fife Council Local Code of Corporate Governance and will ensure that the Council continues to monitor, review and develop appropriate governance arrangements.

Cllr David Ross, Leader of the Council
Ken Gourlay, Chief Executive

Fife Council Local Code of Corporate Governance

CORE PRINCIPLE 1: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW	
Sub Principles	Examples of Supporting Evidence
Behaving with Integrity	<ul style="list-style-type: none"> • Councillors' Code of Conduct (2021) Councillors' Code of Conduct 2021 • How We Work Matters (2021) How we Work Matters • Fraud Strategy & Resource Plan (2018) • Whistleblowing Policy (2023) Whistleblowing Policy • Our People Matter workforce strategy (2022 - 2025) Workforce Strategy 2022-2025 • Fife Council Code of Conduct (2023) Fife Council Code of Conduct 2023 • Conflict of Interest declaration (2023) • Elected member register of interests Councillors' Register of Interests • Standards, Audit & Risk Committee Standards, Audit & Risk Committee • Standing Orders (2023) Standing Orders 2023 • Plan for Fife (2017-2027) Plan for Fife (2017-2027) • Complaints process Complaints Handling Procedure
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Standards, Audit & Risk Committee Standards, Audit & Risk Committee • How We Work Matters How we Work Matters • Councillors' Code of Conduct Councillors' Code of Conduct 2021 • Fife Council Code of Conduct Fife Council Code of Conduct 2023 • Standing Orders Standing Orders 2023 • Our People Matter workforce strategy Workforce Strategy 2022-2025 • Corporate and Directorate Our People Matter action plans • Procurement & Commercial Strategy (2019-2024) Procurement and Commercial Strategy 2019-2024 • Contract Standing Orders – Scheme of Tender Procedures (2023) Procurement and Commercial Strategy 2019-2024 • Scheme of tender procedures (2023) Scheme of Tender Procedures 2023 • ALEO framework

CORE PRINCIPLE 1: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW

Sub Principles	Examples of Supporting Evidence
Respecting the rule of law	<ul style="list-style-type: none">• Strategic Risk Register (2023)• Role descriptor for statutory officers (2019)• List of Officer powers (2024) List of Officer Powers 2024• Directorate scheme of delegations• Chief Social Work Officer annual report• Plan For Fife Plan for Fife (2017-2027)• Whistleblowing Policy (2023) Whistleblowing Policy• Data Protection Policy (2021) Data Protection• Discipline Policy and Procedure (2023) Discipline Policy and Procedure 2023• Fraud Strategy and Response Plan

CORE PRINCIPLE 2: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT	
Sub-principles	Examples of Supporting Evidence
Openness	<ul style="list-style-type: none"> • Publication scheme (2020) Publication Scheme webpage. • Information request policy (2022) Information Request Policy 2022+ • Information Management annual report • Discourse log • ICT Governance Board • Committee structure • Complaints handling procedure (2023) Complaints Handling Procedure • Customer Charter (2023) Customer Charter 2023-2024 • Petition criteria guidance (2023) Petitions Criteria 2023 • Community engagement toolkit Community Engagement Toolkit • Committee minute database • Committee reporting template and guidance (2021) Committee Report Writing & Committee Template • Equality Impact Assessment guidance (2018) EqIA Guidance • Fife Environmental Impact Assessment tool FEAT • community engagement toolkit (2024) • Consultation diary • Community Council Scheme of Establishment (2021) Community Council Scheme for the Establishment of Community Councils in Fife 2021
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Fife Partnership Board Fife Partnership Board • Fife Strategic Assessment (2020) Fife Strategic Assessment 2020 • Plan for Fife Plan for Fife (2017-2027)
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> • Community engagement toolkit Community Engagement Toolkit • Consultation diary • No Wrong door data

CORE PRINCIPLE 3: DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

Sub-principles	Examples of Supporting Evidence
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> • Cabinet and Scrutiny model • Plan for Fife Plan for Fife (2017-2027) • Recovery and Renewal plan Recovery and Renewal Plan 2021 • Plan for Fife review of priorities and ambitions (2023) Plan for Fife Review of Priorities and Ambitions 2023 • Equality, Diversity and Human Rights Equality Outcomes (2021-25) Equality, Diversity and Human Rights webpage • Capital Investment Plan (2023-33) Capital Investment Plan 2023-2033 • Capital Strategy (2023) Capital Strategy 2023 • Strategic Risk Register (2024) • Risk Management Strategy • Group horizon scanning • Local community planning plans and local place plans
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> • Fife environmental assessment tool FEAT • Audit and scrutiny call in • Fairer Scotland assessment • No wrong door

CORE PRINCIPLE 4: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Sub-principles	Examples of Supporting Evidence
Determining interventions	<ul style="list-style-type: none"> • Committee powers List of Committee Powers 2024 • Officer Powers List of Officer Powers 2024 • Directorate schemes of delegation • CET reporting • Board governance structure • Committee reporting guidance Committee Report Writing & Committee Template • Corporate change process
Planning interventions	<ul style="list-style-type: none"> • Cabinet and committee workplans • Budget process • Medium term financial strategy (2024) • Internal audit plan • Service change plan • Community engagement toolkit Community Engagement Toolkit • Consultation diary • IJB Integration Scheme (2022) IJB Integration Scheme 2022 • Business continuity/IMT • Plan for Fife Plan for Fife (2017-2027) • Directorate and Service plans • Recovery and renewal plan Recovery and Renewal Plan 2021 • Annual reports including from Trusts • Scrutiny performance reports • Local Government Benchmarking Framework (LGBF) LGBF website
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Scenario planning and service change planning are interlinked • Assumptions relating to medium term financial planning and reviewed and update regularly and reported to CET and Cabinet Committee • Scenario planning and regular review and update of planning assumptions take place routinely, and these inform the approach to the medium term budget planning • Member engagement at critical points • Budget planning reports taken regularly to Cabinet Committee • Procurement strategy

CORE PRINCIPLE 5: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Sub-principles	Examples of Supporting Evidence
<p>Developing the organisation's capacity</p>	<ul style="list-style-type: none"> • Strategic Risk Register • Plan for Fife Plan for Fife (2017-2027) • Budget • LGBF LGBF website • Internal audit plan • Power BI dashboard • Fife Partnership Board Fife Partnership Board • Fife Community Safety Partnership • Fife Environmental Partnership • City Region Deals • Our People Matter • Annual Corporate and Directorate Action Plans • Service People Plans • Community Planning Partnership arrangements
<p>Developing the capability of the organisation's leadership and other individuals</p>	<ul style="list-style-type: none"> • Councillor Information Hub • Induction and training • Elected Member Induction and training • Code of Conduct Code of Conduct 2023 • Fife Council member/officer relations protocol Member Officer Relations Protocol • List of Officer Powers List of Officer Powers 2024 • CET and spokesperson structures • Induction Policy and Guidelines (2021) Induction Policy • Induction checklist (2024) • Mandatory learning framework (2023) • Cross Party Leaders Group • Elected member training group • Talking Points (2021) • PDP guides (2023) • Leadership development programme • Leadership summits • Coach approach

CORE PRINCIPLE 5: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Sub-principles

Examples of Supporting Evidence

- Management matters bulletin
- Heartbeat staff survey
- Talking Points staff survey (2024)
- H&S forum
- H&S policy statement (2023)
- H&S framework
- H&S team risk assessment
- Mandatory training
- DSE assessments
- Lone or remote working procedure (2023)

CORE PRINCIPLE 6: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Sub-principles	Examples of Supporting Evidence
<p>Managing risk</p>	<ul style="list-style-type: none"> • Risk Management Strategy (2023) • Risk appetite approach • Risk Management Strategy Group • Directorate Risks • Ideagen • Risk Management Improvement Plan • The development of Service and Directorate risk registers
<p>Managing performance</p>	<ul style="list-style-type: none"> • Committee template • Service change planning process • Budget process • Capital planning process • Scrutiny • Monitoring of KPIs • Protocol on major capital projects • Programme/Project Boards
<p>Robust internal control</p>	<ul style="list-style-type: none"> • Risk Management strategy and policy • Strategic Risk Register • Fraud strategy and response plan • Whistleblowing Policy • Chief Internal auditor annual report • Fife Council Governance Scheme • Scrutiny Committees / Standards Audit & Risk Committees (Independent Chairs) • Internal Audit Plan and Recommendations / External Audit and scrutiny arrangements • Local Code of Corporate Governance & Annual Assessment • Committee reporting arrangements and templates

CORE PRINCIPLE 6: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Sub-principles	Examples of Supporting Evidence
<p>Missing data</p>	<ul style="list-style-type: none"> • ICT Governance Board • Data Protection Policy (2021) • Data sharing guidance (2021) • Mandatory training module • Data Protection Impact Assessment • Cyber Security ICT Recovery Plan • Solutions assurance process • Data sharing guidance (2021) • Internal Audit/External Audit and scrutiny arrangements • Committee Scrutiny Process
<p>Strong public financial management</p>	<ul style="list-style-type: none"> • Budget setting and budget monitoring process • MTFS / Long-Term Financial Modelling / Capital Investment Programme Biannual review / Capital Strategy • Financial reporting to committees • Annual Accounts / Annual Audit Report • Internal Audit / External Audit and Scrutiny arrangements • Service Change planning process • Officer Powers

CORE PRINCIPLE 7: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Sub-principles	Examples of Supporting Evidence
<p>Implementing good practice in transparency</p>	<ul style="list-style-type: none"> • Data protection arrangements • FOI Reporting / FOI Requests • ICT security arrangements • Committee reports • Committee report template and guidance • Committee papers search function • List of Committee Powers • Committee structure • Committee workplan • Local Government Benchmarking Framework • AGS process and annual accounts • Trust assurance framework • Trust ALEO operating agreements • H&SCP governance group • Review of operating agreements
<p>Implementing good practice in reporting</p>	<ul style="list-style-type: none"> • List of Committee Powers • Committee structure • Committee workplan • Local Government Benchmarking Framework • AGS process and annual accounts • Trust assurance framework • Trust ALEO operating agreements • H&SCP governance group • Review of operating agreements

CORE PRINCIPLE 7: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Sub-principles	Examples of Supporting Evidence
Assurance and effective accountability	<ul style="list-style-type: none">• Internal Audit• Recording and Triggers• Ideagen• Finance review with external audit periodically• Standards, Audit & Risk Committee• External Audit Review• External audit - annual audit of accounts and best value• Electoral Commission• Engagement with external organisation Information Commissioner, Scottish Information Commissioner, H&S Executive, Ethical Standards Commissioner and Standards Commission• Trust constitutions and operating agreements

Appendix 2

Core Principles and sub-principles of good governance

		current year	previous year	Improvement Actions carried forward	Due Date	Completion Date	Responsible Officer	Improvement Actions	Current year		
		Scoring	Evidence						Scoring	Due Date	Completion Date
CORE PRINCIPLE 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law											
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, that have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.											
Sub Principle: Behaving with integrity											
1.1	Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council.										
1.2	Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). (Members take a lead in developing the principles and values for the Council and ensure that these values are communicated and embedded in appropriate policies and processes.)										
1.3	Members and officers lead by example and use the above standard operating principles or values as a framework for decision making and other actions.										
1.4	The Council demonstrates, communicates and embeds the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.										
Sub Principle: Demonstrating strong commitment to ethical values											
1.5	Members and officers seek to establish, monitor and maintain the organisation's ethical standards and performance.										
1.6	The Council underpins personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.										
1.7	The Council develops and maintains robust policies and procedures which place emphasis on agreed ethical values.										
1.8	The Council ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.										
Sub Principle: Respecting the rule of law											
1.9	The Council ensures members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.										
1.10	The Council creates conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.										
1.11	The Council strives to optimise the use of full powers available for the benefit of citizens, communities and other stakeholders.										
1.12	The Council deals with breaches of legal and regulatory provisions effectively.										
1.13	The Council ensures corruption and misuse of power are dealt with effectively.										
Core Principle 2: Ensuring openness and comprehensive stakeholder engagement											
Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.											
Sub Principle: Openness											
2.1	The Council ensure an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.										
2.2	The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case a justification for the reasoning for keeping a decision confidential should be provided.										
2.3	The Council provides clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.										
2.4	The Council use formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.										
Sub Principle: Engaging comprehensively with institutional stakeholders											
NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.											
2.5	The Council effectively engages with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.										
2.6	The Council develops formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.										
2.7	The Council ensures that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.										
Sub Principle: Engaging with individual citizens and service users effectively											
2.8	The Council will establish a clear policy on the type of issues that the organisation will meaningfully consult with or involved communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.										
2.9	The Council ensures that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.										
2.10	The Council will encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.										
2.11	The Council will implement effective feedback mechanisms in order to demonstrate how views have been taken into account.										
2.12	The Council balances feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.										
2.13	The Council take account of the impact of decisions on future generations of tax payers and service users.										
Core Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits											
The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and industrial stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.											
Sub Principle: Defining outcomes											
3.1	The Council have a clear vision, which is an agreed formal statement of the organisation's purpose and internal outcomes containing appropriate performance indicators, which provide basis for the organisation's overall strategy, planning and other decisions.										
3.2	The Council specifies the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.										
3.3	The Council deliver defined outcomes on a sustainable basis within the resources that will be available.										
3.4	The Council identify and manage risks to the achievement of outcomes.										
3.5	The Council manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available.										
Sub Principle: Sustainable economic, social and environmental benefits											
3.6	The Council consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.										
3.7	The Council take a longer view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.										
3.8	The Council determine the wider public interest associated with balancing conflict interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.										
3.9	The Council will ensure fair access to services.										
Core Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes											
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.											

Sub Principle: Determining interventions	
4.1	The Council ensures decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.
4.2	The Council considers feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands which limited resources available including people, skills, land and assets and bearing in mind future impacts.
Sub Principle: Planning interventions	
4.3	The Council has established and implemented robust planning and control cycles that cover strategic and operational plans, priorities and targets.
4.4	The Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
4.5	The Council considers and monitors risks facing each partner when working collaboratively, including shared risks.
4.6	The Council ensures arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
4.7	The Council has established appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
4.8	The Council ensures capacity exists to generate the information required to review service quality regularly.
4.9	The Council prepares budgets in accordance with objectives, strategies and the medium term financial plan.
4.10	The Council inform medium and long term resources planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Sub Principle: Optimising achievement of intended outcomes	
4.11	Fife Council ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.
4.12	Fife Council ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
4.13	Fife Council ensures the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
4.14	The Council ensures the achievement of 'social value' through service planning and commissioning.
Core Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within specific periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.	
Sub Principle: Developing the entity's capacity	
5.1	The Council reviews operations, performance and use of assets on a regular basis to ensure their continuity effectiveness.
5.2	The Council improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.
5.3	The Council recognises the benefits of partnerships and to enhance the strategic allocation of resources.
5.4	The Council develop and maintain an effective workforce plan to enhance the strategic allocation of resources.
Sub Principle: Developing the capability of the entity's leadership and other individuals	
5.5	The Council has developed protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
5.6	The Council has a published statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
5.7	The Council ensures the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
5.8	The Council develops the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a community basis - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
5.9	The Council ensures that there are structures in place to encourage public participation.
5.10	The Council are taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
5.11	The Council will hold staff to account through regular performance reviews which take account of training or development needs.
5.12	The Council ensure there are arrangements in place to maintain the health and wellbeing of the workforce and support the individuals in maintaining their own physical and mental wellbeing.
Core Principle 6: Managing risks and performance through robust internal control and strong public financial management	
Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal controls are integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.	
Sub Principle: Managing risk	
6.1	The Council recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.
6.2	The Council has robust and integrated risk management arrangements and ensures that they are working effectively.
6.3	The Council ensures that responsibilities for managing individual risks are clearly allocated.
Sub Principle: Managing performance	
6.4	The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review.
6.5	The Council makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.
6.6	The Council ensures an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible. (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.
6.7	The Council provide members and senior management with regular reports on service delivery plans and on progress towards the outcome achievement.
6.8	The Council ensures there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)
Sub Principle: Robust internal control	
6.9	Members and officers aligns the risk management strategy and policies on internal control with achieving objectives.
6.10	Members and officers evaluate and monitor risk management and internal control on a regular basis.
6.11	The Council ensure effective counter fraud and anti-corruption arrangements are in place.
6.12	The Council ensures additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
6.13	The Council ensures an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - that its recommendations are listened to and acted upon

Sub Principle: Missing Data													
6.14	Members and officers ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.												
6.15	The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies.												
6.16	Members and officers review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.												
Sub Principle: Strong public financial management													
6.17	The Council ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance.												
6.18	The Council ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.												
Core Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability													
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.													
Sub Principle: Implementing good practice in transparency													
7.1	Members and officers write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.												
7.2	The Council strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.												
Sub Principle: Implementing good practices in reporting													
7.3	Members and officers report atleast annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.												
7.4	The Council ensures members and senior management own the results reported.												
7.5	The Council ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).												
7.6	The Council ensures that this Framework is applied to jointly managed or shared service organisations as appropriate.												
7.7	The Council ensures the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.												
Sub Principle: Assurance and effective accountability													
7.8	The Council ensures that recommendations for corrective action made by external audit are acted upon.												
7.9	The Council ensures an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.												
7.10	The Council welcome peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.												
7.11	The Council gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.												
7.12	The Council ensures that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.												

This return should be signed off by the relevant Executive Director prior to electronic submission to email address by date. Further details should be provided surrounding any areas of concern in terms of the overall governance arrangements in place within their Directorate (and Services).

ALEO		Date	
Name		Designation	Chief Executive
As a result of completion of this exercise, I confirm that I am satisfied with the overall governance arrangements in my Directorate (and the services within it) and that there is a satisfactory evidence base to support this opinion. In addition, I confirm that I will take appropriate steps during the 2024/25 financial year to further enhance the Directorate's governance arrangements in the areas identified for improvement.		Yes	
		No	

Please note any significant event or development relating to the governance arrangements that occur between 1 April 20XX and XX June 20XX should be reported directly to Lindsay Thomson, Head of Legal and Democratic Services.

28 June 2024

Agenda Item No. 7

Annual Governance Statement for the year to 31 March 2024

Report by: Eileen Rowand Executive Director Finance and Corporate Services

Wards Affected: All

Purpose

To present the Annual Governance Statement for consideration, approval and inclusion into the unaudited Annual Accounts for the year ended 31 March 2024.

Recommendation(s)

It is recommended that the Standards, Audit and Risk Committee:-

- (1) notes the contents of this covering report;
- (2) approves the Annual Governance Statement which is included as an Appendix to this report and
- (3) notes that following approval, the Executive Director of Finance Corporate Services will include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2024.

Resource Implications

There are no direct resource implications

Legal & Risk Implications

The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Regulation 5 requires that a local authority conduct an annual review of the effectiveness of a local authority's system of internal control. The findings of that review are to be considered at a meeting of a committee whose remit includes audit or governance. Following that review, elected members must approve an Annual Governance Statement. There is no requirement to have separate meetings for the consideration of the findings and then the approval of the Annual Governance Statement. Both may be undertaken at the same meeting.

In addition, the Annual Governance Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting 2022/23 (the Code).

Impact Assessment

No impact assessment is required.

There has been a process of engagement across all Council services and ALEOs in the preparation of the Annual Governance Statement. That process is summarised in the Statement.

1.0 Background

1.1 Annual Governance Statement

- 1.2 Each year an annual governance statement is included within the Council's Annual Accounts. The statement is subject to audit by the Council's External Auditors as part of the Annual Accounts process. There are a number of requirements for inclusion in the Annual Governance Statement. These are as follows:-
- i. An acknowledgement of responsibility for ensuring there is a sound system of governance (section 1);
 - ii. An opinion on the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide (paragraph 3.1) ;
 - iii. A brief description of the key elements of the governance framework (section 2);
 - iv. A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, (paragraph 1.3-1.5 and section 3);
 - v. An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan (section 4) and
 - vi. a conclusion.

2.0 Issues and Options

2.1 Appendix 1

- 2.2 Appendix 1 contains the draft Annual Governance Statement for the year ended 31 March 2024 for consideration by the Committee.

3.0 Conclusions

- 3.1 The draft statement complies with the requirements of the Regulations and Code and the Committee is invited to consider and then approve the annual governance statement for the year ended 31 March 2024.

List of Appendices

1. Draft Annual Governance Statement for the year ended 31 March 2024

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

None

Report Contact
Lindsay Thomson
Head of Legal and Democratic Services
Email: Lindsay.thomson@fife.gov.uk

1.0 Fife Council's scope of responsibility and approach to maintaining effectiveness of governance arrangements.

Scope of Responsibility

- 1.1 Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Fife Council also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.
- 1.2 In discharging this overall responsibility, Fife Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers) Framework CIPFA Delivering Good Governance - Guidance for Scottish Councils 2016.
- 1.3 The current Code of Corporate Governance was prepared based on the guidance developed by CIPFA SOLACE entitled CIPFA-Delivering Good Governance Framework-2016 however, the code has been revised and updated this year and will be presented to the Standards, Audit and Risk Committee in June 2024. A copy of the revised Code, once approved, will be available at: [Governance Documentation](#).

The Code summarises how Fife Council's governance arrangements address the requirements of the Framework. In addition, Fife Council is responsible for confirming effective corporate governance arrangements exist within its other group entities, in line with Accounts Commission guidance, including:

- [Safeguarding Public Money are you getting it right? 2019](#)
- [Following the Public Pound Code of Guidance](#)
- [Arm's Length External Organisations \(ALEO's\) are you getting it right? June 2011](#)

Part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

Fife Council's Group Accounts

Fife Council operates several ALEOs.



Business Gateway Fife (BGF) is a publicly funded service contributing to the economic well-being of Fife by providing access to free business advice & support services. Fife Council is the sole member of the company, which is overseen by a board formed of Council and independent directors. Business Gateway Fife works with Fife Council's Economic Development team and agencies including COSLA, Scottish Enterprise and SDI in the delivery of services and grant giving to eligible business. Regular performance monitoring and liaison is carried out through the Economic Development team with Annual Reports for BGF being presented to the Finance, Economy and Corporate Services Scrutiny Committee.

Fife Sports and Leisure Trust (FSLT) started trading on 1 April 2008. The Office of the Scottish Charity Regulator (OSCR) granted charitable status on 28 March 2008 and Fife Council is the sole member of the Company.

Fife Coast & Countryside Trust (FCCT) registered as a Company Limited by Guarantee with charitable status in March 2001. Fife Council is the sole member of the company. The trust was initially responsible for the marketing and promotion of the Fife Coastal Path (FCP). However, in June 2009, after a successful two-year pilot, it also took on responsibility for the Countryside Rangers and maintenance of both the Lomond Hills Regional Park (East) and FCP.

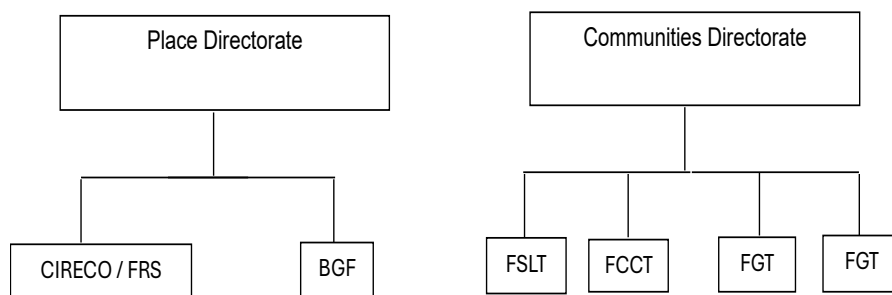
Fife Golf Trust (FGT) started trading on 1 April 2011. OSCR granted charitable status on 30 March 2011 and Fife Council is the sole member of the company.

Fife Cultural Trust (FCT) also known as On Fife started trading on 1 October 2012. OSCR granted charitable status on 27 September 2012 and Fife Council is the sole member of the Company.

Each ALEO is overseen by a Board of Directors. Regular performance monitoring and liaison is carried out with these four ALEOs by the Communities and Neighbourhoods Service with Annual Reports being presented to People and Communities Scrutiny Committee.

In addition, Fife Council's waste services are provided by Fife Resource Solutions (FRS) and Cireco provides commercial waste services. These are limited liability partnerships which were formed in 2014. The Council appointed three elected members and two officers to sit on the Board of FRS and Cireco in addition to three non-executive directors.

The two directorates responsible for managing and maintaining oversight of the Council's ALEOs are the Place Directorate (for BGF and Cireco) and the Communities Directorate for the others.



Finally, Fife Council participates in Fife's Health and Social Care Partnership (HSCP) with NHS Fife. The HSCP is overseen by an Integration Joint Board (IJB) to which the Council nominate eight elected members. The IJB meets regularly in a remote meeting format attended by the Director of the HSCP and other professional advisers including a Standards Officer. This arrangement is governed by the Integration Scheme which was revised and approved in March 2022.

Maintaining effectiveness of governance arrangements

- 1.4 Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice.
- 1.5 A lead officer (Executive Director, Finance and Corporate Services) has been appointed to:
 - oversee the implementation and monitor the operation of the Code of Corporate Governance and
 - review the operation of the Code in practice.
- 1.6 In addition, the lead officer, chairs the Corporate Governance Group which has responsibility to input to and review the Annual Governance assurance assessments and this Statement before it is presented to and approved by the Standards, Audit and Risk Committee. The statement is subject to external audit to consider whether the Corporate Governance Statement is prepared in accordance with the Delivering Good Governance in Local Government Framework and the CIPFA Accounting Code of Practice.
- 1.7 However, it should be noted that a sound system of Corporate Governance, risk management and internal control provides only reasonable, but not absolute, assurance that the Council will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business. A system of Corporate Governance, risk management and internal control cannot provide protection with certainty against material errors, losses, fraud, or breaches of laws or regulations, however it can greatly mitigate the risk(s).

2.0 Fife Council's Governance Framework

- 2.1 The governance framework comprises the structure, systems and processes, and culture and values by which the Council is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.2 Key elements of good corporate governance include honesty; trust and integrity; openness; performance focus; responsibility and accountability; management of risk; mutual respect; and commitment to the organisation. To that end, the system of corporate governance, risk management and internal control in Fife Council is based on a framework that includes:

Governance

- Codes of Conduct for councillors and employees
- Member/Officer Protocol and associated guidance notes
- Training and development arrangements for councillors and employees
- Standing Orders (2023), List of Committee Powers (2024) and List of Officer Powers (2024)
- Statutory Officers
- A Standards, Audit and Risk Committee, and Scrutiny Committees held in public / live streamed
- Corporate Governance Group

Planning

- Plan for Fife 2017-2027
- Local Community Plans
- Service Change Planning
- Council Executive Team, Directorate Leadership Teams, Council Leadership Team
- Digital Strategy
- HR Plans and Policies including Our People Matter and Organisational Development Framework
- Procurement Strategy
- As appropriate, formal programme and project management disciplines

Performance

- Performance management framework - including Public Performance Reporting requirements from Best Value
- Regular planning and performance reports – for management and committee scrutiny activity
- Setting and monitoring targets for financial and other performance aspects

Financial Governance

- Financial Regulations (2024)
- Medium Term Financial Strategy
- Comprehensive financial management systems
- Periodic and annual committee reports which indicate forecast financial performance against budget, covering both Capital and Revenue expenditure
- Clearly defined capital and revenue expenditure guidelines
- Investment Strategy Group which focusses on Capital Strategy monitoring, developing 10-year investment plans and monitoring high-level capital delivery performance

Risk Management

- Risk Management Policy and Strategy v4.0 (reviewed May 2024), including risk appetite
- New Strategic Risk Register and Service-level Risk Registers
- Risk Management Strategy Group, chaired by the Executive Director, Finance and Corporate Services as Senior Responsible Officer for risk.
- Risk Management Improvement Plan

- 2.3 Audit and Risk Management Services provides the internal audit function for Fife Council and operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion in 2023 of a formal External Quality Assurance process. The Service undertakes a risk-based annual programme of audit work approved by the Standards, Audit and Risk Committee. The Service Manager, Audit and Risk Management Services provides an annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, including the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. The overall audit opinion for the year to 31 March 2024 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

- 2.4 All internal audit reports are issued to the:

- Standards, Audit and Risk Committee and, from 2023/24, convenors of the Council's Scrutiny Committees
- Chief Executive, Executive Director of Finance and Corporate Services, appropriate Executive Director and the wider Council Executive Team

- Head of Finance and other relevant Head(s) of Service
- Head of Legal & Democratic Services and Service Manager - Change & Improvement
- External Auditor, Azets.

Where necessary, the Standards, Audit and Risk Committee can seek further reports from the appropriate Executive Director or Head of Service.

- 2.5 During 2023/24, a number of improvements were made by management to address the critical recommendation contained within the Safeguarding internal audit report, which related to Scottish Social Services Council (SSSC) registration. A formal follow-up of the report was also carried out by Internal Audit this year and independent assurances were obtained that the recommendation had been fully implemented. In addition to the improvements made, a small number of limited assurance internal audit reports have been issued since the last Governance Statement, including the Community Equipment Service - Fife Equipment Loan Store, which contains one critical recommendation surrounding the servicing of community equipment, Lone Working, School Transport - Additional Support Needs and Third Sector Funding. Management has agreed to fully implement all of the recommendations within these audit reports and will monitor progress made towards this. The Council's 2024/25 Internal Audit Plan also contains formal follow-up reviews of the Community Equipment Service - Fife Equipment Loan Store and Lone Working reports, which should provide independent assurance in due course that the areas requiring improvement, and corresponding risks, have been adequately addressed.
- 2.6 The Council is determined to protect itself and the public from fraud and corruption and have developed its existing counter fraud and anti-corruption arrangements in consideration of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Council is committed to the rigorous maintenance of a strategy, and supporting policies and procedures, for the prevention and detection of fraud and corruption, including participation in the National Fraud Initiative, a biennial data matching exercise co-ordinated at a national level by the Cabinet Office, which provides a framework for:
- encouraging fraud deterrence and prevention
 - raising awareness of fraud and corruption and promoting their detection
 - performing investigations and facilitating recovery
 - invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
 - monitoring, publicising, and updating the policy and its related procedures and performance
 - appropriate action consistent with the Serious Organised Crime Taskforce objectives.
- 2.7 Fraud governance arrangements were enhanced during 2023/24 (see update on previously agreed actions at section 4.1 below) with the launch of a new mandatory Corporate Fraud e-learning package and new Whistleblowing Policy and supporting working practices and procedures, including new referral routes.

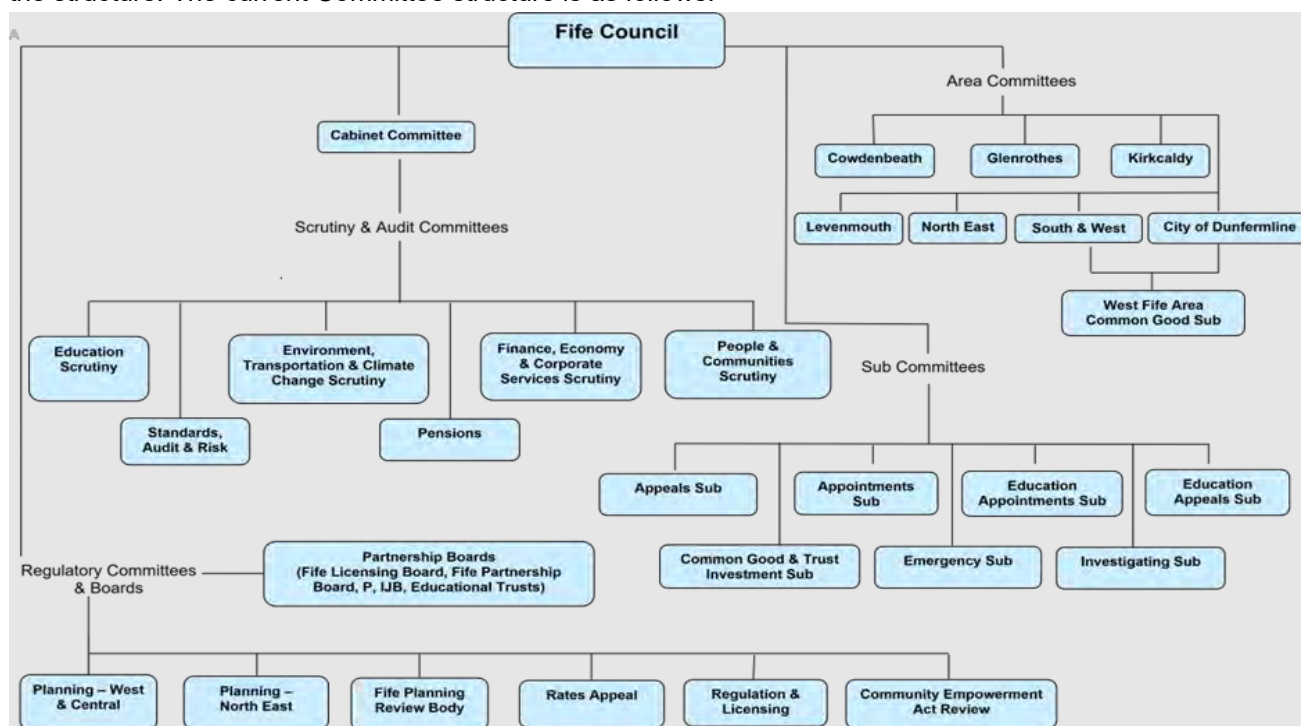
3.0 Review of Effectiveness

- 3.1 Fife Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including risk management and the system of internal control. This review of effectiveness is informed by:
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements.
 - the Trust Assurance Framework has been enhanced and is now the same as the Councils
 - the Service Manager, Audit & Risk Management Services' Annual Internal Audit Report and Opinion. In this regard, the most recent Opinion concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024. This is the same Annual Opinion as provided in the 2022/23 Annual Audit Report.
 - comments made by the external auditors and other review agencies and external scrutiny bodies.
 - feedback from elected members and committees carrying out their scrutiny role.
 - issues considered by the Standards, Audit and Risk Committee.
 - the review of various forms of customer and stakeholder feedback.
- 3.2 The current approach to the Council's Local Code of Corporate Governance was agreed by the Standards and Audit Committee in 2019. A key factor in developing the process was to encourage a more rounded, qualitative approach. An officer working group was established within 2021 to review corporate governance arrangements on an ongoing basis. This group has representation from all directorates and considers ongoing and new improvement actions that are required to enhance governance arrangements. The approach has been further enhanced during 2023/24, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance. In the Council, checklists are considered / completed by Executive Directors in conjunction

with their Directorate Leadership Teams. This new approach has also been rolled out to Council ALEOs, each of which completed and returned their checklists as part of the 2023-24 year end process. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. The corporate assessment approach was recently enhanced using the officer working group to gain a wider perspective. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). This process has also been used to inform the revised and updated Code of Corporate Governance. The corporate governance improvement themes captured as part of this process have been included in this statement.

Significant governance developments in 2023-24

3.3 The Council is made up of 75 elected members across 22 wards with the Scottish Labour Party forming a minority administration. Cllr David Ross is the Leader of the Council. Six strategic spokespeople cover broad portfolios of Council services, linking with Executive Directors. The Council's structure of governance is based on a Cabinet Committee and four Council service area themed scrutiny committees. The Cabinet Committee plays a key role in governance and decision making. The function of the Cabinet Committee is to set the strategic and policy direction of the Council and take all major policy and resource decisions on its behalf. The Council also constituted a Standards, Audit and Risk Committee (SARC) which has the delegated authority to support the Council in its responsibilities for risk management, governance, and control. The SARC seeks assurance that an effective system of risk management and internal control is maintained. The SARC also has a role in the application of standards matters across the Council, and the Council's performance in complaints and freedom of information. The Council approved a revised List of Committee Powers in 2024. This document clarified elements of the role and remits of Committees and their membership but did not make substantive changes to the structure. The current Committee structure is as follows:



3.4 The Council has continued to focus on four priority themes as set out in the Plan for Fife which was updated in September 2021. The priority themes are Opportunities for All; Thriving Places; Community-Led Services; and Inclusive Growth and Jobs. These have been translated into thirteen "ambitions", with addressing the climate emergency added. Four Strategic boards continue to oversee the progress against the ambitions Leading Economic Recovery, Tackling Poverty and Preventing Crisis, Addressing Climate Emergency and Community Wealth Building and to focus on prevention and early intervention and on reducing inequality. Each of the community planning partners in Fife has committed to these and will be responsible for planning, scrutinising, and reporting on performance and delivery to the partnership, the public and other key stakeholders. Local priorities and accountability are an essential part of this process, and local community plans and neighbourhood plans will be developed to improve outcomes for those with the greatest needs.

3.5 Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with

communities if inequalities are to be addressed and life chances boosted for all. A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027. The Council is progressing organisational change and reform to support the whole system change and the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place. In addition the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.

- 3.6 Appropriate monitoring and reporting will help the Council to track progress towards the delivery of desired outcomes and assist strategic committees, area committees and the Fife Partnership in scrutinising performance. Service performance reporting continued during 2023-24 financial year. Going forward, these reports will contain high level indicators relating to the work of the themed committees.
- 3.7 The Council also has in place the components for the effective management of its resources. These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Our People Plan). There are also a range of HR Policies. The Council's approach to Digital Services is being developed and delivery of this work is monitored through the Council's Digital Portfolio Board and there is further oversight via the Reform and Recovery Board. In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.
- 3.8 The Council's financial management processes were challenged during the year as economic conditions meant the organisation was dealing with the lingering impacts of high inflation, recruitment challenges and impact on demand for Council Services. Continued emphasis on financial planning throughout the year was highlighted in several reports considered by the Cabinet Committee, this took account of the continued financial consequences of the pandemic as well as additional economic impacts. It is clear that the Council finances will be more challenged going forward as Service overspends have begun to emerge and some of the corporate mitigations applied over the last few years will no longer be available. Strong financial management will be required in order to control and contain costs where possible. In particular, the Health & Social Care Partnership has drawn down considerable reserves to mitigate areas of pressure (£12.173m) in 2023/24 and the resulting overspend of £5.578m meant the risk share arrangement was applied for the first time in a number of years with the Council being required to provide additional funding (£2.120m). The risk in the coming year is compounded due to the significant level of savings to be delivered by the Partnership.
- 3.9 The Council continues to replace a number of legacy systems and during the year, the social work/social care case system transferred from SWIFT to Liquidlogic. The system which is required to provide an accurate record management system for service users across social work children and families, adults, older people and criminal justice. The system also has a payment recording system called controcc which links to Fife Council's Oracle system. The focus has been on implementation and to deal with issues arising from implementation, and this has meant that the data in the system is not yet reliable for financial forecasting. The coming year will see more focus on ensuring that the value of using a more modern system is maximised, and that the integrity of the data is improved to allow improved financial forecasting processes.
- 3.10 During the year a review has been taking place in relation to Programme and Project governance and assurance by officers. Major change projects (over £5m or higher risk projects) have specific governance arrangements already in place and have governance boards established which meet regularly to monitor and track progress and risks. However, the review has identified some areas for improvement and the need to strengthen some aspects to ensure effective management of resources associated with Programmes and Projects. These will take place during the coming year.

Key Statements

- 3.11 We have been advised on the result of the review of the effectiveness of the governance framework by the processes and procedures outlined in Para. 3.1 above and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. We are also clear that the Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2016).

4.0 Areas for Improvement and Development in Governance

- 4.1 The table below shows progress on significant governance issues which were identified in the previous annual governance statement during the last year and the second table shows actions planned for the coming year. Oversight of these actions is provided by a governance group, chaired by the Executive Director - Finance & Corporate Services. This group will review and monitor progress on a quarterly basis throughout the year to ensure appropriate actions are taken forward. A detailed action plan, containing all directorate actions, along with responsible officers and implementation dates will assist with the monitoring process.

Update on previously agreed actions:

Review of Governance and Decision Making
Issue: Governance structures and processes need to enable transparent and appropriate decision making.
Responsible Officer: Head of Legal and Democratic Services / Monitoring Officer
Progress made in 2023-24: Revised standing orders were approved in June 2023. The Council also approved revised committee and officer powers in May 2024. The scrutiny protocol is in draft having been developed by an officer working group and in discussion with the chairs of the four strategic scrutiny committees. Financial regulations were also approved in May 2024.
Elected Member Support and Development
Issue: Elected members need to be supported to undertake their role through a continuous programme of development and learning.
Responsible Officer: Head of Legal and Democratic Services
Progress made in 2023-24: The Cross Party Leaders Group (CPLG) considered a paper on member development and agreed to the creation of a new member working group to take this work forward. It will progress now committee and officer powers work has concluded. Members were also surveyed about their experience of training and induction.
Change Programmes
Issue: The Council needs to focus on the pace and scale of change required to meet the challenging financial environment but also to improve service delivery for the people of Fife.
Responsible Officer: Chief Executive / Service Manager - Corporate Development
Progress made in 2023-24: Change work progressed in 2023/24 as planned, with services identifying opportunities to progress over the 3-year period to 2025/26. Three cross cutting workstreams are progressing - No Wrong Door, Place and Digital/Productivity. Updates were taken to June and November 2023 Cabinet Committees on these. Workforce planning continues to be a focus beyond 2023/24 with good progress on progressive recruitment and use of the Our People Matters framework and People Plans.
Performance
Issue: As part of our planning processes, we identify, monitor and report upon an appropriate range of performance information to evaluate progress, performance, and quality of service delivery.
Responsible Officer: Service Manager, Communication and Customer Insight
Progress made in 2023-24: A Council Planning and Performance Improvement Plan was approved in April 2024. This will deliver improvements in the use of research, data and insight; a remodelled approach to Service scrutiny reporting; joined up service planning and change planning processes; self evaluation in relation to Best Value; updated corporate performance monitoring arrangements; wider use of digital solutions and improvements in public performance reporting.
Attendance and Wellbeing
Issue: The attendance and wellbeing of our employees is key to the success of the Council. We have seen increased rates of absence from work so we will focus on attendance and wellbeing at work.
Responsible Officer: Head of Human Resources
Progress made in 2023-24: A revised approach to managing absence was approved by Cabinet 29 June 2023, and is now in the process of implementation. An Attendance Support Unit is in place with a refreshed approach to training and development and early support measures are being delivered.

We also issued a fresh Health, Safety & Wellbeing pulse/survey which was launched in January 2024. Survey data has been collated in a Power Bi dashboards to help inform Services.

Further work has already started to address areas for improvement and tackle issues such as work related stress, physical well-being and health and safety compliance. Since the last survey in 2022, there have been moderate improvements in a range of areas, and we will continue to build on those improvements.

Directorate and Service Stress risk assessments have been promoted by the Stress Overview Group and it has been agreed that all Directorates must have carried out the assessments and developed action plans by September 2024, with action plans to be delivered by 31 March 2025.

ALEOS

Issue: The Council has several ALEOS delivering a range of functions. These have been in operation for several years and the detail of the operating arrangements may no longer reflect how the relationship between the Council and the ALEO has developed over time.

Responsible Officer: Head of Communities and Neighbourhoods and Head of Business and Employability

Progress made in 2023-24: Business Gateway Fife has reviewed its operating systems and structures to enhance performance measures, including work to homogenise grant processes, creating an efficient and agile approach to service delivery. The organisation has reworked its assets to allow for joint working with Scottish Enterprise and has updated the Enterprise Hub in Glenrothes to reflect the needs of business customers. The Board has reviewed key risks and mitigation measures in the last 12 months.

The ALEOs have regular performance sessions on Service Level Agreement delivery. Annual reports have been modified and further changes are being made for coming years to allow more time for scrutiny. Work is underway to consider the operating agreement for FRS/Cireco at the time of writing.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is required during 2023-24.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: Driven by the implementation of the Risk Management Improvement Plan and Risk Management Strategy Group, which met regularly as planned, the Council's corporate risk management arrangements continued to mature during 2023/24. Key improvements include:

- Development of a new Strategic Risk Register, subsequent defining of corresponding risk appetite levels for, and assigning standing governance groups to, each risk.
- Formal horizon scanning, and risk escalation processes established.
- Appointment of a second, full time, dedicated Risk Management Co-ordinator.
- Funding secured via the Workforce Youth Investment Fund to establish and recruit to fill a new Risk Management Trainee post.
- Establishment of an Ideagen Governance Group.
- Progress towards implementing the Roll Out Plan, supporting services to develop, implement and embed effective risk management arrangements locally, including development of service-level risk registers.
- Utilisation of the new, approved PESTELO impact assessment matrix.
- Delivery of training and awareness sessions, including awareness session for the extended Council Leadership Team and CPD events.
- Ongoing development of e-learning solutions, in consultation with HR colleagues.
- Member Council of the recently established Risk Management Sub-Group of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG).

Note : further actions are planned into 2024-25 and are noted in the table below.

Fraud Governance and Anti-corruption Arrangements

Issue: The Council's fraud governance and anti-corruption improvements require some updating and development.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: A number of improvements were made to the Council's fraud governance arrangements during 2023/24, including the following, however further development is planned / required during 2024-25.

- Agreement to establish a new Corporate Fraud Lead Officer post.
- Corporate Fraud Improvement Plan drafted.
- Development and launch of a new mandatory Corporate Fraud e-learning package.
- Development and delivery of corporate fraud awareness raising sessions e.g. to Corporate Procurement Team.
- A new standalone Whistleblowing Policy was developed collaboratively by HR, Legal & Democratic Services and Audit & Risk Management Services. The following supporting working practices and procedures have also been put in place during the year:
 - A new dedicated email address was established with restricted access arrangements.
 - An online referral form was developed and launched.
 - The Council's Internet and Intranet pages were developed as a central source of related procedures, guidance and support.
 - Tripartite approach to consider and respond to concerns and quarterly monitoring meetings to ensure continued oversight of cases.
 - Central reporting and recording process.
- Participation in a short life working group alongside NHS Fife colleagues providing assurances to the Health and Social Care surrounding the Council's enhanced whistleblowing arrangements.

Note : further actions are planned into 2024-25 and are noted in the table below.

Health and Social Care Partnership

Issue: The actions identified within the self-assessment on progress of integration and effective governance need to be advanced.

Responsible Officer: Chief Finance Officer, H&SC

Progress made in 2023-24: A revised Directions Policy will be presented to the IJB on 31st May for formal approval following support from HSCP Audit and Assurance Committee and HSCP Finance, Performance and Scrutiny Committee.

A revised Performance Framework was approved by the IJB in October 2023 and is now live.

The Strategic Planning Process is under constant review however there is a robust timetable for implementation and review of all 13 Strategic Plan supporting strategies which are directly attributable to the HSCP. Nine of these strategies were approved by the IJB during 2023-24.

Action plan for 2024-25: When developing the action plan for the new year, the Corporate Governance Group considered the responses completed by Directorates and ALEOs and cross reference this to the Delivering Good Governance Framework. The action plan outlined below has been prepared with reference to the principles within the framework.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is planned for 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management Services

Planned for 2024/25: Further improvements surrounding the Council's risk management arrangements are planned for 2024/25, including the following:

- Full implementation of the Roll Out Plan.
- Finalisation and launch of a formal training and awareness programme, including e-learning solutions.
- Establish Risk Management Trainee post and fill the position.
- Development and implementation of risk management methodology to be utilised in strategic decision-making.
- Review and revise the Risk Management Maturity Model.
- Provision of risk management advice and guidance to Council ALEOs.

Workforce

Issue: Ensure an effective workforce plan is in development to enhance the strategic allocation of resources and develop and enhance the regular performance reviews with staff.

In our response to the recent SPDS Local Government Workforce Planning Survey 2023 we identified our maturity in terms of the Audit Scotland Workforce Planning Maturity Matrix as being between basic and developing. We recognise the improvements needed and are focussing on deployment of our workforce planning approach with stronger links to service change planning and delivery of the workforce strategy.

The Council's Workforce Strategy, Our People Matter describes our workforce agenda and sets the framework for how we recruit, manage, develop and support our workforce to support delivery of the Plan for Fife. Actions within the strategy support our workforce planning activities. The OPM works in a complimentary way with our workforce planning approach to ensure that our workforce capacity and capability meets current and future organisational needs. Our Service People Plans set out the workforce planning people priorities for Services, the actions they plan to take to address their priorities and the anticipated outcome of their actions. The data from the Service People Plans has enabled the development of corporate workforce planning priority themes. These themes direct corporate activities to support strategic workforce planning activities.

Talking Points is the Council's good practice approach to improving performance. It is about encouraging regular discussions that suit the needs of the service, the team and individuals. It is expected that managers have regular 1-2-1 meetings. In addition, managers are expected to make time, once a year, for a more structured discussion on performance and development needs.

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- A Corporate People Plan is being developed for the period 2025 - 2028 using the insight from Service workforce planning themes, it will set out the strategic actions we will take to address gaps in our workforce capacity and capability.
- A range of activities will be undertaken to develop the maturity of both our corporate and service approach to workforce planning, including understanding and scoping future workforce needs.
- Delivery of our recruitment strategy will continue with a focus on innovative approaches to recruitment such as Life Chances and 'grow your own' initiatives funded by the Workforce Youth Investment Fund.
- Directorates and Services have been asked to review how well 1-2-1 supervision meetings are being undertaken. This is to include the quality and impact of the conversations.
- The First Line Managers Development Programme will include input on managing team performance and highlight Talking Points as good practice.
- Talking Points guidance will be reviewed and updated from an improvement perspective.

Leadership

Issue: Development of leadership skills and capacity of officers to ensure effective leadership to respond successfully to changing demands and risks

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- Support the identification and development of leadership development activities within Services.
- Identification of opportunities to develop senior leadership capabilities through Council Leadership Team sessions, for example on Artificial Intelligence.
- Explore leadership development offerings, aligning with work to support succession planning/talent management.

Performance

Issue: Best Value audit report recommendations in 2023 noted scope for improvement in the Council's approach to planning and performance.

Responsible Officer: Manager, Policy & Communications

Action Planned within 2024-25: Planning & Performance Improvement Plan approved in April 2024 to deliver improvements in the use of research, data and insight, remodelled approach to Service scrutiny reporting, joining up service planning and change planning processes, updating the corporate monitoring approach, making use of digital and improving public performance reporting.

Fraud Governance

Issue: The Council's fraud governance arrangements have improved during 2023/24, however further development is required during 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2024-25:

Further improvements surrounding the Council's fraud governance arrangements planned for 2024/25, including the following:

- Establish new Corporate Fraud Lead Officer post and recruit / fill position.
- Finalise Corporate Fraud Improvement Plan.
- Develop and launch, in conjunction with Workforce Strategy & Organisational Development Team, alternative resources to support the mandatory Corporate Fraud learning e.g. Managers Talk, Video and Information Sheet.
- Further promote the Council's new Whistleblowing Policy and develop arrangements for reporting statistics, outcomes and learnings relating to whistleblowing concerns.
- Develop and implement fraud reporting arrangements.
- Deliver further corporate fraud awareness raising sessions throughout the organisation.
- Review and refresh all fraud-related policies and procedures.
- Engage with Council ALEOs to consider how best to support the provision of related advice and guidance.

Financial Management

Issue: Increasing financial risk and Service overspend

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned withing 2024-25: Financial Management will be strengthened across the organisation and will include review of financial controls and processes in place.

Given the financial risk emerging within the Health & Social Care partnership, the Council, as partner, will work in partnership with the Chief Finance Officer to strengthen controls and reduce the risk where possible. Monthly meetings with senior Finance staff across the partnership will be held and a recovery plan is likely to be required by the Partnership.

Where overspends are emerging, mitigating actions will be required and these will be reported within the regular financial reports presented to both Cabinet and Scrutiny Committees.

Increased emphasis on budget holder accountability and responsibility will be achieved through enhanced availability of financial information though self-service access to financial information directly from the Council's core financial systems. This is an improvement that will respond to customer feedback. Training for budget holders will be provided early in the year.

Programme and Project Assurance

Issue: Given the level of change anticipated throughout the organisation, Programme and Project governance and assurance will be strengthened

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned within 2024-25: Training will be developed to assist newly appointed Senior Responsible Officers (SRO) to assist understanding of the role and with a focus on governance, assurance and gateway reviews. Further training videos will be developed covering membership of programme/project boards and specifically the differing roles of board members.

A maturity model assessment will be carried out in order to assess areas of strength and weakness. Aligned to this, an assessment of the available skills and resources will be carried out to determine whether there are any resource gaps and an action plan will be developed.

An assessment will be made as to how best to fulfil a Programme Management Office within the Council. Options will be reviewed including an assessment of the most appropriate model, costs and benefits.

5.0 Conclusions

- 5.1 We have revised our Corporate Governance Framework to ensure that it is fit for purpose and have made good progress in delivering on the improvements actioned identified last year. As a result of applying the framework this year some actions are continuing, and new issues and improvement actions have been identified. These actions are planned to ensure continued good governance across the Council.
- 5.2 The last year has been another challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses whilst safeguarding the Council's financial sustainability and maintaining service delivery. We consider that the governance, risk management and internal control environment operating within 2023-24 provides reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted in this year's review. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance, risk management and internal control arrangements.

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

28 June 2024

Agenda Item No. 8

Fife Council Unaudited Annual Accounts 2023-24

Report by: Eileen Rowand, Executive Director of Finance and Corporate Services

Wards Affected: All

Purpose

This report contains the unaudited accounts for Fife Council and its group for 2023-24.

Recommendation

It is recommended that Members consider the unaudited accounts.

Resource Implications

None.

Legal & Risk Implications

None.

Policy & Impact Assessment

None.

Consultation

None.

1.0 Background

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be submitted to the appointed auditor no later than 30 June. The regulations also require elected members to consider the unaudited accounts at a meeting held no later than 31 August.
- 1.2 Best practice is recognised in Local Government Circular 7/2014 which outlines that it is for the Committee whose remit includes audit or governance functions, to have formally considered the unaudited Annual Accounts prior to submitting them to the appointed auditor and making them available for public inspection. This best practice approach has been adopted by Fife Council for many years and ensures that the committee are familiar with the content of the unaudited Annual Accounts in advance of the public inspection period. This forms part of the overall governance and financial management of the Council.
- 1.3 This committee has a key role in providing a focus on financial management, financial reporting, audit and assurance and supports officers with their governance responsibilities. Formal consideration of the unaudited Annual Accounts by the Committee is required to address, and to help mitigate any risk of the Committee not agreeing to approve audited Annual Accounts for signature.
- 1.4 The unaudited Annual Accounts have, once again, been completed within the statutory timeframes and will be submitted to External Audit following this meeting.
- 1.5 The unaudited Annual Accounts contains full details of the Governance Compliance statement which is subject of a separate report on this agenda.
- 1.6 The unaudited Annual Accounts will be made available for public inspection from Monday 01 July to Monday 22 July (inclusive). Details of the public inspection process were publicised on Monday 17th June.
- 1.7 Consideration of the unaudited Annual Accounts at this meeting complies with the regulations.

2.0 Issues

- 2.1 Whilst presenting the unaudited accounts is a legal requirement, it is recognised that the Annual Accounts are technical in nature and interpretation of these can be complex. To assist with understanding of the documents and the requirements in relation to the document, a short presentation will be provided during committee that will outline the content and associated requirements.
- 2.2 Presentation of the unaudited accounts is an opportunity for the audit committee to review the governance and financial management arrangements of the Council and gives the committee the opportunity to understand the financial position of the Council at the end of the financial year 2023-24. The statements in the accounts outline:

- Management commentary and the governance statement
- The comprehensive income and expenditure statement for the year
- Movement in reserves statement
- Balance sheet at the end of the period
- Cash flow statement for the period
- A number of explanatory notes and information to assist with interpretation of the information in the statements.

- 2.3 As part of the Council's governance arrangements, financial reports have been presented to the Cabinet Committee throughout the year and the final outturn position will be reported to that Committee on 15th August.
- 2.4 It is worth highlighting that within the management commentary in the Annual Accounts (page 3) that as well as outlining the profile of the Council and its group, there is explanatory narrative outlining the final financial position for the financial year 2023-24, as well as how the accounting figures correspond with the figures in the accounts, along with a reconciliation and reasons as to why they appear different.
- 2.5 The management commentary also provides explanations as to why the income and expenditure of the Council significantly underspent when compared with the planned budget over the course of the year and the impact this has on general fund reserves.
- 2.6 In terms of issues that are worth highlighting at this stage, there are some issues which are worth drawing to attention of members:
- The narrative related to the revenue outturn position on page 5
 - The commentary relating to reserves on page 7
 - The comments on going concern on page 9
 - The outlook and plans for the future provided on page 11
- 2.7 The audit process will commence on 01 July 2024. The purpose of the audit is to ensure the Annual Accounts provide a true and fair view of the income and expenditure of the Council and that the statements have been prepared in accordance with appropriate accounting standards and in line with the appropriate laws. During the process any necessary audit adjustments will be made to the accounts as appropriate. Final accounts and an annual audit report are due to be presented to this Committee in September 2024.

3.0 Conclusions

- 3.1 The unaudited Annual Accounts will be completed and submitted to External Audit in line with the timescales outlined in this report.

Report Contact

Elaine Muir
 Head of Finance
 Fife House

Email: elaine.muir@fife.gov.uk



Annual Accounts

2023-24

SUBMITTED FOR AUDIT 28 JUNE 2024

Contents	Page No.
Management Commentary	3
Explanatory and Assurance Statements	
Corporate Governance Statement	13
Remuneration Report	25
Statement of responsibilities for the Financial Statements	32
Expenditure and Funding Analysis	33
Principal Financial Statements for Fife Council Group	
Movement in Reserves Statement	34
Comprehensive Income and Expenditure Statement	35
Balance Sheet	36
Cash Flow Statement	37
Notes to Financial Statements of Fife Council and its Group	
General Accounting Policies & Assumptions	
1 General Accounting Policies	38
2 Accounting Standards Issued, Not Yet Adopted	38
3 Critical Judgement in Applying Accounting Policies	39
4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	39
Movement in Reserves Statement	
5 Adjustments between Accounting Basis and Funding Basis under Regulations	40
6 Usable Reserves and Earmarked Balances	41
7 Unusable Reserves	43
Comprehensive Income & Expenditure Statement	
8 Analysis of Income and Expenditure by Segment/Nature	45
9 Other Income and Expenditure	46
10 Grant and Contribution Income	46
Balance Sheet	
11 Property, Plant and Equipment	47
12 Heritage Assets	49
13 Assets Held for Sale	49
14 Intangible Assets	50
15 Capital Expenditure and Capital Financing	50
16 Leases	51
17 Public Private Partnerships (PPP)	52
18 Inventories	53
19 Short Term Debtors and Creditors	53
20 Provisions	53
21 Financial Instruments	54
22 Nature and Extent of Risks Arising from Financial Instruments	55
23 Pension Schemes Accounted for as Defined Contribution Schemes	56
24 Defined Benefit Retirement Schemes	56
Other notes	
25 Agency Income and Expenditure	58
26 Financial Guarantees	58
27 Group and Related Parties	59
28 Contingent Assets and Liabilities	61
29 Prior Period Adjustments / Restatements	61
30 Events after the Reporting Period	61
Supplementary Accounts	
Housing Revenue Account	62
Non-Domestic Rate Income Account	64
Council Tax Income Account	65
Common Good Accounts	66
Charities and Trust Funds	68

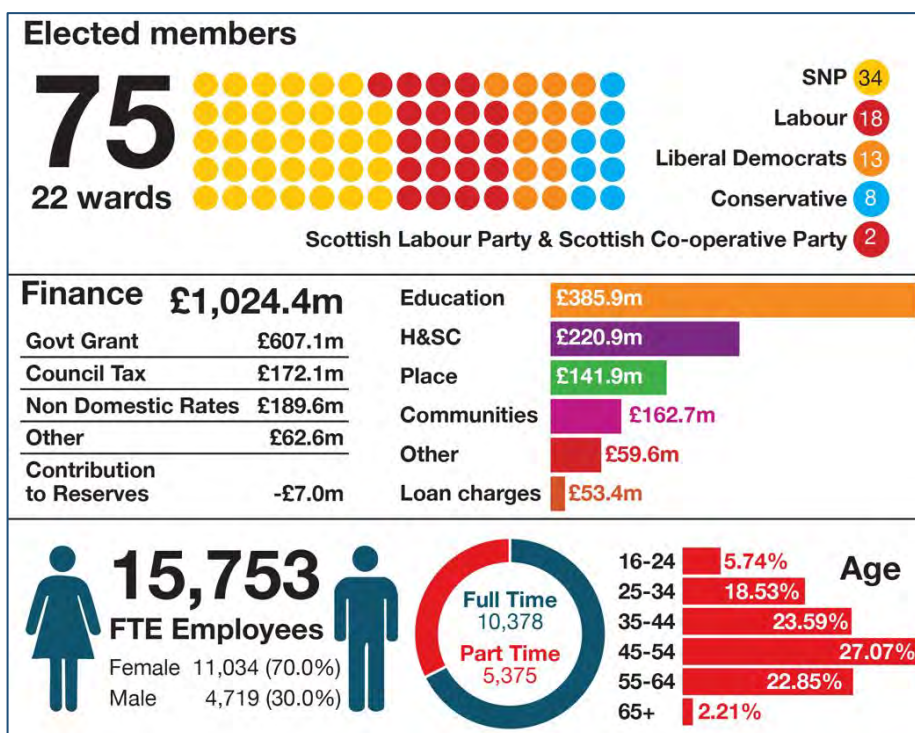
1. Introduction

Welcome to the financial statements for Fife Council and its group for the year ended 31 March 2024. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2023-24 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. Profile of Fife Council

Fife Council was constituted under the Local Government (Scotland) Act 1994 in April 1996 bringing together the work of the previous regional council and 3 district councils and is Scotland’s third largest area by population. Fife has approximately 370,000 residents, 57% of which live in principal towns of Dunfermline, Kirkcaldy, Glenrothes and the group of towns forming Levenmouth, but there are also many other rural and urban settlements, which has implications on the costs of providing services.

The last council elections were held on 5 May 2022. The SNP group hold the most seats on the Council but fall short of a majority. The councillors voted to elect Cllr David Ross (Labour) as Council Leader and to create a Cabinet structure of governance.



The Council provides a range of essential public services throughout Fife. The Council is structured into 5 main Directorates and during the year was led by the Chief Executive, Ken Gourlay who was responsible for ensuring the Council delivers high quality services to Fife residents.

DIRECTORATES



The Integration Joint Board is a partnership with both Fife Council and NHS Fife and is responsible for the planning and operational oversight of Integrated Services, and through the Chief Officer, known as the Director of Health and Social Care, is responsible for the operational management of those services delegated, including Health & Social Care and managed by the Board.

The Council has a number of Arms' Length subsidiary organisations who provide services on behalf of Fife Council – Fife Cultural Trust, Fife Sports and Leisure Trust, Fife Golf Trust, Fife Coast and Countryside Trust and Fife Resource Solutions. Section 4 contains more details about these and the other entities in the Fife Council Group.

3. Objectives and Strategy of the Council

Fife Council and its community planning partners (the Fife Partnership) have a clear strategic ambition for Fife to be a place where all residents lead good lives, make informed choices, and have a sense of control so that they can reach their full potential; all children are safe, happy and healthy and partners make the best use of assets and facilities, while sustaining them for future generations. The overall vision is for A Fairer Fife.

This vision and twelve associated ambitions are set out in the [Plan for Fife](#) - the ten-year local outcomes improvement plan (LOIP) published in November 2017. A three-year update was published in 2021: [Plan for Fife: Recovery and Renewal Plan](#). This included an additional ambition capturing Fife's goals in relation to the climate emergency declared in 2019. The targets and actions relating to that are set out in [Climate Fife](#). Fife Council provides an annual [Public Body Duties Report](#) which is required in compliance with climate change duties established under S44 of the Climate Change (Scotland) Act 2009 and in accordance with subsequent orders.

The 2021-24 Recovery and Renewal Plan outlines three priorities to be driven through a community wealth-building approach: tackling poverty and preventing crisis, leading economic recovery, and addressing the climate emergency – all delivered in the context of the Plan for Fife's 10-year ambitions.



The strategic plan is supported by local community plans in each of Fife's seven local committee areas. These and wider information about how Fife works alongside communities can be found [here](#).

Following three-year review work in 2023-24, the recovery and renewal priorities remain the focus for action 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all.

A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027.

Fife Council is progressing organisational change and reform to support the whole system change the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place.

4. Finance and Performance

Performance Reporting

Under the Local Government in Scotland Act 2003, Fife Council has a statutory duty to deliver Best Value. Public Performance Reporting (PPR) is an essential component of Best Value and has a strategic approach in the way it is reported to the public. The Council adopted a Balanced Scorecard approach to report operational performance and latest Local Government Benchmarking Framework (LGBF) information. That approach is being developed and improved to integrate and reflect wider aspects of service planning, change and improvement. Performance information is used internally to ensure sound governance and management, and a variety of performance reports are available to the public via the [council website](#).

Reporting of Financial Performance includes regular budget monitoring reports for both Revenue and Capital expenditure and these provide a forecast of the financial position of the Council for the year as well as reporting the level of reserves held by the Council. The style of reporting ensures a focus on strategic oversight by the Cabinet Committee of the Council with more detailed financial performance reports being presented to the Scrutiny Committees. Commentary on the single entity that is Fife Council are provided below, and details of Group information are provided on page 11.

The revenue outturn position will be reported to the Cabinet Committee on 15th August 2024, and a comparison of the final outturn to the primary statements of these accounts, is detailed in the table below: -

2023-24 Financial Year	General Fund Outturn				Annual Accounts			
	Outturn	Budget	Variance		General Fund	HRA	Transfers	Total
	£m	£m	£m	%	£m	£m	£m	£m
Education	385.901	384.058	1.843	0.48%	385.901		30.412	416.313
Health & Social Care	220.914	218.730	2.184	1.00%	220.914		(2.012)	218.902
Place	141.891	139.693	2.198	1.57%	141.891		26.973	168.864
Communities	162.646	160.121	2.525	1.58%	162.646	(28.519)	17.787	151.914
Finance & Corporate	59.259	61.778	(2.519)	(4.08%)	59.259		10.274	69.533
Chief Executive	0.302	0.322	(0.020)	(6.21%)	0.302		0.004	0.306
Service Expenditure	970.913	964.702	6.211	0.64%	970.913	(28.519)	83.438	1,025.832
Loan Charges & CFCR	53.441	55.375	(1.934)	(3.49%)	53.441	30.605	(84.046)	0.000
Contingencies	0.000	13.279	(13.279)					
Total Expenditure	1,024.354	1,033.356	(9.002)	(0.87%)	1,024.354	2.086	(0.608)	1,025.832
General Revenue Grant	(607.050)	(607.050)	0.000	0.00%	(607.050)			(607.050)
Non-Domestic Rates	(172.122)	(172.123)	0.001	(0.00%)	(172.122)			(172.122)
Council Tax Income	(189.591)	(191.559)	1.968	(1.03%)	(189.591)			(189.591)
Other Inc & Exp							(86.629)	(86.629)
Transfer of Balances	(62.624)	(62.624)	0.000					
Balances Movement	(7.033)	0.000	(7.033)		55.591	2.086	(87.237)	(29.560)
Reserve Transfers								
- Unusable Reserves							86.962	86.962
- Usable Reserves	65.805				3.181	(0.021)	0.275	3.435
(Increase) / Decrease in Reserves	58.772				58.772	2.065	0.000	60.837

Note – The Transfers column represents adjustments between accounting basis and funding basis under regulations (detailed further in the Expenditure & Funding Analysis Statement on page 33).

General Fund Revenue

2023-24 proved to be another exceptional year in local government with the Council facing significant cost pressures in terms of inflation on both pay and non-pay costs. The Council approved the General Fund Revenue budget for 2023-24 on 23rd February 2023. Financial monitoring reports were provided to the Cabinet Committee throughout the financial year. The following commentary provides some context to the final outturn position at the end of the financial year.

2023-24 Provisional Outturn

There is an overspend of £6.211m against budget within Service Expenditure, an underspend of £1.934m on Loan charges and an underspend on corporate budgets of £11.310m. Combined, this generates an overall underspend in the General Fund of £7.033m against budget (0.68% of Budget).

The significant contributory factors to be considered in the context of the provisional level of underspend include:

Pay Award

In anticipation of a higher pay award than in previous years, the Council also made increased budgetary provision for pay. The level of negotiated pay award for 2023-24 did end up higher than in recent years, however it was partially funded by the Scottish Government. When the increased budget was combined with the grant funding provided the overall provision was greater than the increased costs, resulting in a one-off favourable variance .

Other pressures – Economic Conditions

The current economic conditions are concerning in terms of the legacy repercussions of high inflation for the Council. These inflationary pressures mean the Council is already experiencing increased costs, most notably, energy costs along with others such as fuel and other commodities. Whilst the headline level of inflation has recently eased, there are ongoing repercussions from the period when inflation was high, meaning continued pressure in some areas.

Turning to specific commentary in relation to directorates:

Education reported an overall overspend of £1.843m.

The contributing factors included Devolved School Management (DSM) with an underspend of £1.472m as a result of vacant teachers posts of £2.123m offset by overspends on premises costs and supplies and services. Pupil Equity Funding (PEF) is ring-fenced funding and the underspend of £2.663m has been utilised as part of the Scottish Government funding package for pay.

Non-DSM reported an overspend of £3.315m. Long Term absence and maternity cover continued to overspend by £4.241m. Special Education also overspent by £1.454m due to increased costs of transport and secure child placements, offset by some additional funding for staffing. Overspends were also experienced due to increased property costs, energy and supplies and services. These were partially offset by a general Education underspend of £4.396m due to the lead in times for staffing changes (£1.975m), a budget adjustment to reflect reduced school roll (£0.835m) and underspend on additional teachers, support staff and adjustments to school's budgets of (£2.788m)

Health & Social Care reported an overspend of £2.184m. Fife Council had an overspend of £14.717m which includes a minor overspend of £0.064m on Contracts which does not form part of the IJB. The overspend relating to the IJB of £14.653m primarily related to a £10.880m shortfall in income as a result of income not being received from NHS Fife in line with the IJB directions. The remaining overspend is mainly as a result of care placements and packages. Reserves of £12.173m were drawn down leaving an overspend of £2.480m prior to risk share. The overall IJB overspend was £5.578m with Fife Council being responsible for 38% which equated to £2.120m, meaning a transfer of £0.360m is required from NHS per the risk share agreement.

Place reported an overspend of £2.198m. Assets, Transportation and Environment reported an overspend of £2.677m, this was as a result of overspends in Domestic Waste & Street Cleaning (£1.566m) and Grounds maintenance (£0.630m). Both business units are experiencing increased staff costs to cover absences and seasonal work coupled with increased fleet costs on repairs and hires due to the age and condition of the fleet. Sustainability experienced an overspend of £1.194m due to an additional management fee paid to Fife Resource Solutions to deal with rising cost pressures. Catering also experienced an overspend of £0.732m due to reduced level of income and inflationary pressures. These overspends have been partially offset by an underspend in Property Services of £1.233m as the Energy Management Revolving Fund was not fully utilised, and an underspend of £0.532m in Protective Services due to the volume of applications for building warrants generating more income than planned and challenges in filling vacancies.

Communities reported an overspend against budget of £2.525m, which relates to several smaller contributing factors. These factors principally relate to under recovery of income across several facilities, unachieved savings and overspends in premises costs. These overspends are partially offset by an underspend on Customer and Online Services due to additional income being received.

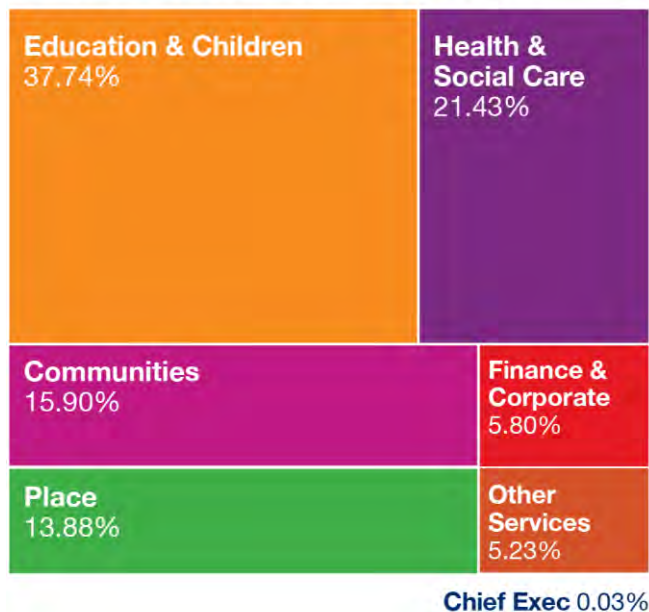
Children and Families reported an overspend of £0.575m. There are several areas of overspend including Purchased Placements (£4.062m) and Kinship care (£1.593m). These are offset by areas of underspend on Whole Family Wellbeing, In-house foster care and staffing vacancies (£6.005m).

Finance & Corporate Services reported an underspend of £2.519m. The underspend relates to increased levels of staff turnover and non-filling of vacancies across all Services in the Directorate as well as increased income from other funds. There is also an underspend on Empty Property Relief due to the level of funding received. These underspends are partially offset by overspends in Business Technology Solutions in respect of contract costs.

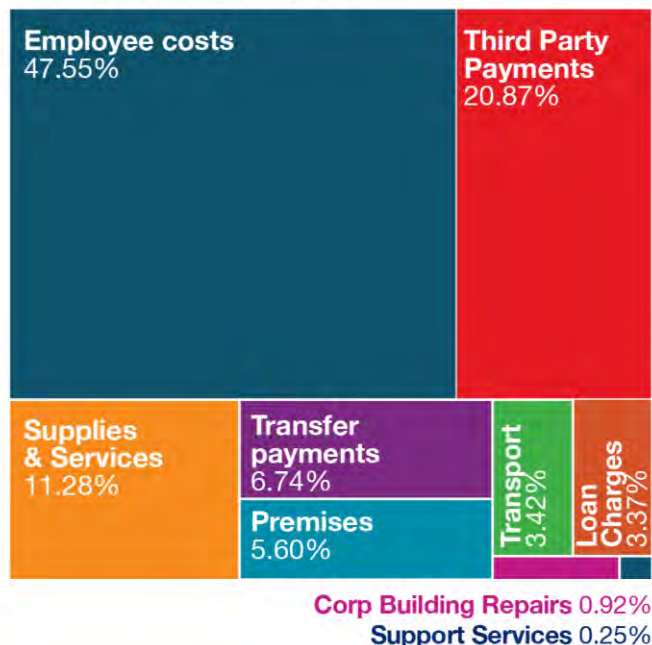
Corporate Budgets reported a total underspend of £15.213m of which includes additional funding and budgetary provision for pay awards which is a one-off for 2023-24, there was an underspend on Loan Charges as a result of less borrowing than anticipated which resulted in reduced principal repayments.

Net revenue expenditure for 2023-24 was £1,024.354m (Net Service expenditure £970.913m and Loan Charges £53.441m) and is categorised by Directorate below. Gross expenditure by Type is also shown below:

Expenditure by Directorate



Expenditure by Type



Reserves

The General Fund balance decreased during the year from £216.054m to £157.282m. This net movement of £58.772m was a combination of a contribution to balances of £7.033m plus transfers to other statutory reserves of £3.181m less £62.624m of budgets transferred from balances brought forward and used by Services in year, as shown on Note 6 page 41.

During 2023-24 budgets of £62.624m were transferred from balances and used to augment service budgets. These mainly included honouring commitments in respect of funding financial impacts related to COVID-19 (£15.217m), Capital Investment Plan (£18.344m), contribution from balances for items approved during the budget process (£10.100m) specific Scottish Government funding (£8.664m) and Devolved School Management (£3.665m) and secondary school rolls (£4.670m).

The General Fund balance as at 31st March 2024 was £157.282m. Of this, a total of £108.577m is earmarked and includes significant amounts which underpin the investment in the capital plan, principally Service Concessions totalling £32.537m, CFCR contributions £17.243m and Capital Plan Review funding £17.000m. There are also additional earmarked amounts of £18.930m, and Scottish Government specific funding of £5.750m. In addition, there are commitments totalling £35.077m and include £13.330m for changing demographics, £9.906m for Change Programmes and £3.900m investment agreed in the 2024-25 Revenue Budget. Further information on all earmarked balances and commitments is provided on Page 41.

With all existing commitments taken into consideration the level of uncommitted balances beyond 2025-26 is forecast to be £13.628m or 1.32%. The Council's policy is to retain a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile. The level of reserves is kept under review, particularly when moving below 2%, and consideration will be given as to whether corrective action might be needed.

Housing Revenue Account

There is a statutory requirement for Local Authorities to maintain a Housing Revenue Account (HRA) separate from the General Fund. The HRA must break even in its own right. All expenditure incurred, and income received in the provision of rented accommodation must be included in the HRA. The bulk of income to the HRA is derived from rents from tenants, and this must be sufficient to cover the expenditure on the HRA.

The financial position for HRA for the year was a deficit of £2.065m due to financial pressures faced in year. The HRA experienced similar inflationary pressures as the General Fund which significantly increased costs in repairs and maintenance, energy and insurance. As a result of increased costs, the level of CFRC (capital from current revenue) was reduced. If this situation continues over the coming years, this will have an impact on the affordability of the HRA capital programme. A planned withdrawal from balances was made in year of £2.065m and the HRA Fund balances therefore decreased from £7.380m to £5.315m. After taking into account current commitments totalling £2.722m the level of uncommitted HRA Fund balances is £2.593m. Details of the financial position for 2023-24 are included within these financial statements.

Capital Expenditure

The gross Capital Expenditure for 2023-24 was £242.073m, a variance of £89.099m (26.90%) against budget. Comparable expenditure for the previous 3 years was £189.362m (2022-23), £163.805m (2021-22) and £138.473m (2020-21). Expenditure variances exist across all Themes within the Capital Programme, the nature of capital expenditure being large, complex projects involving a number of stakeholders and dependencies can lead to differences in the profile of expenditure within any particular year. However, the budget is not restricted to an annual profile in the same way as the revenue budget.

Full detail of material capital expenditure variances was regularly reported to the Cabinet Committee and the relevant sub-committees. The major elements of expenditure are analysed as follows:

Project Spend	£m
Maintaining our assets – rolling programmes	47.909
Secondary schools – West Fife	62.838
Affordable Housing Programme	44.703
Scottish Housing Quality Standards	29.779

Assets and Liabilities

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2024 and explanatory notes are provided. Net assets have increased by £140.917m to £2,936.100m as detailed in the following table;

	2023-24 £m	2022-23 £m	Movement £m
Long Term Assets			
-Defined Benefit Pension Asset	49.218	0.000	49.218
-Other Long Term Assets	4,045.934	3,832.586	213.348
Current Assets	198.069	181.973	16.096
Current Liabilities	(292.605)	(249.903)	(42.702)
Long Term Liabilities	(1,064.516)	(969.473)	(95.043)
Net Assets/(Liabilities)	2,936.100	2,795.183	140.917
Usable Reserves			
-General Fund	(157.282)	(216.054)	58.772
-Housing Revenue Account (HRA)	(5.315)	(7.380)	2.065
-Capital Grants & Receipts Unapplied	(1.134)	(0.859)	(0.275)
-Insurance Fund	(17.583)	(14.423)	(3.160)
Unusable Reserves			
-Defined Benefit Pension Reserve	(49.218)	0.000	(49.218)
-Other Unusable Reserves	(2,705.568)	(2,556.467)	(149.101)
Total Reserves	(2,936.100)	(2,795.183)	(140.917)

The Council has recognised a defined pension asset which is measured using an approach that is common across all entities by applying international accounting standards (IAS19), this involves the fund actuary updating the technical assumptions applied at the time of the triennial valuation to calculate the impact on future assets and liabilities and provide a point in time comparison across organisations.

The actuary has calculated that the Council has a Defined Benefit Pension Asset of £452.690m (2022-23, £435.993m). Accounting Standards however do make provision for employers who are part of the LGPS scheme to apply an asset ceiling and effectively “cap” the amount of asset recorded on the balance sheet. Following additional calculations it was determined that the application of the asset ceiling for Fife Council reduces the Defined Benefit Pension Asset to £49,218m, and this is the value which has been recognised in the Council’s Balance Sheet.

Other Long-Term assets reflects the levels of capital expenditure in 2023-24 as well as the revaluation of non-current assets actioned in 2023-24 offset by other capital accounting entries such as depreciation. Revaluations are carried out on a quinquennial basis. The corresponding entries are recorded in Other Unusable Reserves and represents the increase from last year.

Accounting for Leases will be subject to a new accounting standard, known as IFRS16 from 01 April 2024, which will be reflected in future financial statements.

Treasury Management Activity

In July 2016, the Scottish Government issued Regulations which set out new statutory arrangements for local authority borrowing and lending. The Regulations state that any repayment of Loans Fund advances should be reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure. Councils were given scope to determine what is prudent for their organisations including consideration of reprofiling of previous years’ advances.

The Council’s loan fund policy is in line with the regulations in that:

- For the Housing Revenue Account, it is not considered prudent for the Council to reprofile previous years’ advances which will continue to apply the existing annuity method. All future advances will be repaid using the Asset Life method, by which the loans fund advance is repaid in line with the expected life of the asset to which the capital expenditure relates to.
- For General Fund it is considered prudent to use the Asset Life method for both future years Loans Fund advances, and to reprofile previous years’ advances. The Council has also opted to make use of the Funding/Income Profile method by which loans fund advances will be repaid by reference to an associated income stream where it is considered appropriate to do so.

The Capital Plans for both the HRA and General Fund are tested for affordability to ensure that any borrowing remains affordable, sustainable and prudent. Prudential Indicators are produced and approved by Fife Council as part of the revenue budget process.

The Council has a treasury management strategy which ensures that all decisions taken on treasury management give primary importance to minimising and managing potential risk. Detailed reports in relation to Capital investment and the Treasury Management strategy are considered by the Council’s Cabinet Committee and can be found at [Treasury Management Strategy](#)

Going Concern

The future financing of the Council and its Group’s liabilities will be met by future grants and the application of future income. The approval of core income for 2024-25 has already been given and there is no reason to believe that future approvals will not be forthcoming. As the Council moves into 2024-25, the budget gap was closed without the need for any significant service reduction and a significant scale of balances are held in order to manage some commitments and also to manage the short-term uncertainties. However, there is an element of increased financial risk emerging. Current economic conditions are likely to have a continued impact on the financial position of the Council and its Group, both in terms of increased additional costs and loss of income. In addition, Services are overspending and the Health & Social Care Partnership has relied on the risk share arrangement which has impacted on the Council for the first time in a few years. In addition, the level of uncommitted reserves is forecast to drop below the policy minimum over the next three years. It is recognised that strong financial management will be required across the organisation in order to ensure financial sustainability in the longer term.

These risks can be contained in the short term, however the medium-term position is less certain and will likely be challenging, but the Council’s approach to change planning is looking at wide ranging future change to enable the Council to deal with those future challenges. Continued financial evaluation of the Council and its subsidiaries is ongoing and a medium-term financial strategy is in place and is continually reviewed to ensure it remains fit for purpose. All options and all funding streams continue to be identified to ensure the continued financial sustainability of the organisation. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain “financial ratios” are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and the affordability of its ongoing commitments.

Financial Indicator	2023-24	2022-23	Commentary
Reserves			
Uncommitted General Fund reserve as a proportion of Annual Budgeted Net Expenditure	1.32%	3.74%	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's policy is a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile. The level of reserves continues to be kept under review, particularly when forecast to fall below 2%.
Increase/(decrease) in the Uncommitted General Fund Balance	(£23.379m)	£5.250m	Reflects the extent to which the Council is using Uncommitted General Fund Reserves. Increased commitments in 2023-24 have been formally approved and as a result, the level of uncommitted balances has reduced.
Council Tax			
In-year Collection Rate	95.19%	95.82%	Reflects the Council's effectiveness in collection of Council Tax debt. Whilst the level is generally consistent with the last 3 financial years, the small fluctuations can be material.
Ratio of Council Tax Income to Overall Level of Funding	18.35%	18.11%	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within the Local Authority Control. Fife Council increased Council Tax by 5% for 2023-24.
Financial Management			
Actual Outturn Compared to Budgeted Expenditure	(0.68%)	(7.33%)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The outturn for 2023-24 is closer to the budget meaning that resources are being used more in line with the overall planned budget.
Actual Contribution to/(from) Unallocated General Fund Balance compared to Budget	£7.033m	£72.460m	
Debt/Long-term Borrowing			
Capital Financing Requirement (CFR) for the Current Year	£1,268.513m	£1,200.052m	External debt levels remain lower than the CFR which reflects the borrowing requirements. However, external debt levels are rising with record levels of investment, but this is being closely managed with financial sustainability in mind. External debt levels are kept under review.
External Debt Levels for the Current Year	£1,173.130m	£995.595m	
Ratio of Financing Costs to Net Revenue Stream			These two ratios complement the assurances of borrowing only being for capital purposes with an indication of the scale of financing costs compared with the level of funding available to the Council. The General Fund figure in 2022-23 is lower as this reflects the gain from application of revised accounting guidance for Service Concessions.
General Fund	5.14%	1.27%	
HRA	24.14%	23.77%	

Fife Council Group Accounts

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council and its other entities. The Group comprises of the following:

Subsidiary bodies

- Fife Sports and Leisure Trust
- Fife Coast and Countryside Trust
- Fife Golf Trust
- Fife Cultural Trust
- Fife Resource Solutions LLP
- CIRECO (Scotland) Ltd
- Business Gateway Fife

Other Subsidiaries

- Common Good Funds
- Charities & Trusts

Joint Venture

- Fife Integration Joint Board

The Fife Integration Joint Board and all Subsidiaries of Fife Council have an accounting period to 31 March and for the purposes of consolidation and disclosure their Accounts to 31 March 2024 have been used.

The table below shows the Operating Surplus or Deficit in the 2023-24 financial year and the net asset position at 31st March 2024 for the Council's subsidiaries and the Council's share of the Integration Joint Board. The figures below include any impact arising from changes in Defined Pension Assets and Liabilities.

Subsidiary	Operating (Surplus) / Deficit to 31 March 2024 £m	Net Assets / (Liabilities) at 31 March 2024 £m
Fife Sports and Leisure Trust Limited	(0.905)	0.635
Fife Coast and Countryside Trust Limited	(0.185)	1.445
Fife Golf Trust Limited	(1.660)	3.444
Fife Cultural Trust Limited	(0.293)	0.735
Fife Resource Solutions LLP	(0.537)	2.945
CIRECO (Scotland) Ltd	0.000	0.000
Business Gateway Fife	(0.046)	0.551
Common Good Fund	0.014	211.380
Charities & Trusts	(0.014)	4.569
Fife Integration Joint Board	16.495	2.365
Total	12.869	228.069

The Common Good Assets above include assets which are owned by the Common Good but used and actively managed by Fife Council.

Our Plans for the Future: Principal Risks and Uncertainties

Over the last few years the Council has significantly underspent on its general fund revenue budget and 2023-24 sees a further underspend position of around £7.033m. Whilst this looks favourable, it is mainly due to the budget for pay costs being set higher than was needed. In addition, general fund services are overspending and this may present a financial challenge in 2024-25 and beyond. The Budget Strategy adopted for 2024-25 used the overprovision for pay, building it onto the planning assumptions for the budget gap going forward. As finances are becoming tighter, going forward the Council will have to take hard decisions in order to balance the budget.

The level of funding that the Council will receive from the Scottish Government for its core activities is likely to reduce given the commitments that are in place and the financial challenge that exists nationally. The legacy of higher inflation continues to exacerbate the challenge as any increase in costs will need to be managed internally within the Council with the scope to also increase council tax, fees and charges. The Council is actively developing change plans to address the financial challenge. The medium-term financial strategy and the budget assumptions used in February 2024 will be updated based on all known intelligence and an updated budget gap will be reported to Cabinet Committee in September 2024. This will no doubt influence the level of future change being planned.

There is an opportunity to bring forward change proposals that can be delivered in a staged way to address the financial challenge. Significant work on change has continued to be advanced through 2023-24 and this will continue with proposals being considered by members in the latter half of 2024. These are likely to be around people, place, digital and productivity and will likely include some policy options.

There is still a level of uncertainty as a consequence of the economic circumstances over the last few years. Inflationary pressures, increasing demand for services and the constraint of funding from the Scottish Government could increase the scale of the financial challenge the Council has to deal with. In addition to this, pressures are beginning to emerge from previous budget realignment used to balance the budget and service overspends starting to emerge. Whilst the Council has strong financial management with a Medium-Term Financial Strategy and a financial Risk Register in place to support future budget decisions, the largest financial risk is likely to be the financial position of the IJB where strong financial management will be essential.

Consideration is also being given to other pressures the Council is facing, for example, equal pay claims, achieving savings, and strategic growth. The core budget is where the main concern and risk exists going forward. The level of reserves that the Council holds provides a means to address financial pressures on a one-off basis but there is a danger of over reliance being placed on using these for recurring expenditure, so exit strategies will need to be clear at the time of any commitments.

As we move forward Directorates will need to consider all options to reconfigure services and potentially use alternative operating models to provide services in a different, more cost-effective way to ensure best value to the Council. This will be integrated to the strategic change work that is being undertaken around people and place and digital.

4. Acknowledgements

Thanks to all elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during what has been another considerably challenging year.

The production of these statements is very much a team effort and once again the accounts were completed by the statutory 30 June deadline. We would like to thank all employees who were involved in the preparation of the accounts, both within Finance & Corporate Services and other Directorates, for their effort in achieving this deadline.

1.0 Fife Council's scope of responsibility and approach to maintaining effectiveness of governance arrangements.

Scope of Responsibility

- 1.1 Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Fife Council also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.
- 1.2 In discharging this overall responsibility, Fife Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers) Framework CIPFA Delivering Good Governance - Guidance for Scottish Councils 2016.
- 1.3 The current Code of Corporate Governance was prepared based on the guidance developed by CIPFA SOLACE entitled CIPFA-Delivering Good Governance Framework-2016 however, the code has been revised and updated this year and will be presented to the Standards, Audit and Risk Committee in June 2024. A copy of the revised Code, once approved, will be available at: [Governance Documentation](#).

The Code summarises how Fife Council's governance arrangements address the requirements of the Framework. In addition, Fife Council is responsible for confirming effective corporate governance arrangements exist within its other group entities, in line with Accounts Commission guidance, including:

- [Safeguarding Public Money are you getting it right? 2019](#)
- [Following the Public Pound Code of Guidance](#)
- [Arm's Length External Organisations \(ALEO's\) are you getting it right? June 2011](#)

Part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

Fife Council's Group Accounts

Fife Council operates several ALEOs.



Business Gateway Fife (BGF) is a publicly funded service contributing to the economic well-being of Fife by providing access to free business advice & support services. Fife Council is the sole member of the company, which is overseen by a board formed of Council and independent directors. Business Gateway Fife works with Fife Council's Economic Development team and agencies including COSLA, Scottish Enterprise and SDI in the delivery of services and grant giving to eligible business. Regular performance monitoring and liaison is carried out through the Economic Development team with Annual Reports for BGF being presented to the Finance, Economy and Corporate Services Scrutiny Committee.

Fife Sports and Leisure Trust (FSLT) started trading on 1 April 2008. The Office of the Scottish Charity Regulator (OSCR) granted charitable status on 28 March 2008 and Fife Council is the sole member of the Company.

Fife Coast & Countryside Trust (FCCT) registered as a Company Limited by Guarantee with charitable status in March 2001. Fife Council is the sole member of the company. The trust was initially responsible for the marketing and promotion of the Fife Coastal Path (FCP). However, in June 2009, after a successful two-year pilot, it also took on responsibility for the Countryside Rangers and maintenance of both the Lomond Hills Regional Park (East) and FCP.

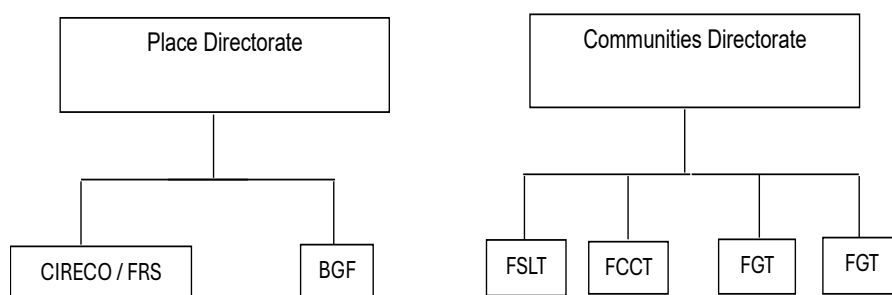
Fife Golf Trust (FGT) started trading on 1 April 2011. OSCR granted charitable status on 30 March 2011 and Fife Council is the sole member of the company.

Fife Cultural Trust (FCT) also known as On Fife started trading on 1 October 2012. OSCR granted charitable status on 27 September 2012 and Fife Council is the sole member of the Company.

Each ALEO is overseen by a Board of Directors. Regular performance monitoring and liaison is carried out with these four ALEOs by the Communities and Neighbourhoods Service with Annual Reports being presented to People and Communities Scrutiny Committee.

In addition, Fife Council's waste services are provided by Fife Resource Solutions (FRS) and Cireco provides commercial waste services. These are limited liability partnerships which were formed in 2014. The Council appointed three elected members and two officers to sit on the Board of FRS and Cireco in addition to three non-executive directors.

The two directorates responsible for managing and maintaining oversight of the Council's ALEOs are the Place Directorate (for BGF and Cireco) and the Communities Directorate for the others.



Finally, Fife Council participates in Fife's Health and Social Care Partnership (HSCP) with NHS Fife. The HSCP is overseen by an Integration Joint Board (IJB) to which the Council nominate eight elected members. The IJB meets regularly in a remote meeting format attended by the Director of the HSCP and other professional advisers including a Standards Officer. This arrangement is governed by the Integration Scheme which was revised and approved in March 2022.

Maintaining effectiveness of governance arrangements

- 1.4 Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice.
- 1.5 A lead officer (Executive Director, Finance and Corporate Services) has been appointed to:
 - oversee the implementation and monitor the operation of the Code of Corporate Governance and
 - review the operation of the Code in practice.
- 1.6 In addition, the lead officer, chairs the Corporate Governance Group which has responsibility to input to and review the Annual Governance assurance assessments and this Statement before it is presented to and approved by the Standards, Audit and Risk Committee. The statement is subject to external audit to consider whether the Corporate Governance Statement is prepared in accordance with the Delivering Good Governance in Local Government Framework and the CIPFA Accounting Code of Practice.
- 1.7 However, it should be noted that a sound system of Corporate Governance, risk management and internal control provides only reasonable, but not absolute, assurance that the Council will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business. A system of Corporate Governance, risk management and internal control cannot provide protection with certainty against material errors, losses, fraud, or breaches of laws or regulations, however it can greatly mitigate the risk(s).

2.0 Fife Council's Governance Framework

- 2.1 The governance framework comprises the structure, systems and processes, and culture and values by which the Council is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.2 Key elements of good corporate governance include honesty; trust and integrity; openness; performance focus; responsibility and accountability; management of risk; mutual respect; and commitment to the organisation. To that end, the system of corporate governance, risk management and internal control in Fife Council is based on a framework that includes:

Governance

- Codes of Conduct for councillors and employees
- Member/Officer Protocol and associated guidance notes
- Training and development arrangements for councillors and employees
- Standing Orders (2023), List of Committee Powers (2024) and List of Officer Powers (2024)
- Statutory Officers
- A Standards, Audit and Risk Committee, and Scrutiny Committees held in public / live streamed
- Corporate Governance Group

Planning

- Plan for Fife 2017-2027
- Local Community Plans
- Service Change Planning
- Council Executive Team, Directorate Leadership Teams, Council Leadership Team
- Digital Strategy
- HR Plans and Policies including Our People Matter and Organisational Development Framework
- Procurement Strategy
- As appropriate, formal programme and project management disciplines

Performance

- Performance management framework - including Public Performance Reporting requirements from Best Value
- Regular planning and performance reports – for management and committee scrutiny activity
- Setting and monitoring targets for financial and other performance aspects

Financial Governance

- Financial Regulations (2024)
- Medium Term Financial Strategy
- Comprehensive financial management systems
- Periodic and annual committee reports which indicate forecast financial performance against budget, covering both Capital and Revenue expenditure
- Clearly defined capital and revenue expenditure guidelines
- Investment Strategy Group which focusses on Capital Strategy monitoring, developing 10-year investment plans and monitoring high-level capital delivery performance

Risk Management

- Risk Management Policy and Strategy v4.0 (reviewed May 2024), including risk appetite
- New Strategic Risk Register and Service-level Risk Registers
- Risk Management Strategy Group, chaired by the Executive Director, Finance and Corporate Services as Senior Responsible Officer for risk.
- Risk Management Improvement Plan

- 2.3 Audit and Risk Management Services provides the internal audit function for Fife Council and operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion in 2023 of a formal External Quality Assurance process. The Service undertakes a risk-based annual programme of audit work approved by the Standards, Audit and Risk Committee. The Service Manager, Audit and Risk Management Services provides an annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, including the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. The overall audit opinion for the year to 31 March 2024 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

- 2.4 All internal audit reports are issued to the:

- Standards, Audit and Risk Committee and, from 2023/24, convenors of the Council's Scrutiny Committees
- Chief Executive, Executive Director of Finance and Corporate Services, appropriate Executive Director and the wider Council Executive Team

- Head of Finance and other relevant Head(s) of Service
- Head of Legal & Democratic Services and Service Manager - Change & Improvement
- External Auditor, Azets.

Where necessary, the Standards, Audit and Risk Committee can seek further reports from the appropriate Executive Director or Head of Service.

- 2.5 During 2023/24, a number of improvements were made by management to address the critical recommendation contained within the Safeguarding internal audit report, which related to Scottish Social Services Council (SSSC) registration. A formal follow-up of the report was also carried out by Internal Audit this year and independent assurances were obtained that the recommendation had been fully implemented. In addition to the improvements made, a small number of limited assurance internal audit reports have been issued since the last Governance Statement, including the Community Equipment Service - Fife Equipment Loan Store, which contains one critical recommendation surrounding the servicing of community equipment, Lone Working, School Transport - Additional Support Needs and Third Sector Funding. Management has agreed to fully implement all of the recommendations within these audit reports and will monitor progress made towards this. The Council's 2024/25 Internal Audit Plan also contains formal follow-up reviews of the Community Equipment Service - Fife Equipment Loan Store and Lone Working reports, which should provide independent assurance in due course that the areas requiring improvement, and corresponding risks, have been adequately addressed.
- 2.6 The Council is determined to protect itself and the public from fraud and corruption and have developed its existing counter fraud and anti-corruption arrangements in consideration of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Council is committed to the rigorous maintenance of a strategy, and supporting policies and procedures, for the prevention and detection of fraud and corruption, including participation in the National Fraud Initiative, a biennial data matching exercise co-ordinated at a national level by the Cabinet Office, which provides a framework for:
- encouraging fraud deterrence and prevention
 - raising awareness of fraud and corruption and promoting their detection
 - performing investigations and facilitating recovery
 - invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
 - monitoring, publicising, and updating the policy and its related procedures and performance
 - appropriate action consistent with the Serious Organised Crime Taskforce objectives.
- 2.7 Fraud governance arrangements were enhanced during 2023/24 (see update on previously agreed actions at section 4.1 below) with the launch of a new mandatory Corporate Fraud e-learning package and new Whistleblowing Policy and supporting working practices and procedures, including new referral routes.

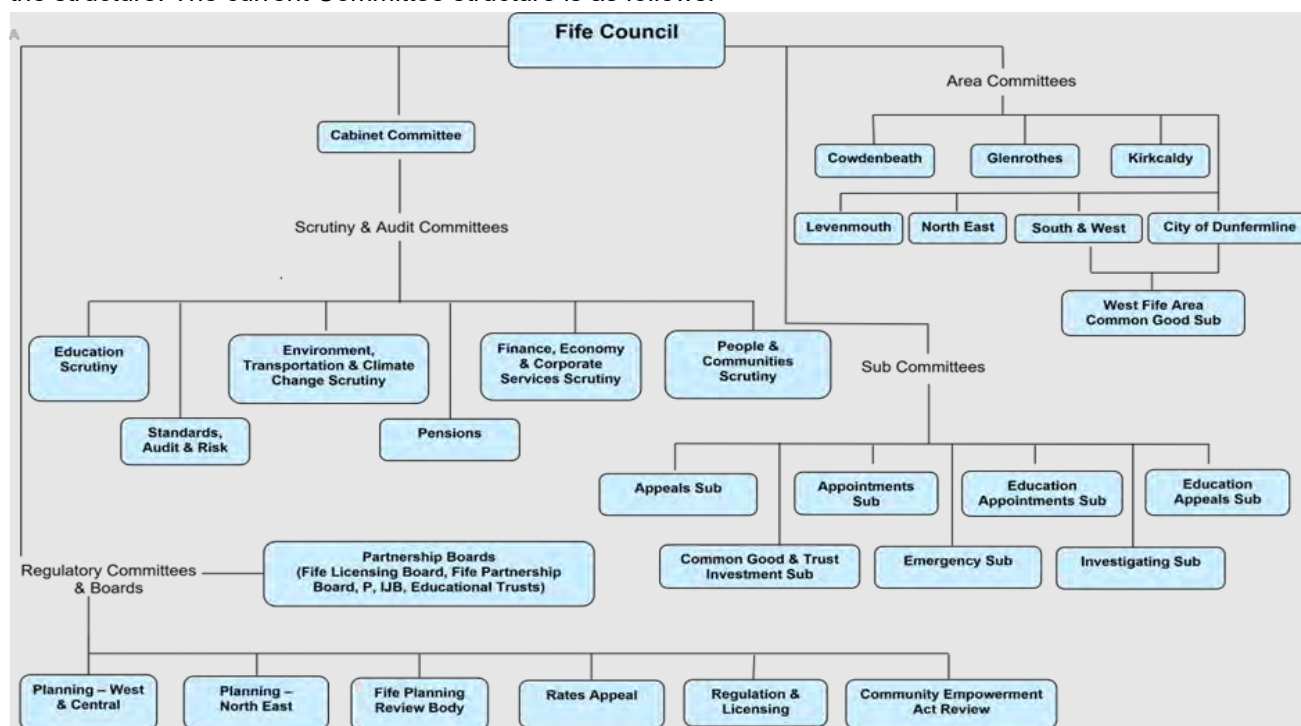
3.0 Review of Effectiveness

- 3.1 Fife Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including risk management and the system of internal control. This review of effectiveness is informed by:
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements.
 - the Trust Assurance Framework has been enhanced and is now the same as the Councils
 - the Service Manager, Audit & Risk Management Services' Annual Internal Audit Report and Opinion. In this regard, the most recent Opinion concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024. This is the same Annual Opinion as provided in the 2022/23 Annual Audit Report.
 - comments made by the external auditors and other review agencies and external scrutiny bodies.
 - feedback from elected members and committees carrying out their scrutiny role.
 - issues considered by the Standards, Audit and Risk Committee.
 - the review of various forms of customer and stakeholder feedback.
- 3.2 The current approach to the Council's Local Code of Corporate Governance was agreed by the Standards and Audit Committee in 2019. A key factor in developing the process was to encourage a more rounded, qualitative approach. An officer working group was established within 2021 to review corporate governance arrangements on an ongoing basis. This group has representation from all directorates and considers ongoing and new improvement actions that are required to enhance governance arrangements. The approach has been further enhanced during 2023/24, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance. In the Council, checklists are considered / completed by Executive Directors in conjunction

with their Directorate Leadership Teams. This new approach has also been rolled out to Council ALEOs, each of which completed and returned their checklists as part of the 2023-24 year end process. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. The corporate assessment approach was recently enhanced using the officer working group to gain a wider perspective. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). This process has also been used to inform the revised and updated Code of Corporate Governance. The corporate governance improvement themes captured as part of this process have been included in this statement.

Significant governance developments in 2023-24

3.3 The Council is made up of 75 elected members across 22 wards with the Scottish Labour Party forming a minority administration. Cllr David Ross is the Leader of the Council. Six strategic spokespeople cover broad portfolios of Council services, linking with Executive Directors. The Council's structure of governance is based on a Cabinet Committee and four Council service area themed scrutiny committees. The Cabinet Committee plays a key role in governance and decision making. The function of the Cabinet Committee is to set the strategic and policy direction of the Council and take all major policy and resource decisions on its behalf. The Council also constituted a Standards, Audit and Risk Committee (SARC) which has the delegated authority to support the Council in its responsibilities for risk management, governance, and control. The SARC seeks assurance that an effective system of risk management and internal control is maintained. The SARC also has a role in the application of standards matters across the Council, and the Council's performance in complaints and freedom of information. The Council approved a revised List of Committee Powers in 2024. This document clarified elements of the role and remits of Committees and their membership but did not make substantive changes to the structure. The current Committee structure is as follows:



3.4 The Council has continued to focus on four priority themes as set out in the Plan for Fife which was updated in September 2021. The priority themes are Opportunities for All; Thriving Places; Community-Led Services; and Inclusive Growth and Jobs. These have been translated into thirteen "ambitions", with addressing the climate emergency added. Four Strategic boards continue to oversee the progress against the ambitions Leading Economic Recovery, Tackling Poverty and Preventing Crisis, Addressing Climate Emergency and Community Wealth Building and to focus on prevention and early intervention and on reducing inequality. Each of the community planning partners in Fife has committed to these and will be responsible for planning, scrutinising, and reporting on performance and delivery to the partnership, the public and other key stakeholders. Local priorities and accountability are an essential part of this process, and local community plans and neighbourhood plans will be developed to improve outcomes for those with the greatest needs.

3.5 Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with

communities if inequalities are to be addressed and life chances boosted for all. A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027. The Council is progressing organisational change and reform to support the whole system change and the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place. In addition the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.

- 3.6 Appropriate monitoring and reporting will help the Council to track progress towards the delivery of desired outcomes and assist strategic committees, area committees and the Fife Partnership in scrutinising performance. Service performance reporting continued during 2023-24 financial year. Going forward, these reports will contain high level indicators relating to the work of the themed committees.
- 3.7 The Council also has in place the components for the effective management of its resources. These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Our People Plan). There are also a range of HR Policies. The Council's approach to Digital Services is being developed and delivery of this work is monitored through the Council's Digital Portfolio Board and there is further oversight via the Reform and Recovery Board. In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.
- 3.8 The Council's financial management processes were challenged during the year as economic conditions meant the organisation was dealing with the lingering impacts of high inflation, recruitment challenges and impact on demand for Council Services. Continued emphasis on financial planning throughout the year was highlighted in several reports considered by the Cabinet Committee, this took account of the continued financial consequences of the pandemic as well as additional economic impacts. It is clear that the Council finances will be more challenged going forward as Service overspends have begun to emerge and some of the corporate mitigations applied over the last few years will no longer be available. Strong financial management will be required in order to control and contain costs where possible. In particular, the Health & Social Care Partnership has drawn down considerable reserves to mitigate areas of pressure (£12.173m) in 2023/24 and the resulting overspend of £5.578m meant the risk share arrangement was applied for the first time in a number of years with the Council being required to provide additional funding (£2.120m). The risk in the coming year is compounded due to the significant level of savings to be delivered by the Partnership.
- 3.9 The Council continues to replace a number of legacy systems and during the year, the social work/social care case system transferred from SWIFT to Liquidlogic. The system which is required to provide an accurate record management system for service users across social work children and families, adults, older people and criminal justice. The system also has a payment recording system called controcc which links to Fife Council's Oracle system. The focus has been on implementation and to deal with issues arising from implementation, and this has meant that the data in the system is not yet reliable for financial forecasting. The coming year will see more focus on ensuring that the value of using a more modern system is maximised, and that the integrity of the data is improved to allow improved financial forecasting processes.
- 3.10 During the year a review has been taking place in relation to Programme and Project governance and assurance by officers. Major change projects (over £5m or higher risk projects) have specific governance arrangements already in place and have governance boards established which meet regularly to monitor and track progress and risks. However, the review has identified some areas for improvement and the need to strengthen some aspects to ensure effective management of resources associated with Programmes and Projects. These will take place during the coming year.

Key Statements

- 3.11 We have been advised on the result of the review of the effectiveness of the governance framework by the processes and procedures outlined in Para. 3.1 above and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. We are also clear that the Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2016).

4.0 Areas for Improvement and Development in Governance

- 4.1 The table below shows progress on significant governance issues which were identified in the previous annual governance statement during the last year and the second table shows actions planned for the coming year. Oversight of these actions is provided by a governance group, chaired by the Executive Director - Finance & Corporate Services. This group will review and monitor progress on a quarterly basis throughout the year to ensure appropriate actions are taken forward. A detailed action plan, containing all directorate actions, along with responsible officers and implementation dates will assist with the monitoring process.

Update on previously agreed actions:

Review of Governance and Decision Making
Issue: Governance structures and processes need to enable transparent and appropriate decision making.
Responsible Officer: Head of Legal and Democratic Services / Monitoring Officer
Progress made in 2023-24: Revised standing orders were approved in June 2023. The Council also approved revised committee and officer powers in May 2024. The scrutiny protocol is in draft having been developed by an officer working group and in discussion with the chairs of the four strategic scrutiny committees. Financial regulations were also approved in May 2024.
Elected Member Support and Development
Issue: Elected members need to be supported to undertake their role through a continuous programme of development and learning.
Responsible Officer: Head of Legal and Democratic Services
Progress made in 2023-24: The Cross Party Leaders Group (CPLG) considered a paper on member development and agreed to the creation of a new member working group to take this work forward. It will progress now committee and officer powers work has concluded. Members were also surveyed about their experience of training and induction.
Change Programmes
Issue: The Council needs to focus on the pace and scale of change required to meet the challenging financial environment but also to improve service delivery for the people of Fife.
Responsible Officer: Chief Executive / Service Manager - Corporate Development
Progress made in 2023-24: Change work progressed in 2023/24 as planned, with services identifying opportunities to progress over the 3-year period to 2025/26. Three cross cutting workstreams are progressing - No Wrong Door, Place and Digital/Productivity. Updates were taken to June and November 2023 Cabinet Committees on these. Workforce planning continues to be a focus beyond 2023/24 with good progress on progressive recruitment and use of the Our People Matters framework and People Plans.
Performance
Issue: As part of our planning processes, we identify, monitor and report upon an appropriate range of performance information to evaluate progress, performance, and quality of service delivery.
Responsible Officer: Service Manager, Communication and Customer Insight
Progress made in 2023-24: A Council Planning and Performance Improvement Plan was approved in April 2024. This will deliver improvements in the use of research, data and insight; a remodelled approach to Service scrutiny reporting; joined up service planning and change planning processes; self evaluation in relation to Best Value; updated corporate performance monitoring arrangements; wider use of digital solutions and improvements in public performance reporting.
Attendance and Wellbeing
Issue: The attendance and wellbeing of our employees is key to the success of the Council. We have seen increased rates of absence from work so we will focus on attendance and wellbeing at work.
Responsible Officer: Head of Human Resources
Progress made in 2023-24: A revised approach to managing absence was approved by Cabinet 29 June 2023, and is now in the process of implementation. An Attendance Support Unit is in place with a refreshed approach to training and development and early support measures are being delivered.

We also issued a fresh Health, Safety & Wellbeing pulse/survey which was launched in January 2024. Survey data has been collated in a Power Bi dashboards to help inform Services.

Further work has already started to address areas for improvement and tackle issues such as work related stress, physical well-being and health and safety compliance. Since the last survey in 2022, there have been moderate improvements in a range of areas, and we will continue to build on those improvements.

Directorate and Service Stress risk assessments have been promoted by the Stress Overview Group and it has been agreed that all Directorates must have carried out the assessments and developed action plans by September 2024, with action plans to be delivered by 31 March 2025.

ALEOS

Issue: The Council has several ALEOS delivering a range of functions. These have been in operation for several years and the detail of the operating arrangements may no longer reflect how the relationship between the Council and the ALEO has developed over time.

Responsible Officer: Head of Communities and Neighbourhoods and Head of Business and Employability

Progress made in 2023-24: Business Gateway Fife has reviewed its operating systems and structures to enhance performance measures, including work to homogenise grant processes, creating an efficient and agile approach to service delivery. The organisation has reworked its assets to allow for joint working with Scottish Enterprise and has updated the Enterprise Hub in Glenrothes to reflect the needs of business customers. The Board has reviewed key risks and mitigation measures in the last 12 months.

The ALEOs have regular performance sessions on Service Level Agreement delivery. Annual reports have been modified and further changes are being made for coming years to allow more time for scrutiny. Work is underway to consider the operating agreement for FRS/Cireco at the time of writing.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is required during 2023-24.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: Driven by the implementation of the Risk Management Improvement Plan and Risk Management Strategy Group, which met regularly as planned, the Council's corporate risk management arrangements continued to mature during 2023/24. Key improvements include:

- Development of a new Strategic Risk Register, subsequent defining of corresponding risk appetite levels for, and assigning standing governance groups to, each risk.
- Formal horizon scanning, and risk escalation processes established.
- Appointment of a second, full time, dedicated Risk Management Co-ordinator.
- Funding secured via the Workforce Youth Investment Fund to establish and recruit to fill a new Risk Management Trainee post.
- Establishment of an Ideagen Governance Group.
- Progress towards implementing the Roll Out Plan, supporting services to develop, implement and embed effective risk management arrangements locally, including development of service-level risk registers.
- Utilisation of the new, approved PESTELO impact assessment matrix.
- Delivery of training and awareness sessions, including awareness session for the extended Council Leadership Team and CPD events.
- Ongoing development of e-learning solutions, in consultation with HR colleagues.
- Member Council of the recently established Risk Management Sub-Group of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG).

Note : further actions are planned into 2024-25 and are noted in the table below.

Fraud Governance and Anti-corruption Arrangements

Issue: The Council's fraud governance and anti-corruption improvements require some updating and development.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: A number of improvements were made to the Council's fraud governance arrangements during 2023/24, including the following, however further development is planned / required during 2024-25.

- Agreement to establish a new Corporate Fraud Lead Officer post.
- Corporate Fraud Improvement Plan drafted.
- Development and launch of a new mandatory Corporate Fraud e-learning package.
- Development and delivery of corporate fraud awareness raising sessions e.g. to Corporate Procurement Team.
- A new standalone Whistleblowing Policy was developed collaboratively by HR, Legal & Democratic Services and Audit & Risk Management Services. The following supporting working practices and procedures have also been put in place during the year:
 - A new dedicated email address was established with restricted access arrangements.
 - An online referral form was developed and launched.
 - The Council's Internet and Intranet pages were developed as a central source of related procedures, guidance and support.
 - Tripartite approach to consider and respond to concerns and quarterly monitoring meetings to ensure continued oversight of cases.
 - Central reporting and recording process.
- Participation in a short life working group alongside NHS Fife colleagues providing assurances to the Health and Social Care surrounding the Council's enhanced whistleblowing arrangements.

Note : further actions are planned into 2024-25 and are noted in the table below.

Health and Social Care Partnership

Issue: The actions identified within the self-assessment on progress of integration and effective governance need to be advanced.

Responsible Officer: Chief Finance Officer, H&SC

Progress made in 2023-24: A revised Directions Policy will be presented to the IJB on 31st May for formal approval following support from HSCP Audit and Assurance Committee and HSCP Finance, Performance and Scrutiny Committee.

A revised Performance Framework was approved by the IJB in October 2023 and is now live.

The Strategic Planning Process is under constant review however there is a robust timetable for implementation and review of all 13 Strategic Plan supporting strategies which are directly attributable to the HSCP. Nine of these strategies were approved by the IJB during 2023-24.

Action plan for 2024-25: When developing the action plan for the new year, the Corporate Governance Group considered the responses completed by Directorates and ALEOs and cross reference this to the Delivering Good Governance Framework. The action plan outlined below has been prepared with reference to the principles within the framework.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is planned for 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management Services

Planned for 2024/25: Further improvements surrounding the Council's risk management arrangements are planned for 2024/25, including the following:

- Full implementation of the Roll Out Plan.
- Finalisation and launch of a formal training and awareness programme, including e-learning solutions.
- Establish Risk Management Trainee post and fill the position.
- Development and implementation of risk management methodology to be utilised in strategic decision-making.
- Review and revise the Risk Management Maturity Model.
- Provision of risk management advice and guidance to Council ALEOs.

Workforce

Issue: Ensure an effective workforce plan is in development to enhance the strategic allocation of resources and develop and enhance the regular performance reviews with staff.

In our response to the recent SPDS Local Government Workforce Planning Survey 2023 we identified our maturity in terms of the Audit Scotland Workforce Planning Maturity Matrix as being between basic and developing. We recognise the improvements needed and are focussing on deployment of our workforce planning approach with stronger links to service change planning and delivery of the workforce strategy.

The Council's Workforce Strategy, Our People Matter describes our workforce agenda and sets the framework for how we recruit, manage, develop and support our workforce to support delivery of the Plan for Fife. Actions within the strategy support our workforce planning activities. The OPM works in a complimentary way with our workforce planning approach to ensure that our workforce capacity and capability meets current and future organisational needs. Our Service People Plans set out the workforce planning people priorities for Services, the actions they plan to take to address their priorities and the anticipated outcome of their actions. The data from the Service People Plans has enabled the development of corporate workforce planning priority themes. These themes direct corporate activities to support strategic workforce planning activities.

Talking Points is the Council's good practice approach to improving performance. It is about encouraging regular discussions that suit the needs of the service, the team and individuals. It is expected that managers have regular 1-2-1 meetings. In addition, managers are expected to make time, once a year, for a more structured discussion on performance and development needs.

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- A Corporate People Plan is being developed for the period 2025 - 2028 using the insight from Service workforce planning themes, it will set out the strategic actions we will take to address gaps in our workforce capacity and capability.
- A range of activities will be undertaken to develop the maturity of both our corporate and service approach to workforce planning, including understanding and scoping future workforce needs.
- Delivery of our recruitment strategy will continue with a focus on innovative approaches to recruitment such as Life Chances and 'grow your own' initiatives funded by the Workforce Youth Investment Fund.
- Directorates and Services have been asked to review how well 1-2-1 supervision meetings are being undertaken. This is to include the quality and impact of the conversations.
- The First Line Managers Development Programme will include input on managing team performance and highlight Talking Points as good practice.
- Talking Points guidance will be reviewed and updated from an improvement perspective.

Leadership

Issue: Development of leadership skills and capacity of officers to ensure effective leadership to respond successfully to changing demands and risks

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- Support the identification and development of leadership development activities within Services.
- Identification of opportunities to develop senior leadership capabilities through Council Leadership Team sessions, for example on Artificial Intelligence.
- Explore leadership development offerings, aligning with work to support succession planning/talent management.

Performance

Issue: Best Value audit report recommendations in 2023 noted scope for improvement in the Council's approach to planning and performance.

Responsible Officer: Manager, Policy & Communications

Action Planned within 2024-25: Planning & Performance Improvement Plan approved in April 2024 to deliver improvements in the use of research, data and insight, remodelled approach to Service scrutiny reporting, joining up service planning and change planning processes, updating the corporate monitoring approach, making use of digital and improving public performance reporting.

Fraud Governance

Issue: The Council's fraud governance arrangements have improved during 2023/24, however further development is required during 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2024-25:

Further improvements surrounding the Council's fraud governance arrangements planned for 2024/25, including the following:

- Establish new Corporate Fraud Lead Officer post and recruit / fill position.
- Finalise Corporate Fraud Improvement Plan.
- Develop and launch, in conjunction with Workforce Strategy & Organisational Development Team, alternative resources to support the mandatory Corporate Fraud learning e.g. Managers Talk, Video and Information Sheet.
- Further promote the Council's new Whistleblowing Policy and develop arrangements for reporting statistics, outcomes and learnings relating to whistleblowing concerns.
- Develop and implement fraud reporting arrangements.
- Deliver further corporate fraud awareness raising sessions throughout the organisation.
- Review and refresh all fraud-related policies and procedures.
- Engage with Council ALEOs to consider how best to support the provision of related advice and guidance.

Financial Management

Issue: Increasing financial risk and Service overspend

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned withing 2024-25: Financial Management will be strengthened across the organisation and will include review of financial controls and processes in place.

Given the financial risk emerging within the Health & Social Care partnership, the Council, as partner, will work in partnership with the Chief Finance Officer to strengthen controls and reduce the risk where possible. Monthly meetings with senior Finance staff across the partnership will be held and a recovery plan is likely to be required by the Partnership.

Where overspends are emerging, mitigating actions will be required and these will be reported within the regular financial reports presented to both Cabinet and Scrutiny Committees.

Increased emphasis on budget holder accountability and responsibility will be achieved through enhanced availability of financial information though self-service access to financial information directly from the Council's core financial systems. This is an improvement that will respond to customer feedback. Training for budget holders will be provided early in the year.

Programme and Project Assurance

Issue: Given the level of change anticipated throughout the organisation, Programme and Project governance and assurance will be strengthened

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned within 2024-25: Training will be developed to assist newly appointed Senior Responsible Officers (SRO) to assist understanding of the role and with a focus on governance, assurance and gateway reviews. Further training videos will be developed covering membership of programme/project boards and specifically the differing roles of board members.

A maturity model assessment will be carried out in order to assess areas of strength and weakness. Aligned to this, an assessment of the available skills and resources will be carried out to determine whether there are any resource gaps and an action plan will be developed.

An assessment will be made as to how best to fulfil a Programme Management Office within the Council. Options will be reviewed including an assessment of the most appropriate model, costs and benefits.

5.0 Conclusions

- 5.1 We have revised our Corporate Governance Framework to ensure that it is fit for purpose and have made good progress in delivering on the improvements actioned identified last year. As a result of applying the framework this year some actions are continuing, and new issues and improvement actions have been identified. These actions are planned to ensure continued good governance across the Council.
- 5.2 The last year has been another challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses whilst safeguarding the Council's financial sustainability and maintaining service delivery. We consider that the governance, risk management and internal control environment operating within 2023-24 provides reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted in this year's review. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance, risk management and internal control arrangements.

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

1. The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No 2011/64) amended the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) requires local authorities in Scotland to prepare a Remuneration Report as part of their annual accounts. All information disclosed in the Tables A to F of this Remuneration Report will be audited by the Council's external auditors. The other sections of the Report will be reviewed by Council's external auditors to ensure that they are consistent with the financial statements.

Remuneration Arrangements

2. Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183), and The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 (SSI 2023/21). The Regulations provide for differing levels of remuneration for councillors depending on the positions they hold i.e. the Council Leader, the Civic Head (Provost), Senior Councillors or Councillors. The Council Leader and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The maximum salary that is to be paid to the Council Leader and Provost is set out in the Regulations. Fife Council policy is to pay the Provost at 75% of the maximum salary for the Council Leader.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Council Leader. The total yearly amount payable by the Council for remuneration of its senior councillors shall not exceed £525,117. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors (up to a maximum of 19) and their salary within these maximum limits.

Table A details remuneration paid by the Council to its 19 senior councillors (totalling £523,678), and to the Leader / Co-Leaders and Provost. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of councillors who elect to become councillor members of the pension scheme. Fife Council's governance arrangements structure and positions of responsibility, which encompasses the salaries of the Council Leader, Provost and Senior Councillors, was agreed at a meeting of the full Council on 19 May 2022.

The Regulations also set out remuneration payable to councillors with the responsibility of a Convenor or Vice Convenor of a Joint Authority. For those members, the Regulations require the remuneration to be paid by the Council of which they are a member which includes any pension contributions to LGPS. The Council is reimbursed by the Joint Authority for any additional remuneration paid to those members.

3. Senior Employees

A senior employee is defined as being any local authority employee who meets at least one of these criteria:-;

- has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- holds a post politically restricted by reason of section 2(1)(a),(b) or (c) of Local Government & Housing Act 1989
- has annual remuneration, including remuneration from a local authority subsidiary body, of £150,000 or more.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee for Local Authority Services sets the salaries for Chief Executives of Scottish local authorities. Industrial Relations Circular 11-23b sets the salary for the Chief Executive of Fife Council for the period 1 April 2023 to 31 March 2024.

Executive Director pay is based on a Fife Council review of senior manager salaries by Sir Neil McIntosh following his review of Chief Executives' salaries at national level on behalf of COSLA (Convention of Scottish Local Authorities). The review took market forces, salaries in comparable authorities and reductions in overall Chief Official numbers into consideration. Posts at Executive Director level are only agreed by Committee.

Heads of Service and Senior Manager salaries are determined using Fife Council role criteria. The salary for each role is fixed at a point on the national spinal column. Any new Chief Officer posts below Executive Director level are evaluated and assessed by the Head of HR, approved by the Chief Executive under delegated Officer Powers and reported to Committee through Directorate Performance Reports. Appointment to Chief Officer posts at Tier 1 and 2 are subject to a recruitment process by the Council's Appointments Committee, unless there is a legal obligation to redeploy for redundancy or other statutory reason.

Remuneration policy of one of Fife Council's subsidiary bodies Business Gateway Fife is set by its own Board of Directors. Fife Council is represented on this board of five members by two officers. Fife Council has no direct influence on the determination of the remuneration policy. The other subsidiary bodies are encouraged to maintain grading links with Fife Council which evaluates posts for the Trust Boards when requested.

Details of senior employees for Fife Council and Subsidiary bodies are shown in Tables A & B.

4. Pensions Benefits

Pension benefits for employees and Councillors are provided through the Local Government Pension Scheme (LGPS), a funded scheme made up of contributions from employees and councillors and the employer. The LGPS in Scotland changed on 1 April 2015 from a final salary scheme to a career average revalued earnings (CARE) scheme. The scheme year runs from 1 April to 31 March. and all members, both employee and councillor, now build up a pension based on 1/49th of pensionable pay received in each scheme year. The normal pension age of the new scheme is linked to State Pension Age but with a minimum age of 65.

Pension benefits for employee members built up before 1 April 2015 are protected which means that membership built up to that date will continue to be based on final salary when the member retires or leaves.

Pension benefits for councillor members built up before 1 April 2015 will continue to be calculated using average pay over the whole period of scheme membership, including both pre and post 2015 membership. The councillor's pay for each year or part year ending 31 March (other than the pay in final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of revalued pay is then divided by period of membership to calculate career average pay for the pre 2015 benefits.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. It is designed to give more equality between costs and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees. From 1 April 2015, part time members' contribution rates are now based on actual pensionable pay as opposed to whole time pay.

Actual Pay 2023-24	Contribution Rate 2023-24	Actual Pay 2022-23	Contribution Rate 2022-23
Up to and including £25,300	5.50%	Up to and including £23,000	5.50%
Above £25,301 and up to £31,000	7.25%	Above £23,001 and up to £28,100	7.25%
Above £31,001 and up to £42,500	8.50%	Above £28,101 and up to £38,600	8.50%
Above £42,501 and up to £56,600	9.50%	Above £38,601 and up to £51,400	9.50%
Above £56,601	12.00%	Above £51,401	12.00%

The calculation of pension benefits for employee and Councillor members is as follows:

- For membership from date of joining the pension scheme to 31 March 2009 the accrual rate is 80ths
- For membership from 1 April 2009 to 31 March 2015 the accrual rate is 60ths
- For membership under the new CARE scheme from 1 April 2015 to date of retirement the accrual rate is 49ths

A pension lump sum is only automatically paid for scheme membership up to 31 March 2009 at an accrual rate of 3/80ths. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Value of accrued benefits is calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without adjustment for the effects of future inflation.

The pension figures shown in Tables A & B relate to the benefits that the person has accrued as a consequence of; for councillors, their service as a councillor with Fife Council and any appropriate transfers into the scheme; for employees, their local government service, and not just their current appointment.

5. Trade Union Facility Time

The Council is required to publish details of Trade Union facility time, which is the provision of paid or unpaid time off from employees normal roles to undertake Trade Union duties and activities. Details are in Table C and also at: [Fair Work First](#)

Table A- Fife Council

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)			
		Salary, Fees & Allowances		Employer's pension		Accrued Pension Benefits	Change from
		2023-24 £	2022-23 £	2023-24 £	2022-23 £	at 31/03/24 £	31/03/23 £
Senior Councillors							
David Ross	Leader of Council (from 19.05.22) Co-Leader of Fife Council (until 04.05.22)	46,773	42,910	-	-	Pension Lump Sum -	- -
Jim Leishman	Provost (from 19.05.22) Provost (until 04.05.22)	35,083	32,971	8,595	8,078	Pension Lump Sum -	11,000 -
David Alexander	Leader of Opposition (from 19.05.22) Co-Leader of Fife Council (until 04.05.22)	27,562	26,578	6,753	6,512	Pension Lump Sum -	5,000 -
Judy Hamilton (note 3)	Spokesperson: Housing & Building Services (from 19.05.22) Convener: Community & Housing Services Committee (until 04.05.22)	30,268	27,174	7,416	6,658	Pension Lump Sum 5,000	10,000 -
Altany Craik	Spokesperson: Finance, Economy & Strategic Planning (from 19.05.22) Convener: Economy, Tourism, Strategic Planning & Transportation Committee (until 04.05.22)	27,562	25,724	6,753	6,302	Pension Lump Sum -	6,000 -
Linda Erskine	Spokesperson: Communities & Leisure (from 19.05.22) Convener: Cowdenbeath Area Committee & HR Spokesperson (until 04.05.22)	27,562	25,724	6,753	6,302	Pension Lump Sum -	8,000 -
Jan Wincott	Spokesperson: Environment & Climate Change (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum -	5,000 -
Cara Hilton	Spokesperson: Education (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum -	1,000 -
Tom Adams	Chair Regulation & Licensing (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum -	1,000 -
Craig Walker	Convener: Glenrothes Area Committee (from 26.05.22) Convener: Education & Children's Services Committee (until 04.05.22)	27,562	25,584	6,753	6,268	Pension Lump Sum -	5,000 -
David Barratt	Convener: South & West Fife Area Committee and West & Central Planning Committee (from 27.05.22) Convener: Assets & Corporate Services Committee (until 04.05.22)	27,562	25,555	6,753	6,261	Pension Lump Sum -	3,000 -
Jonny Tepp	Convener: North East Area Committee & North East Planning Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum -	4,000 -
James Calder	Convener: City of Dunfermline Area Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum -	3,000 -
Ian Cameron	Convener: Kirkcaldy Area Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum -	3,000 -
Alex Campbell	Convener: Cowdenbeath Area Committee (from 09.06.22)	27,562	21,883	-	-	Pension Lump Sum -	- -

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension		Accrued Pension Benefits		Change from 31/03/23
		2023-24 £	2022-23 £	2023-24 £	2022-23 £	at 31/03/24 £		
Senior Councillors (continued)								
Colin Davidson	Convener: Levenmouth Area Committee (from 09.06.22)	27,562	21,883	6,753	5,361	Pension Lump Sum	3,000 -	- -
Dave Dempsey	Convener: Standards, Audit and Risk Committee, Convener: Pensions Committee (from 09.06.22) Leader of Opposition, Convener: Standards & Audit Committee, Convener: Superannuation & Pensions Sub-Committee (until 04.05.22)	27,562	24,176	6,753	5,923	Pension Lump Sum	12,000 2,000	2,000 -
Eugene Clarke	Convener: People & Communities Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	2,000 -	1,000 -
Allan Knox	Convener: Finance, Economy & Corporate Services Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	- -	- -
Jane Ann Liston	Convener: Environment, Transportation & Climate Change Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
Kathleen Leslie	Convener Education Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
	Total Senior Councillors (incl Council Leader & Provost)	608,240	523,324	130,812	112,340	Pension Lump Sum	88,000 7,000	18,000 -
Senior Employees								
Ken Gourlay	Chief Executive (from 03.07.23) Executive Director Enterprise & Environment (02.05.22 - 02.07.23)	170,524 (fy 180,183)	123,662 (fy 133,984)	41,778	30,297	Pension Lump Sum	86,000 131,000	19,000 29,000
Steve Grimmond	Chief Executive (until 02.07.23) (note 4)	46,690 (fy 180,183)	172,681	11,036	41,881	Pension Lump Sum	93,000 154,000	4,000 3,000
Eileen Rowand	Executive Director Finance & Corporate Services	141,545	133,984	34,679	32,826	Pension Lump Sum	66,000 76,000	8,000 4,000
Michael Enston	Executive Director Communities	141,545	133,984	34,679	31,502	Pension Lump Sum	83,000 131,000	6,000 7,000
Carol Connolly	Executive Director Place (from 11.12.23)	43,552 (fy 141,545)	-	10,670		Pension Lump Sum	1,000 -	1,000 -
Carrie Lindsay	Executive Director Education & Children's Services (until 01.08.23)	46,690 (fy 141,545)	133,984	11,604	32,826	Pension Lump Sum	90,000 -	3,000 -
Kathryn Henwood	Head of Children & Families & Criminal Justice (Chief Social Work Officer until 14.05.23)	25,570 (fy 111,622)	105,660	3,155	25,887	Pension Lump Sum	50,000 9,000	2,000 -
Chris Moir	Head of Children & Families & Criminal Justice (Chief Social Work Officer from 01.05.23)	103,571 (fy 111,622)	-	26,925		Pension Lump Sum	51,000 68,000	12,000 16,000
	Total Senior Employees	672,997	803,955	174,526	195,219	Pension Lump Sum	520,000 569,000	55,000 59,000

Table B- Joint Initiative and Subsidiary Bodies - Senior Employees

Senior Employees	Responsibility	Organisation	Remuneration (Note 1)		Pension Benefits (Note 2)				
			Salary, Fees & Allowances		Employer's pension		Accrued Pension Benefits at 31/03/24		Change from 31/03/23
			2023-24 £	2022-23 £	2023-24 £	2022-23 £	£		£
Nicky Connor	Director-Health & Social Care	Health & Social Care Partnership (Note 5)	111,590	93,207	23,126	19,480	Pension Lump Sum	39,000 103,000	8,000 16,000
Heather Stuart	Chief Executive	Fife Cultural Trust	113,752	107,676	25,594	24,227	Pension Lump Sum	26,000 -	4,000 -
Emma Walker	Chief Executive	Fife Sport & Leisure Trust	105,510	99,578	19,462	18,422	Pension Lump Sum	8,000 -	2,000 -
Paul Murphy	Golf Services Manager (from 30.05.22)	Fife Golf Trust	72,016	53,819 (fy 65,043)	15,195	11,356	Pension Lump Sum	36,000 37,000	7,000 6,000
Jeremy Harris	Chief Executive	Fife Coast & Countryside Trust	73,557	72,590	16,418	15,824	Pension Lump Sum	7,000 -	2,000 -
Robin Baird	Chief Executive	Fife Resource Solutions LLP & CIRECO (Scotland) LLP	105,198	99,578	23,459	22,206	Pension Lump Sum	34,000 22,000	4,000 1,000
Fraser McKee	Senior Growth Adviser	Business Gateway	44,550	42,429	-	-	see Note 6		
Total Joint Initiative and Subsidiary Bodies			626,173	568,877	123,254	111,515	Pension Lump Sum	150,000 162,000	27,000 23,000

Notes - Table A & Table B

Note 1 - Due to Council elections on 5th May 2022, no senior councillors were in position for a full year. 2022-23 full year equivalent (fy) salaries are; Council Leader £45,669, Co-Leader / Provost £34,254, other senior councillors £26,655. For senior employees, fy salaries are shown in brackets for those who started or left in the year.

Note 2 - The pension figures shown relate to benefits accrued as a consequence of total local government service and not just for the current post. Benefits for persons who have left during the year are shown as the benefits accrued at the time of leaving.

Note 3 - Remuneration for Cllr Hamilton includes £2,706 (2022-23, £1,450) for her role as Chair of APSE (Association for Public Service Excellence).

Note 4 - Remuneration for Steve Grimmond, Chief Executive includes payments made in respect of his role as Returning Officer in 2023-24 of £1,644 (2022-23 £2,123)

Note 5 - The position of Director of Health & Social Care Joint Initiative is employed by the NHS.

Note 6 - Business Gateway Fife employees are members of a defined contribution pension scheme therefore disclosure of pension benefits accrued in year is not possible.

Table C - Trade Union Facility Time

2022-23			2023-24	
Non Education staff	Education staff		Non Education staff	Education staff
65	18	Number of employees who were relevant union officials in the year	60	38
57.6	15.2	Number of full time equivalent employees	56.4	36
		Number of employees analysed by % of time spent on facility time		
35	6	0%	29	7
22	9	1% - 50%	22	28
1	2	51% - 99%	1	2
7	1	100%	8	1
£0.328m	£0.346m	Total cost of Facility Time	£0.343m	£0.365m
0.1%	0.1%	% of Total pay bill spent on Facility Time	0.1%	0.1%
5%	5%	Time on paid Activities as % of total paid Facility Time	5%	5%

Table D - Members Expenses

Details of the salaries, allowances and expenses paid to all councillors (including senior councillors in Table A).

2022-23 £m	Type of Remuneration	2023-24 £m
1.627	Salaries	1.688
0.026	Travel and Subsistence	0.031
0.001	Training/ Conference and Meeting Expenses	0.006
0.005	Telephone and Information Technology Expenses met by Council	0.006
0.004	Cost of Provision of Council Cars met by Council	0.004
0.000	Other Expenses and Allowances	0.000
1.663	Total	1.735

The annual return of councillors' salaries and expenses for 2023-24 is available for any member of the public to view at all Fife Council libraries and public offices during normal working hours. It is also available on the Fife Council website at the following link; [Councillors' Salaries & Expenses](#)

Table E - Fife Council Employees Analysis by Pay Band

The figures below are the total number of Council employees receiving more than £50,000 remuneration for the year (including any associated redundancy or early retirement payments).

2022-23	Remuneration Bands	2023-24	2022-23	Remuneration Bands	2023-24
398	£50,000 - £54,999	653	0	£115,000 - £119,999	0
241	£55,000 - £59,999	349	0	£120,000 - £124,999	0
184	£60,000 - £64,999	212	0	£125,000 - £129,999	0
95	£65,000 - £69,999	163	4	£130,000 - £134,999	0
99	£70,000 - £74,999	101	0	£135,000 - £139,999	1
15	£75,000 - £79,999	81	0	£140,000 - £144,999	2
17	£80,000 - £84,999	12	0	£145,000 - £149,999	0
8	£85,000 - £89,999	10	0	£150,000 - £154,999	0
8	£90,000 - £94,999	7	0	£155,000 - £159,999	0
2	£95,000 - £99,999	9	0	£160,000 - £164,999	0
4	£100,000 - £104,999	3	0	£165,000 - £169,999	0
13	£105,000 - £109,999	9	1	£170,000 - £174,999	1
0	£110,000 - £114,999	11	1,089	Total	1,624

Table F - Exit Packages

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, as agreed by the Council. Exit packages detailed below include redundancy payments, compensatory lump sums, pension strain and estimated capitalised compensatory added years' (CAY) costs for Fife Council and its group. These estimated values are based on an assessment of the present value of future payments to the retiree until death. Exit packages relating to ill health retirements are not classified as termination benefits therefore amounts paid to individuals on this basis are not included in the table.

Exit Package Cost Band £	No. of Compulsory Redundancies	No. of Other Agreed Departures	Total No. of Exit Packages	Cash Value £m	Estimated CAY £m	Total Exit Packages Cost
2023-24						
0 - 19,999	3	10	13	0.098	0.000	0.098
20,000 - 39,999	0	0	0	0.000	0.000	0.000
40,000 - 59,999	1	0	1	0.045	0.000	0.045
60,000 - 79,999	0	0	0	0.000	0.000	0.000
80,000 - 99,999	0	1	1	0.084	0.000	0.084
100,000 - 149,999	1	0	1	0.123	0.000	0.123
Over 150,000	0	0	0	0.000	0.000	0.000
Total	5	11	16	0.350	0.000	0.350
2022-23						
0 - 19,999	0	17	17	0.188	0.006	0.194
20,000 - 39,999	0	13	13	0.333	0.000	0.333
40,000 - 59,999	0	1	1	0.050	0.000	0.050
60,000 - 79,999	0	2	2	0.117	0.025	0.142
80,000 - 99,999	0	3	3	0.257	0.000	0.257
100,000 - 149,999	0	4	4	0.399	0.077	0.476
Over 150,000	0	8	8	1.248	0.412	1.660
Total	0	48	48	2.592	0.520	3.112

The total cost of exit packages included in the table above have been agreed, accrued for and charged to Fife Council's Comprehensive Income and Expenditure Statement in the relevant year.

Of the 2023-24 total cost of £0.350m, £0.064m relates to statutory redundancy payments, £0.024m to compensation for loss of office, £0.262m for enhanced pension benefits and nil for estimated CAY.

As a consequence of the delivery of the 2023-24 savings each directorate has incurred termination payments. The Directorate incurring the largest cost is Health & Social Care £0.202m.

The Council's Responsibilities

The Council is required to:-

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

The Executive Director Finance and Corporate Services Responsibilities

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

In preparing the Annual Accounts, the Executive Director Finance and Corporate Services has:-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)

The Executive Director Finance and Corporate Services has also:-

- Kept adequate accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Fife Council and its group at the reporting date and the transactions of Fife Council and its group for the year ended 31st March 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The objective of this Analysis is to demonstrate to council tax and rent payers how funding available to the Council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with resources consumed or earned by authorities in accordance with generally accepted accounting practices under accounting standards or statutory provisions, and shows how net expenditure is allocated for decision making purposes between Council directorates. Expenditure under generally accepted accounting practices is presented more fully in Comprehensive Income & Expenditure Statement (CIES).

2022-23				2023-24		
Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m		Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m
353.475	48.027	401.502	Education	385.901	30.412	416.313
213.656	15.012	228.668	Health & Social Care	220.914	(2.012)	218.902
131.415	47.128	178.543	Place	141.891	26.973	168.864
51.162	19.983	71.145	Finance & Corporate	59.259	10.274	69.533
0.283	0.035	0.318	Chief Executive	0.302	0.004	0.306
80.955	15.431	96.386	Communities	92.092	4.936	97.028
60.998	(0.152)	60.846	*Children's Services	70.554	0.039	70.593
(30.337)	18.861	(11.476)	Housing Revenue Account	(28.519)	12.812	(15.707)
51.714	(51.714)	0.000	Loan Charges	84.046	(84.046)	0.000
913.321	112.611	1,025.932	Net Cost of Services	1,026.440	(0.608)	1,025.832
(942.960)	(19.363)	(962.323)	Other Income & Expenditure	(968.763)	(86.629)	(1,055.392)
(29.639)	93.248	63.609	Total (Surplus)/Deficit on Provision of Services	57.677	(87.237)	(29.560)
(2.239)	5.719	3.480	Subsidiaries	(2.433)	(1.193)	(3.626)
(1.027)	1.027	0.000	Less Intercompany transactions	(0.277)	0.277	0.000
(32.905)	99.994	67.089	Group (Surplus)/Deficit on Provision of Services	54.967	(88.153)	(33.186)

(189.818)	Opening General Fund & HRA Balance	(223.434)
(29.639)	(Surplus) / Deficit for the year	57.677
(3.977)	Transfers to / (from) Other Reserves	3.160
(223.434)	Closing General Fund & HRA Balance (see Movement in Reserves Statement)	(162.597)

* During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

Adjustments between funding & accounting basis (above) is comprised of the following 3 items which are detailed by Council directorate in Note 8-Analysis of Income and Expenditure by Segment/Nature.

- **Adjustments for Capital Purposes** in Net Cost of Services reflect impairment & revaluation gains/losses and depreciation charged to CIES. Adjustments outwith Net Cost of Services include gains/losses on disposal of assets and capital grants receivable in the year. These adjustments in 2022-23 include an adjustment of £43.576m for Service Concessions Arrangements (see Note 17).

- **Net change for Pension Adjustments** in Net Cost of Services are the removal of employer pension contributions made by the Council, replaced with current & past service costs calculated under IAS19. Adjustments outwith Net Cost of Service includes net interest on defined benefit asset / liability under IAS19.

- **Other Adjustments** in Net Cost of Services include an accrual for costs of holiday entitlement earned by employees not taken before year end, and other transfers between services to recognise differences between the reporting structure of the Council and the accounting basis. Adjustments outwith Net Cost of Services include timing differences for premiums and discounts relating to Financial Instruments.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Total Comprehensive Income & Expenditure line shows the true economic cost of providing the Council's services, details of which are shown in the CIES. These are different from the amounts charged to General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes under accounting standards and statutory regulations. The Transfers (to)/from Other Statutory Reserves shows charges made to the CIES to be financed from a reserve. The Balances at 31 March are before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund £m	HRA £m	Insurance Fund £m	Capital Fund £m	Capital Grants and Receipts and Receipts Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Fife Council Reserves £m	Subsidiary Reserves & Share of Joint Venture £m	Total Group Reserves £m
Opening Balance 1 April 2022	(182.813)	(7.005)	(16.571)	0.000	(5.745)	(212.134)	(1,809.131)	(2,021.265)	(182.319)	(2,203.584)
Movement in Reserves during 2022-23										
Total Comprehensive Income & Expenditure	85.669	(22.060)	0.000	0.000	0.000	63.609	(837.987)	(774.378)	1.784	(772.594)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(23.825)	(4.911)	0.000	0.000	0.000	(28.736)	28.736	0.000	0.000	0.000
- required by statutory regulations	(90.782)	26.270	0.000	0.000	3.057	(61.455)	61.455	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	(4.303)	0.326	2.148	0.000	1.829	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.460	0.460	(0.460)	0.000
(Increase)/Decrease in Year	(33.241)	(0.375)	2.148	0.000	4.886	(26.582)	(747.336)	(773.918)	1.324	(772.594)
Balance at 31 March 2023	(216.054)	(7.380)	(14.423)	0.000	(0.859)	(238.716)	(2,556.467)	(2,795.183)	(180.995)	(2,976.178)
Movement in Reserves during 2023-24										
Total Comprehensive Income & Expenditure	(2.997)	(26.563)	0.000	0.000	0.000	(29.560)	(111.947)	(141.507)	(46.484)	(187.991)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(33.244)	(4.727)	0.000	0.000	0.000	(37.971)	37.971	0.000	0.000	0.000
- required by statutory regulations	91.832	33.376	0.000	0.000	(0.275)	124.933	(124.933)	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	3.181	(0.021)	(3.160)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.590	0.590	(0.590)	0.000
(Increase)/Decrease in Year	58.772	2.065	(3.160)	0.000	(0.275)	57.402	(198.319)	(140.917)	(47.074)	(187.991)
Balance at 31 March 2024	(157.282)	(5.315)	(17.583)	0.000	(1.134)	(181.314)	(2,754.786)	(2,936.100)	(228.069)	(3,164.169)

This statement shows the cost of providing services and managing the Council during the year and includes, on an accruals basis, all of the Council's day-to-day expenses and related income but excludes any amounts relating to VAT, as VAT collected is payable to HM Revenue & Customs and VAT paid is recoverable from them.

The statement shows the accounting cost in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover net expenditure in accordance with statutory regulations which may be different from the accounting cost and the taxation position is shown in the Movement in Reserves Statement.

2022-23					2023-24			
Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m
464.157	(62.655)	401.502	401.502	Education	478.902	(62.589)	416.313	416.313
599.313	(370.645)	228.668	228.668	Health & Social Care	557.285	(338.383)	218.902	218.902
220.828	(42.285)	178.543	178.543	Place	212.692	(43.828)	168.864	168.864
157.466	(86.321)	71.145	71.145	Finance & Corporate	158.508	(88.975)	69.533	69.533
0.318	0.000	0.318	0.318	Chief Executive	0.306	0.000	0.306	0.306
118.180	(21.794)	96.386	96.386	Communities	125.089	(28.061)	97.028	97.028
70.819	(9.973)	60.846	60.846	*Children's Services	82.087	(11.494)	70.593	70.593
119.676	(131.152)	(11.476)	(11.476)	Housing Revenue	123.392	(139.099)	(15.707)	(15.707)
93.763	(90.010)	0.000	3.753	Subsidiaries	103.355	(104.427)	0.000	(1.072)
		1,025.932	1,029.685	Net cost of Services (note 8)			1,025.832	1,024.760
				Other Income & Expenditure (note 9)				
		2.164	2.215	- Other Operating Expenditure			(0.387)	(0.305)
		52.272	52.975	- Financing & Investment			18.171	15.812
		(1,016.759)	(1,017.786)	- Taxation & Non-Specific Grant Income			(1,073.176)	(1,073.453)
		63.609	67.089	(Surplus)/Deficit on Provision of Services			(29.560)	(33.186)
				Other Comprehensive Income & Expenditure				
		(217.908)	(218.774)	-(Gain)/Loss-non-current asset revaluation			(106.540)	(114.457)
		1.861	1.861	-(Gain)/Loss-non-current asset impairment			8.520	8.520
		(0.205)	(0.205)	-(Gain)/Loss-financial asset revaluation			0.000	0.000
		(621.735)	(628.480)	-Remeasurement of net pensions liability			(13.927)	(16.270)
		0.000	(15.081)	-Movement in Common Good lease assets			0.000	(49.093)
		0.000	20.996	Share of Joint Venture			0.000	16.495
		(774.378)	(772.594)	Total Comprehensive Income & Expenditure			(141.507)	(187.991)

*During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

Material Items of Income and Expenditure

Fife Integration Joint Board (IJB)

Fife Council made contributions of £220.204m to the IJB, £218.637m from Health & Social Care and £1.567m from Housing. Fife Council received amounts from the IJB totalling £290.526m. The Council's share of IJB reserves decreased by £16.495m in 2023-24 and is included in the Group figures above.

The Balance Sheet: shows the value of the assets and liabilities held by the Group which are matched by reserves (Usable and Unusable). Usable reserves are those the Group may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves cannot be used by the Group to provide services and include reserves that hold unrealised gains and losses which only become available to provide services if assets are sold, and reserves that hold timing differences detailed in the Movement in Reserves Statement line 'Adjustments between accounting basis & funding basis under regulations'.

31 March 2023				31 March 2024	
Fife Council £m	Group £m		Notes	Fife Council £m	Group £m
3,792.957	3,942.676	Property, Plant & Equipment	11	4,007.363	4,215.589
31.132	31.582	Heritage Assets	12	31.132	31.582
0.000	0.000	Intangible Assets	14	0.000	0.004
5.750	5.750	Long Term Debtors	21	4.683	4.683
2.747	10.870	Long Term Investments	21	2.756	10.904
0.000	0.540	Defined Benefit Pension Asset	24	49.218	54.619
0.000	18.860	Investment in Joint Venture	27	0.000	2.365
3,832.586	4,010.278	Long Term Assets		4,095.152	4,319.746
70.349	77.958	Cash and Cash Equivalents	Cash Flow	65.646	76.828
1.666	1.666	Assets held for sale	13	0.705	0.705
4.671	4.786	Inventories	18	5.112	5.320
105.287	108.762	Short Term Debtors	19	126.606	126.223
0.000	0.000	Short Term Investments	21	0.000	0.000
181.973	193.172	Current Assets		198.069	209.076
(17.651)	(17.651)	Short Term Receipts in Advance	10	(25.711)	(25.711)
(162.812)	(170.657)	Short Term Creditors	19	(110.800)	(118.174)
(0.700)	(0.700)	Short Term Provisions	20	(0.150)	(0.150)
(68.740)	(68.740)	Short Term Borrowing	21	(155.944)	(155.944)
(249.903)	(257.748)	Current Liabilities		(292.605)	(299.979)
(20.256)	(20.256)	Long Term Receipts in Advance	10	(20.656)	(20.656)
(13.998)	(13.998)	Long Term Provisions	20	(15.002)	(15.002)
0.000	(0.051)	Long Term Creditors	21	0.000	(0.158)
(865.927)	(865.927)	Long Term Borrowing	21	(966.702)	(966.702)
(69.292)	(69.292)	Other Long Term Liabilities	21	(62.156)	(62.156)
(969.473)	(969.524)	Long Term Liabilities		(1,064.516)	(1,064.674)
2,795.183	2,976.178	Net Assets/(Liabilities)		2,936.100	3,164.169
(238.716)	(415.171)	Usable Reserves	6	(181.314)	(392.117)
(2,556.467)	(2,561.007)	Unusable Reserves	7	(2,754.786)	(2,772.052)
(2,795.183)	(2,976.178)	Total Reserves		(2,936.100)	(3,164.169)

The unaudited accounts were issued on 28th June 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The statement: shows the changes in cash and cash equivalents by operating, investing and financing activities. Net cash flows from operating activities is a key indicator of the extent to which operations are funded by taxation, grants or charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

2022-23			2023-24	
Fife Council £m	Group £m		Fife Council £m	Group £m
(63.609)	(67.089)	Net surplus or (deficit) on the provision of services	29.560	33.186
		Adjustments for non cash movements		
109.294	109.868	Depreciation charges	121.200	121.967
6.751	6.867	Downward/(upward) revaluations & Impairments	1.667	2.200
0.000	0.000	Amortisation of intangibles	0.000	0.001
0.000	0.627	Movement in Fair Value of Investments	0.000	(0.013)
22.824	20.609	Increase/(decrease) in creditors	(45.873)	(38.482)
(2.976)	(2.081)	(Increase)/decrease in debtors	(15.115)	(19.015)
(0.287)	(0.312)	(Increase)/decrease in inventories	(0.441)	(0.534)
90.308	95.721	Movement in pension asset / liability	(35.291)	(37.809)
0.227	0.227	Contributions to/(from) provisions	0.454	0.454
14.959	15.308	Carrying amount of assets sold	3.182	3.562
		Adjustments for investing & financing activities		
(73.799)	(74.825)	Capital Grants in surplus/(deficit) on provision of services	(104.413)	(104.690)
(12.795)	(13.093)	Proceeds from the sale of assets	(3.569)	(3.569)
90.897	91.827	Net cash flows from Operating Activities	(48.639)	(42.742)
(191.124)	(193.469)	Purchase of non-current assets	(236.411)	(238.702)
(0.005)	(0.285)	Purchase of investments	(0.009)	(0.318)
12.795	13.093	Proceeds from the sale of assets	3.569	3.569
72.903	73.930	Other receipts from investing activities	100.718	100.994
(105.431)	(106.731)	Net cash flows from Investing Activities	(132.133)	(134.457)
(21.430)	(21.430)	Cash receipts and repayments of short & long term borrowing	184.474	184.474
(5.631)	(5.631)	Cash payments reducing liabilities on finance leases & PPP	(6.938)	(6.938)
1.851	1.851	Other financing activities	(1.467)	(1.467)
(25.210)	(25.210)	Net cash flows from Financing Activities	176.069	176.069
(39.744)	(40.114)	Net increase or (decrease) in cash & cash equivalents	(4.703)	(1.130)
110.093	118.072	Cash & cash equivalents at beginning of reporting period	70.349	77.958
70.349	77.958	Cash & cash equivalents at end of reporting period	65.646	76.828
0.050	0.050	Cash in Hand	0.049	0.062
1.877	6.178	Bank	2.658	10.226
71.730	71.730	Short Term Investments	66.540	66.540
(3.308)	0.000	Advances from other accounts	(3.601)	0.000
70.349	77.958		65.646	76.828
		Net cash flows for Operating Activities include:-		
2.764	3.192	Interest received	1.109	1.565
(41.870)	(41.870)	Interest paid	(35.968)	(35.968)
(39.106)	(38.678)	Total	(34.859)	(34.403)

Movement in Liabilities held in the Balance Sheet recognised as Financing Activities (£m)

	1 April 2022	Movement 2022-23		1 April 2023	Movement 2023-24		31 March 2024
		Cash	Non-Cash		Cash	Non-Cash	
Long & Short Term Borrowing	(940.794)	21.430	0.000	(919.364)	(184.474)	0.000	(1,103.838)
PPP & Lease Liabilities	(81.861)	5.631	0.000	(76.230)	6.938	0.000	(69.292)
EIR Loan Liability	(5.090)	0.000	0.021	(5.069)	0.000	0.044	(5.025)

Notes to the Accounts

1. General Accounting Policies

General Principles

The Annual Accounts summarise the Fife Council and its Group transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that these accounts be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) and supported by International Financial Reporting Standards (IFRS).

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. The materiality concept is an expression of the relative significance of a matter in the context of the annual accounts as a whole and items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The group accounting policies are materially the same as those specified above.

Accruals of Income and Expenditure

The accounts and related statements are compiled on an accruals basis for both revenue and capital. The accruals basis requires that activity is accounted for in the year it takes place, not simply when cash payments are made or received. Accruals are made for all material debtors and creditors within the accounts. Accruals are made for payroll costs where pay has been earned but not paid, for supplies & services where received or consumed within the financial year, for interest due and payable on external borrowings and for customer & client receipts due and receivable in the period to which they relate. The main accrual & estimation techniques used are:

- Payroll Costs: Estimate of salaries & wages based on number of days relating to the period to 31 March 2024
- Energy Costs: Information held by Energy Management Unit and Service records.
- Supplies & Services: Purchase ordering and goods receipting information held in the Council's financial systems.
- Interest: Based on the Council's Investment Team records of internal and external loans.
- Pensions: Estimate of future asset / liability calculated by the Council's actuaries in accordance with IAS19.
- Holiday Pay: Based on employees holiday leave earned in 2023-24 but not taken by 31 March 2024.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance into the Movement in Reserves Statement (MIRS). When expenditure to be financed from a reserve is incurred, it is charged to Surplus/Deficit on Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in MIRS so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Fair Value

The Council values some of its non-financial assets and financial instruments at Fair Value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The levels of the fair value are:

- Level 1 - quoted prices (unadjusted) in active markets for
- Level 2 - inputs other than quoted prices included within Level 1
- Level 3 - unobservable inputs

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and a Joint Venture and is therefore required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

2. Accounting Standards Issued, not yet Adopted

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following Standards do not require adoption before 31 March 2024 and therefore have no impact on the 2023-24 financial statements;

- IFRS16 Leases (incl amendment to IFRS16 relating to Lease Liability in a Sale & Leaseback)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the financial statements. The most significant of these for the Council is;

- **Public Private Partnership (PPP)** The Council is deemed to control the Services provided under the agreement for the provision of educational establishments. The accounting policies for PPP schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant & Equipment on the Council's Balance Sheet with further details shown in a separate note to the accounts.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are below:-

- **Property, Plant & Equipment:** The Net Book Value of assets subject to depreciation is £1,992.251m. These are depreciated over useful lives dependent on assumptions about future levels of repairs & maintenance that will be incurred for individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

The Council has reviewed the potential for indexation of Other, Land & Buildings Assets valued on a Depreciated Replacement Cost basis. It was deemed by the Council's Estates professionals that an indexation of 2.10% should be applied to build cost components for the period 01/04/23 - 31/03/24 to reflect the conditions in the external market. This indexation was adjusted to the date of the last valuation for assets not revalued at 01/04/23.

Council dwellings are valued using the Beacon Method under which the values of groups of similar properties are calculated by assessing the capital value of one of them (a beacon) then extrapolating the value across the rest of the group. Current values for Council dwelling assets (valued to Economic Use Value-Social Housing) at 31 March 24 were calculated by applying an adjustment factor of 40.47% to the underlying vacant possession value.

All Asset Valuations are recorded with two components – land and buildings. Where the building component is greater than £10 million, the building element is further componentised to provide a value for the Mechanical & Electrical services within the asset. The percentage used for this further split varies by property type and is included with the build cost information provided by the Council Quantity Surveyors.

No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts.

Effect if Actual Results Differ from Assumptions: If the useful life of assets is reduced, depreciation increases and carrying amount of assets fall. It is estimated that for every year that useful lives are reduced, the annual depreciation charge for buildings would increase by approximately £3.489m. If the beacon adjustment factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £27.526m.

- **Defined Pensions Liability:** Estimation of the Council's net liability to pay pensions depends on a number of complex judgements including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Effect if Actual Results Differ from Assumptions: Changes to individual assumptions will have an effect on the defined benefit obligation. e.g. a 0.1% decrease in the discount rate would increase the liability by £49m, a 0.1% increase in Pension Increase rate (CPI) would increase the liability by £47m and a 1 year increase in life expectancy assumptions would increase the liability by 4%.

- **Fair Value Measurements:** If fair value of a financial asset or liability cannot be measured based on quoted prices in active markets (Level 1), it is measured using valuation techniques (e.g. quoted prices for a similar asset or liability in active markets). Where possible, the techniques are based on observable data, but if not, judgement is required to establish fair values, typically including considerations such as uncertainty and risk. Where Level 1 inputs are unavailable, the Council employs relevant experts to identify the most appropriate valuation techniques.

Effect if Actual Results Differ from Assumptions: Significant changes in any of the unobservable inputs would result in a significantly lower or higher value for the Council's assets which are measured at fair value.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

These are adjustments made to the comprehensive income & expenditure statement (CIES) recognised by the Council in accordance with proper accounting practice to the resources that are specified by accounting standards or statutory regulations as being available to the Council to meet future capital and revenue expenditure.

2022-23						2023-24						
Usable Reserves				Unusable Reserves	Total Reserves	Usable Reserves						
General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Receipts Unapplied			General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Receipts Unapplied	Unusable Reserves	Total Reserves	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
						Accounting Standards Adjustments						
						Adjustments for Capital Purposes						
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Revaluation element of depreciation in CIES	(33.244)	(4.727)	0.000	0.000	37.971	0.000
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Total Accounting Standards Adjustments	(33.244)	(4.727)	0.000	0.000	37.971	0.000
						Statutory Adjustments						
						Adjustments for Capital Purposes						
(55.364)	(31.945)	0.000	0.000	87.309	0.000	Depreciation, Impairment & Revaluations	(52.588)	(32.308)	0.000	0.000	84.896	0.000
50.293	23.506	0.000	1.152	(74.951)	0.000	Capital grants & contributions	82.011	22.402	0.000	(0.275)	(104.138)	0.000
(2.316)	0.152	(12.795)	0.000	14.959	0.000	Gains/(Losses) on disposal of assets	0.372	0.015	(3.569)	0.000	3.182	0.000
0.000	0.000	14.565	0.000	(14.565)	0.000	Capital Fund applied to capital investment	0.000	0.000	3.554	0.000	(3.554)	0.000
0.000	0.000	0.135	0.000	(0.135)	0.000	Capital Fund applied to HRA debt repayment	0.000	0.000	0.015	0.000	(0.015)	0.000
0.000	0.000	(1.905)	1.905	0.000	0.000	Capital Fund applied to transformation projects	0.000	0.000	0.000	0.000	0.000	0.000
27.499	16.333	0.000	0.000	(43.832)	0.000	Statutory provision-financing capital investment	23.684	18.469	0.000	0.000	(42.153)	0.000
(43.576)	0.000	0.000	0.000	43.576	0.000	Service Concession Arrangements (see Note 17)	0.000	0.000	0.000	0.000	0.000	0.000
11.964	20.560	0.000	0.000	(32.524)	0.000	Capital expenditure charged to revenue	0.000	23.752	0.000	0.000	(23.752)	0.000
						Pensions Adjustments						
(86.796)	(3.512)	0.000	0.000	90.308	0.000	Difference in pension costs charged to CIES from those chargeable under regulations	34.108	1.183	0.000	0.000	(35.291)	0.000
						Financial Instruments Adjustments						
1.557	1.009	0.000	0.000	(2.566)	0.000	Difference in finance costs charged to CIES from those chargeable under regulations	2.660	(0.026)	0.000	0.000	(2.634)	0.000
						Employee Statutory Adjustments						
5.957	0.167	0.000	0.000	(6.124)	0.000	Difference in officer remuneration charged to CIES from those chargeable under regulations	1.585	(0.111)	0.000	0.000	(1.474)	0.000
(90.782)	26.270	0.000	3.057	61.455	0.000	Total Statutory Adjustments	91.832	33.376	0.000	(0.275)	(124.933)	0.000

6. Usable Reserves and Earmarked Balances

2022-23 £m	usable Reserves	2023-24 £m
(216.054)	General Fund	(157.282)
(7.380)	Housing Revenue Account (HRA)	(5.315)
(14.423)	Insurance Fund	(17.583)
0.000	Capital Fund	0.000
(0.859)	Capital Grants and Receipts Unapplied Account	(1.134)
(238.716)	Total usable Reserves	(181.314)

Movements in usable reserves are outlined in the Movement in Reserves Statement (MIRS) which also shows movements in amounts set aside from General Fund balances in statutory reserves for the following purposes:-

- Insurance Fund

The Council purchases insurance cover and manages risk through its Insurance Fund with the exception of theft, malicious damage and accidental damage which are charged to the cost of services in the year they arise.

- Capital Fund

Capital receipts are transferred to this fund which is used to finance capital expenditure, set aside to repay HRA debt, or transferred to the Capital Grants & Receipts Unapplied account to fund Transformation Projects.

- Capital Grants and Receipts Unapplied Account

This account holds capital grants and receipts credited to Surplus / Deficit on Provision of Services but not yet applied to fund expenditure. When applied to fund capital expenditure these are transferred in MIRS to Capital Adjustment Account.

Legislation in Scotland does not allow for creation of separate non-statutory earmarked reserves, however the Council has areas where funds are earmarked or committed but remain part of Usable Reserves. The table shows net transfers between committed balances and Service budgets, either to increase committed balances or to augment Service expenditure, and also other transfers between committed and uncommitted balances.

2023-24	Balance 1 April 2023 £m	Net Transfers to / (from) Services £m	Other Balance Transfers £m	Movement in Reserves (MIRS) £m	Balance 31 March 2024 £m
General Fund					
<u>Earmarked Balances:</u>					
Energy Management Fund	(1.853)	1.853	(1.371)		(1.371)
Council Tax - Second Homes	(9.146)	0.220	0.000		(8.926)
Earmarked Grants	(6.886)	2.451	(0.913)		(5.348)
Grants Received & Carried Forward	(9.066)	8.664	(5.348)		(5.750)
Service Carry Forwards	(3.665)	3.666	(1.473)		(1.472)
Financial Consequences of COVID-19	(35.776)	15.217	1.629		(18.930)
Capital Investment Plan	(68.124)	18.344	(17.000)		(66.780)
<u>Committed Balances:</u>					
Change Fund	(10.000)	0.094	0.000		(9.906)
Demographics/Pay/Pensions	(18.000)	4.670	0.000		(13.330)
Workforce Change	(6.123)	0.000	0.000		(6.123)
Contribution from Balances	(8.000)	10.100	(6.000)		(3.900)
Other Commitments	(2.408)	(2.655)	3.245		(1.818)
Total Commitments	(179.047)	62.624	(27.231)	0.000	(143.654)
Uncommitted Balances	(37.007)	(62.624)	27.231	58.772	(13.628)
	(216.054)	0.000	0.000	58.772	(157.282)
Insurance Fund					
Insurance Fund - Earmarked	(6.830)	0.000	(4.105)		(10.935)
Insurance Fund	(7.593)	0.000	4.105	(3.160)	(6.648)
	(14.423)	0.000	0.000	(3.160)	(17.583)

Explanatory Note

General Fund Balance

The General Fund Services balance decreased by £58.772m in 2023-24, leaving a balance at the end of the year of £157.282m. Once the commitments of £143.654m shown above are set against this, an uncommitted balance of £13.628m remains as at 31 March 2024. The level of reserves continues to be kept under review, particularly when forecast to fall below 2%.

Energy Management Fund

The Council's Energy Management Service has implemented a programme of energy efficiency projects where permanent energy cost savings have been achieved. A proportion of these savings has been appropriated to the General Fund and is now held for further initiatives and projects.

Council Tax - Second Homes

Scottish Government legislation requires that income collected from council tax for second homes is utilised to fund Affordable Housing. This reserve represents the remaining balance of funds to be used for that purpose.

Earmarked Grants

The balance held for earmarked grants relates to situations where the paying agency allows any unspent grant to be retained without imposing any conditions. In order to recognise that the grant is ring-fenced the element of the balance relating to the unspent grant has been earmarked for use in the future.

Grants Received & Carried Forward

The balance is held for Grants Received which are expected to be finalised in the following financial year and monies have been carried forward for this purpose.

Service Carry Forward

The Council operates a devolved school management scheme which allows an element of budget carry forward.

Continuing Financial Consequences of COVID-19

The committed balance represents mainly unused GRG (General Revenue Grant) provided during the pandemic and has been committed to the ongoing financial consequences.

Capital Investment Plan

Funding earmarked for the approved Capital Plan 2023-33 and future PPP costs. The funding is available from previous years service underspends identified and earmarked for investment, along with the benefit released from the application of revised Statutory Guidance (Finance circular 10/2022) in respect of Service Concession arrangements.

Change Fund

In order to address the scale of the financial challenge the Council is facing in the coming years, Services will be required to change the way they operate. To facilitate this change, investment is required to enable major change initiatives within the Council and balances have been identified for this purpose.

Demographics/Pay/Pensions

There is a known temporary demographics pressure arising in the coming years within secondary school rolls which will be challenging to contain within the resources available. In addition, future pay settlements have yet to be agreed which may lead to further commitments.

Workforce Change

The balance represents the costs in relation to the Council's future strategy of workforce change.

Contribution from Balances

Fife Councils approved Revenue Budget 2024-27 included a commitment of £6.000m which has been used for one-off temporary investment in both 2023-24 and 2024-25.

Other Commitments

This represents a number of other minor commitments against balances.

Insurance Fund - Earmarked

The earmarked balance is held to cover own damage claims and anticipated incurred but not reported (IBNR) claims. In addition, £2.927m is held relating to a settlement received for fire damage incurred at Woodmill High School, Dunfermline which is earmarked as a contribution to the new Dunfermline Learning Campus.

7. Unusable Reserves

2022-23 £m		2023-24 £m
(1,563.236)	Revaluation Reserve	(1,621.870)
0.064	Financial Instruments Revaluation Reserve	0.064
0.000	Pensions Reserve	(49.218)
(1,065.278)	Capital Adjustment Account	(1,151.637)
48.584	Financial Instruments Adjustment Account	45.950
23.399	Employee Statutory Adjustment Account	21.925
(2,556.467)	Total Unusable Reserves	(2,754.786)

Revaluation Reserve

The reserve contains unrealised gains arising from increases in the value of Property, Plant & Equipment and Heritage Assets, and gains accumulated for assets disposed in year transferred to Capital Adjustment Account. The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created.

2022-23 £m		2023-24 £m
(1,387.797)	Balance at 1 April	(1,563.236)
	Revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	
(267.676)	Upward Revaluation & reversal of impairment losses	(266.667)
51.629	Downward revaluation & impairment losses	168.647
(216.047)		(98.020)
28.736	Revaluation element of depreciation charged to CIES	37.971
11.532	Transfer to Capital Adjustment Account - accumulated gains on assets disposed	0.858
0.340	Transfer to/(from) Common Good Reserves	0.557
(1,563.236)	Balance at 31 March	(1,621.870)

Financial Instruments Revaluation Reserve

The reserve contains unrealised gains or losses made by the Council arising from changes in the fair value of its financial assets which includes the Council's employment land investments with Scottish Enterprise. The balance is reduced when investments are impaired, revalued downward or disposed of and the gains realised.

2022-23 £m		2023-24 £m
0.285	Balance at 1 April	0.064
(0.205)	(Surplus)/Deficit on Financial Instruments Revaluation	0.000
(0.016)	Transfer to Capital Adjustment Account - accumulated gains/(losses) on disposals	0.000
0.064	Balance at 31 March	0.064

Pensions Reserve

The reserve absorbs timing differences arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the CIES as the benefits are earned by employees (e.g. accruing years of service, updating inflation assumptions and investment returns), whereas statutory arrangements require benefits to be financed as the Council makes its contributions to pension funds or pays any pensions for which it is directly responsible. The Pensions Reserve therefore shows the difference in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022-23 £m		2023-24 £m
531.427	Balance at 1 April	0.000
(621.735)	Actuarial (gains) or losses on pensions assets and liabilities	(13.927)
179.175	Reversal of items relating to retirement benefits charged to CIES	59.548
(88.867)	Employer's pensions contributions & direct payments to pensioners payable	(94.839)
0.000	Balance at 31 March	(49.218)

Capital Adjustment Account

The account absorbs timing differences from accounting for consumption of long-term assets (e.g. depreciation, impairment) and financing the acquisition, construction or enhancement of those assets under statutory provisions.

2022-23		2023-24
£m		£m
(1,033.719)	Balance at 1 April	(1,065.278)
	Reversal of items relating to capital expenditure charged to the CIES:-	
80.558	Depreciation of non-current assets	83.229
6.751	Revaluation & Impairments losses/(gains) on non-current assets	1.667
2.164	(Gains)/Losses on disposal of assets	(0.387)
	Capital financing applied in the year:-	
(74.951)	Capital grants & contributions applied to finance capital expenditure	(104.138)
(43.832)	Statutory provision for the financing of capital investment	(42.153)
43.576	Service Concession Arrangements (see Note 17)	0.000
(32.524)	Capital expenditure charged to General Fund and HRA balances	(23.752)
(1.905)	Adjustment for Capital Fund applied to transformation projects	0.000
(11.532)	Adjusting amounts written out of the Revaluation Reserve	(0.858)
0.016	Adjusting amounts written out of the Financial Instruments Revaluation Reserve	0.000
0.120	Transfer to/(from) Common Good Reserves	0.033
(1,065.278)	Balance at 31 March	(1,151.637)

Financial Instruments Adjustment Account

The account absorbs timing differences for certain financial instruments between the different rates at which gains and losses are recognised under the Code and those to be met from General Fund and Housing Revenue Account balances under statutory requirements. The Council uses the account to manage effective interest rate adjustments and also premiums paid in prior years for the early redemption of loans over the unexpired term outstanding on those loans when they were redeemed - the longest of these terms being up to 2065-66.

2022-23		2023-24
£m		£m
51.150	Balance at 1 April	48.584
	Amount by which costs charged to the CIES are different from costs chargeable in the year in accordance with statutory requirements:-	
(0.021)	Effective Interest Rate - Borrowings Loan Interest	(0.044)
0.036	Effective Interest Rate - Soft Loans	(0.002)
(2.581)	Proportion of prior year early redemption premiums	(2.588)
48.584	Balance at 31 March	45.950
5.069	Borrowing where the loan is a stepped interest rate loan.	5.025
0.085	Loans to third parties granted at less than market interest rates	0.083
43.430	Premiums and discounts associated with the refinancing of loans	40.842
48.584	Balance at 31 March	45.950

Employee Statutory Adjustment Account

The account absorbs the differences that would otherwise arise on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund and HRA balances are neutralised by transfers to or from the account.

2022-23		2023-24
£m		£m
29.523	Balance at 1 April	23.399
(29.523)	Settlement or cancellation of accrual at previous financial year end	(23.399)
23.399	Amounts accrued at the end of the current year	21.925
23.399	Balance at 31 March	21.925

8. Analysis of Income and Expenditure by Segment/Nature

	Employee Expenditure £m	Other Service Expenditure £m	Adjustments between funding & accounting basis			Total Expenditure £m	Fees, Charges & Service Income £m	Grants & Contribution Income £m	Total Income £m	Net Expenditure in the CIES £m
			For Capital Purposes £m	For Pensions £m	Other £m					
2023-24										
Education	358.268	90.222	38.913	(2.045)	(6.456)	478.902	(2.596)	(59.993)	(62.589)	416.313
Health & Social Care	105.374	453.923	0.986	(1.900)	(1.098)	557.285	(255.999)	(82.384)	(338.383)	218.902
Place	155.750	29.969	33.503	(2.913)	(3.617)	212.692	(30.293)	(13.535)	(43.828)	168.864
Finance & Corporate Services	49.431	98.803	5.510	(5.359)	10.123	158.508	(6.586)	(82.389)	(88.975)	69.533
Chief Executive	0.295	0.007	0.000	(0.005)	0.009	0.306	0.000	0.000	0.000	0.306
Communities	45.799	74.354	6.690	(1.608)	(0.146)	125.089	(19.833)	(8.228)	(28.061)	97.028
*Children's Services	39.790	42.258	0.230	0.000	(0.191)	82.087	(0.001)	(11.493)	(11.494)	70.593
Housing Revenue Account	19.719	90.861	13.283	(0.373)	(0.098)	123.392	(138.861)	(0.238)	(139.099)	(15.707)
Loan Charges	0.000	84.046	(42.153)	0.000	(41.893)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(104.800)	(21.088)	39.259	(86.629)	(189.605)	(779.158)	(968.763)	(1,055.392)
Fife Council-(Surplus)/Deficit for the year	774.426	964.443	(47.838)	(35.291)	(4.108)	1,651.632	(643.774)	(1,037.418)	(1,681.192)	(29.560)
Subsidiaries	33.195	68.799	1.101	(2.518)	0.224	100.801	(99.339)	(5.088)	(104.427)	(3.626)
Less Group Intercompany transactions	0.000	(77.360)	0.277	0.000	0.000	(77.083)	77.083	0.000	77.083	0.000
Group-(Surplus)/Deficit for the year	807.621	955.882	(46.460)	(37.809)	(3.884)	1,675.350	(666.030)	(1,042.506)	(1,708.536)	(33.186)
2022-23										
Education	332.412	83.718	33.990	21.899	(7.862)	464.157	(2.176)	(60.479)	(62.655)	401.502
Health & Social Care	96.593	487.708	1.416	15.327	(1.731)	599.313	(303.751)	(66.894)	(370.645)	228.668
Place	142.010	31.690	29.522	23.025	(5.419)	220.828	(30.902)	(11.383)	(42.285)	178.543
Finance & Corporate Services	45.723	91.760	4.274	5.170	10.539	157.466	(5.727)	(80.594)	(86.321)	71.145
Chief Executive	0.278	0.005	0.000	0.038	(0.003)	0.318	0.000	0.000	0.000	0.318
Communities	41.510	61.239	9.932	6.580	(1.081)	118.180	(16.838)	(4.956)	(21.794)	96.386
*Children's Services	35.971	35.000	0.055	0.000	(0.207)	70.819	(0.006)	(9.967)	(9.973)	60.846
Housing Revenue Account	17.936	82.879	16.296	2.926	(0.361)	119.676	(131.002)	(0.150)	(131.152)	(11.476)
Loan Charges	0.000	51.714	(12.220)	0.000	(39.494)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(71.635)	15.343	36.929	(19.363)	(179.010)	(763.950)	(942.960)	(962.323)
Fife Council-(Surplus)/Deficit for the year	712.433	925.713	11.630	90.308	(8.690)	1,731.394	(669.412)	(998.373)	(1,667.785)	63.609
Subsidiaries	29.745	58.026	(0.321)	5.612	0.428	93.490	(86.287)	(3.723)	(90.010)	3.480
Less Group Intercompany transactions	0.000	(60.369)	1.027	0.000	0.000	(59.342)	59.342	0.000	59.342	0.000
Group-(Surplus)/Deficit for the year	742.178	923.370	12.336	95.920	(8.262)	1,765.542	(696.357)	(1,002.096)	(1,698.453)	67.089

*During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

9. Other Income and Expenditure

2022-23 £m		2023-24 £m
	Other Operating Expenditure	
2.164	(Gains)/losses on the disposal of assets	(0.387)
2.164		(0.387)
	Financing and Investment Income and Expenditure	
39.657	Interest payable and similar charges	40.370
(2.764)	Interest receivable and similar income	(1.109)
15.343	Pensions interest cost & expected return on pensions assets	(21.088)
0.036	Income & expenditure related to financial instruments and changes in their fair value	(0.002)
52.272		18.171
	Taxation and Non Specific Grant Income	
(178.996)	Council tax income	(189.591)
(179.675)	Non-domestic rates (contribution from National Non Domestic Rates Pool)	(172.108)
(0.014)	Non-domestic rates (Tax Incremental Financing projects)	(0.014)
(584.275)	Non ring-fenced government grants	(607.050)
(73.799)	Capital grants and contributions	(104.413)
(1,016.759)		(1,073.176)

10. Grant and Contribution Income

Whether paid by instalments or in arrears, government grants and third party contributions & donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and that the grant or contribution will be received. They are only credited to Comprehensive Income & Expenditure Statement (CIES) when any conditions are met, but if conditions are not met at financial year end they are held as Receipts in Advance in the Balance sheet. When capital grants are credited to CIES, they are reversed out of General Fund or HRA Balances in Movement in Reserves Statement.

2022-23 £m	Grants and Contributions credited to the CIES (excl non ring-fenced Government Grants)	2023-24 £m
	Credited to Services	
(78.111)	Government Grant: Housing Benefit Subsidy	(80.024)
(66.391)	Government Grants and Contributions: NHS	(83.075)
(87.272)	Government Grants and Contributions: Other	(90.976)
(2.649)	Non-Government Grants and Contributions	(4.185)
(234.423)		(258.260)
	Credited to Taxation and Non Specific Grant Income	
(69.378)	Government Grants and Contributions	(98.238)
(4.421)	Non Government Grants and Contributions	(6.175)
(73.799)		(104.413)

31 March 2023		Receipts in Advance (balances at year end)	31 March 2024	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Receipts in Advance - Revenue		
(7.048)	(4.696)	Government Grants and Contributions	(5.585)	(5.581)
(1.372)	0.000	Non Government Grants and Contributions	(0.326)	0.000
(8.420)	(4.696)		(5.911)	(5.581)
		Receipts in Advance - Capital		
(9.231)	(2.626)	Government Grants and Contributions	(19.800)	(2.069)
0.000	(12.934)	Non Government Grants and Contributions	0.000	(13.006)
(9.231)	(15.560)		(19.800)	(15.075)
(17.651)	(20.256)	Total Receipts in Advance	(25.711)	(20.656)

11. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year. The Council has applied Statutory Override 1 in the Local Government Circular 9/2022 which allows Infrastructure assets to be presented as Net Book Value only, and this is reflected below.

Property, Plant & Equipment movements	Council Dwellings £m	Other Land & Buildings £m	Vehicles, Plant & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Infrastructure Assets £m	Total PPE £m	PPP/NPD Assets included in Total PPE £m
2023-24									
Net Book Value at 1 April 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Additions	50.778	24.348	10.854	1.482	1.507	122.702	30.393	242.064	0.146
Revaluations & Impairments to Net Cost of Services	0.236	(1.426)	0.000	(0.012)	0.003	0.000	(1.220)	(2.419)	0.000
Revaluations & Impairments to Revaluation Reserve	(21.945)	120.511	0.000	(0.071)	(0.410)	0.000	(0.065)	98.020	39.968
Depreciation	(35.464)	(60.172)	(12.067)	(0.262)	(0.322)	0.000	(12.913)	(121.200)	(7.261)
Disposals	0.000	(0.126)	(0.347)	(0.028)	(0.021)	(0.010)	0.000	(0.532)	0.000
Transfer (to)/from Common Good	0.000	(0.590)	0.000	0.000	0.000	0.000	0.000	(0.590)	0.000
Other Movements	24.082	2.272	0.000	0.164	(4.564)	(22.915)	0.024	(0.937)	0.000
Net Book Value at 31 March 2024	1,126.297	2,233.549	43.338	5.480	26.235	225.411	347.053	4,007.363	274.497
Gross Book Value	1,126.297	2,264.381	160.936	6.452	26.695	234.705			274.497
Accumulated Depreciation & Impairment	0.000	(30.832)	(117.598)	(0.972)	(0.460)	(9.294)			0.000
Net Book Value at 31 March 2024	1,126.297	2,233.549	43.338	5.480	26.235	225.411	347.053	4,007.363	274.497
2022-23									
Net Book Value at 1 April 2022	1,105.548	1,944.458	42.707	2.857	24.300	69.981	322.476	3,512.327	217.537
Additions	53.750	19.617	14.384	0.746	0.354	79.789	20.718	189.358	(0.044)
Revaluations & Impairments to Net Cost of Services	0.188	(6.934)	0.000	0.000	(0.359)	0.000	0.000	(7.105)	0.000
Revaluations & Impairments to Revaluation Reserve	(31.891)	247.020	0.000	(0.025)	(1.936)	0.000	0.000	213.168	30.584
Depreciation	(36.826)	(47.793)	(12.069)	(0.183)	(0.222)	0.159	(12.360)	(109.294)	(6.433)
Disposals	0.000	(1.505)	(0.124)	0.000	(0.731)	0.000	0.000	(2.360)	0.000
Transfer (to)/from Common Good	0.000	0.082	0.000	(0.052)	(0.490)	0.000	0.000	(0.460)	0.000
Other Movements	17.841	(6.213)	0.000	0.864	9.126	(24.295)	0.000	(2.677)	0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Gross Book Value	1,108.610	2,165.492	154.321	4.924	30.482	131.694			241.644
Accumulated Depreciation & Impairment	0.000	(16.760)	(109.423)	(0.717)	(0.440)	(6.060)			0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644

Recognition and De-Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Assets are initially measured at cost, comprising: the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When assets are disposed or decommissioned, the carrying values of those assets in the balance sheet are reduced accordingly and any proceeds from those disposals (less costs of sale) are treated as a capital receipt.

Measurement

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

- Council House Dwellings

Existing Use Value for Social Housing using Beacon approach (adjusted vacant possession)

- Surplus Assets

Fair Value, based on the market approach using current market conditions, recent sales prices and information for similar assets in the Fife area. In estimating fair value, highest and best use of the properties is current use.

- Dunfermline Museum and Art Gallery (included in Other Land & Buildings Assets)

Carnegie Library is an historic building with special features and is the first "Carnegie Library" built with donations from Dunfermline born philanthropist Andrew Carnegie. As such it is valued using reproduction valuation method.

- Other Land & Buildings / Harbours (included in Infrastructure Assets)

Current Value, determined as the amount that would be paid for the asset in its existing use, in accordance with methodologies & bases for estimation in RICS (Royal Institution of Chartered Surveyors) Professional Standards.

- Vehicles, Plant & Equipment / Infrastructure (excl Harbours) / Community Assets / Assets Under Construction

Historic Cost, net of Depreciation

Revaluations

The Council's rolling valuation programme, undertaken by RICS qualified in-house and external valuers, ensures assets requiring valuation are valued at least every 5 years. Gross Book Values analysed by year of valuation are;

Effective valuation date / Historic Cost (HC)	HC £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Council Dwellings	0.000	0.000	0.000	0.000	0.000	1,126.297	1,126.297
Surplus Assets	0.900	0.165	4.353	6.079	14.958	0.240	26.695
Other Land & Buildings	33.309	0.622	26.147	2.768	58.988	2,142.547	2,264.381

Land and buildings are two distinct components of individual assets and accounted for separately. If the building component of an asset has a carrying value of over £10 million it is separated into further significant components.

Depreciation

Depreciation and amortisation is applied on a straight line basis on 1 April asset values over their remaining useful lives with significant components depreciated separately. Exceptions are made for assets without a determinable finite useful life (i.e. land) and not yet available for use (i.e. assets under construction). Typical useful lives are:-

Buildings	1 - 99 years	Determined by the valuer
Vehicles, Plant & Equipment	3 - 25 years	Determined by suitably qualified officers
Infrastructure	10 - 99 years	

Impairment

Impairment reviews are undertaken at the end of each financial year to identify if the value of any asset has materially changed in the year and the reasons for that change. Where this is the case, the recoverable amount of the asset is estimated and, if this is less than the carrying amount of the asset, an impairment loss is recognised.

There were 2 impairments made to assets during 2023-24 with a value of £11.425m. The impairments related to Rothesay House which is earmarked for demolition in 2024-25 and Lochgelly South Primary which is not in use.

Accounting Treatment

The CIES is charged with the following amounts relating to Property, Plant & Equipment during the year:

- depreciation and amortisation attributable to the assets used by the relevant service
- revaluation/impairment losses where no accumulated gains in Revaluation Reserve exist to write losses against
- revaluation/impairment gains to extent of previous losses charged to CIES, balance to Revaluation Reserve
- gain or loss arising from de-recognition of an asset

The Council is not required to raise council tax or HRA rents to cover these charges so these are a reconciling item in Movement in Reserves Statement (MIRS) with adjusting transactions in the capital adjustment account.

12. Heritage Assets

Heritage assets are those that are intended to be preserved in trust for future generations, held and maintained principally for their contribution to knowledge and culture. Accounting treatment is the same as for Property, Plant & Equipment assets however they are deemed to have indeterminate lives and high residual values and as such it is considered inappropriate to charge depreciation. The Council has identified Heritage Assets which include works of art, museums collections, historical buildings and archaeological sites.

- The Council has Heritage Assets which have been valued and recognised in the balance sheet, namely; the Council's fine art collections mainly comprising 19th and 20th century oil paintings, and a substantial number of works on paper and a small number of pieces of sculpture were valued in November 2022 by historic and contemporary fine arts specialists, the Scottish Gallery of Edinburgh and; the Council's Provost chains which were valued in December 2022 by leading auction house Lyon & Turnbull of Edinburgh.
- The Council's museums collections were mainly built up in the 20th century by gifts from the public, are diverse in nature with information on individual items variable and are recognised in the balance sheet at insurance value.
- The Council owns a small number of historical buildings and sites however these are not included on the balance sheet as valuation of these assets is neither practicable nor useful to potential users of the accounts.

Individual museums are fully accredited under the Accreditation Scheme administered by Museums Galleries Scotland (An application was made in March 2024 for accredited status for Dunfermline Carnegie Library & Galleries, which has Working Towards Accreditation Status). This sets minimum standards for collections care (including storage, documentation, handling and access). Various plans, such as the Museum Documentation Manual, Collections Care Plan and Document Plans govern the management and preservation of collections. The Museums Collections Development Policy 2019-23, agreed in February 2019 by Community & Housing Services Committee, governs acquisitions and disposals. The Plan and Policy form part of the services agreement between Fife Council and Fife Cultural Trust.

2022-23			Heritage Asset movements during the year	2023-24		
Fine Art £m	Other £m	Total £m		Fine Art £m	Other £m	Total £m
20.005	8.247	28.252	At 1 April	22.504	8.628	31.132
0.000	0.001	0.001	Additions	0.000	0.000	0.000
2.499	0.380	2.879	Revaluations	0.000	0.000	0.000
22.504	8.628	31.132	At 31 March	22.504	8.628	31.132

13. Assets Held for Sale

Current Assets Held for Sale are those that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within 12 months of the balance sheet date. The Council has no non-current Assets Held for Sale (sale expected to be realised over 12 months).

The assets are measured at lower of carrying value and fair value (less costs to sell). If assets no longer meet the Held for Sale criteria, they are classified as Property, Plant & Equipment and valued at lower of; carrying value immediately before being classified as Held for Sale; and recoverable amount at date of the decision not to sell.

Accounting treatment is the same as Property, Plant & Equipment with exceptions that no depreciation is charged, and **all** revaluation gains/losses are charged to CIES (gains limited to extent of previous losses to CIES).

2022-23 £m	Assets Held for Sale movements during the year	2023-24 £m
11.078	At 1 April	1.666
0.354	Revaluation gains/(losses)	0.752
2.677	Assets transferred (to)/from Property, Plant & Equipment	0.937
(12.443)	Assets sold	(2.650)
1.666	At 31 March	0.705

14. Intangible Assets

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the Council. The Council's Intangible assets are software assets which are not an integral part of IT systems within Property, Plant & Equipment (PPE). Accounting treatment of Intangible assets is the same as for PPE assets.

2022-23 £m	Intangible Assets movements during the year	2023-24 £m
	Balance at 1 April	
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Net carrying amount at start of year	0.000
0.000	Movements in year	0.000
0.000	Net carrying amount at end of year	0.000
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Balance at 31 March	0.000

15. Capital Expenditure and Capital Financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically that has yet to be financed. Shown below is capital expenditure in the year, the resources used to finance that expenditure and repayment of Loans Fund principal (relating to outstanding debt from prior years), which all impact on the CFR. Also shown are material capital contract commitments at 31 March which will impact on future year's CFR.

2022-23 £m	Capital Financing Requirement movements during the year	2023-24 £m
1,133.121	At 1 April	1,200.052
	Capital investment:-	
189.358	Property, Plant and Equipment	242.064
0.001	Heritage Assets	0.000
0.003	Financial Instrument Investments	0.009
	Sources of finance:-	
(14.700)	Capital receipts	(3.569)
(74.951)	Government grants and other contributions	(104.138)
(32.524)	Direct revenue contributions	(23.752)
(43.832)	Loans Fund principal repayments	(42.153)
43.576	Service Concession Arrangements (see note 17)	0.000
1,200.052	At 31 March	1,268.513
785.890	Capital Financing Requirement - General Fund	830.523
414.162	Capital Financing Requirement - Housing Revenue Account	437.990
1,200.052	At 31 March	1,268.513
70.133	Capital Contract Commitments at 31 March - Property, Plant & Equipment	64.217

16. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

• Leased in Assets

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors. The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Comprehensive Income & Expenditure Statement (CIES) on a straight line basis over its useful life, or the lease term if this is shorter.

Fife Council has a lease agreement with Common Good to manage various land and buildings assets which are used and actively managed by the Council but whose ownership has been confirmed as Common Good. The agreement is on a full repairs basis by the Council at a peppercorn rental (i.e. a rent at very low or nominal value). These lease arrangements are reflected in the Common Good balance sheet as a long term debtor representing the net investment in these leases which is equivalent to the value of the assets at the balance sheet date. At 31 March 2024 this value was £218.429m, (31 March 2023, £163.221m).

There are no other finance lease agreements included in the Council's balance sheet at 31 March 2024.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on finance lease assets and these are therefore a reconciling item in the Movement in Reserves Statement with the Capital Adjustment Account. Instead, a prudent annual provision is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

• Leased out Assets

The Council has no finance leases agreements as a lessor in place at 31 March 2024.

Operating Leases

• Leased in Assets

The Council has a number of operating leasing agreements in place for land, buildings, vehicles & equipment. Rentals paid under these are charged to the CIES as an expense of the services benefitting from use of the lease.

2022-23 £m	Future minimum lease payments due at 31 March under non-cancellable leases in future years:-	2023-24 £m
1.502	Not later than one year	0.719
1.257	Later than one year and not later than five years	1.085
7.224	Later than five years	7.086
9.983	Total	8.890

2022-23 £m	Expenditure charged to the CIES during the year in relation to these leases:-	2023-24 £m
1.483	Minimum lease payments	1.409
0.000	Contingent rents	0.000
1.483	Total	1.409

• Leased out Assets

The Council leases out property for a number of purposes. These are mainly to support economic growth by providing industrial and commercial lets at affordable levels for local business and to facilitate the provision of community, arts and tourism facilities within local communities. Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

2022-23 £m	The future minimum lease payments at 31 March receivable in future years are:-	2023-24 £m
3.349	Not later than one year	3.737
8.569	Later than one year and not later than five years	8.384
73.296	Later than five years	72.015
85.214	Total	84.136

17. Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) contracts

PPP and NPD contracts are agreements to receive services where responsibility for making assets available to provide the services passes to the PPP/NPD operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are carried on the Council Balance Sheet and are detailed in the Property, Plant & Equipment Note to these accounts. Fife Council has three such contracts in place for construction and servicing of certain facilities.

- **PPP1 (A New Way Forward)**-replacement of 2 secondary schools, a new primary school, sports hall and all weather pitch, which were fully operational from August 2003 under contract operator Pinnacle Schools Fife Ltd.
- **PPP2 (Expanding Horizons)**-construction of 3 new primary schools and a community facility, replacement of 3 primary schools and a new combined campus to replace 2 further primary schools. These were fully operational in June 2007 under contract operator Emblem Consortium.
- **NPD (Levenmouth Academy)**-construction of a new school which was operational in August 2016 under contract operator HUB East Central Scotland Ltd. Unlike PPP, the funding of the NPD project is entirely from borrowing, there is no equity element and therefore no distribution of surpluses at the contract end to investors.

The contracts allow the Council to use the facilities for Education and Community use and gives the right for the Council to vary the contracts in terms of changes to facilities, services to be provided and hours of use, they also include refinancing and termination mechanisms. The contract operators have obligations to maintain the assets to a high standard, to undertake any lifecycle replacement and to hand back the assets in a good condition. The facilities are passed back to the Council at the end of the contract periods (in 2028, 2032 and 2042 respectively).

For all three contracts, annual unitary charges (calculated to compensate operators for fair value of services provided, capital expenditure and interest charges) are payable by the Council to the operator over the contract period and are subject to annual indexation uplifts but can be reduced if the operator fails to meet availability and performance standards. The charges are partly offset by annual Scottish Government Grant support. The Council holds the outstanding capital expenditure element of the contracts as a liability on its Balance sheet.

2022-23		Annual Unitary Charge payments and Scottish Government Grant support	2023-24	
Unitary charge £m	Grant support £m		Unitary charge £m	Grant support £m
8.475	(3.680)	PPP1	9.527	(3.680)
8.961	(4.168)	PPP2	9.645	(4.168)
3.958	(3.212)	NPD	4.102	(3.212)
21.394	(11.060)		23.274	(11.060)
Outstanding Liability on Balance Sheet				
81.861		1 April		76.230
(5.631)		Capital Repayments during the year		(6.938)
76.230		31 March		69.292

The annual unitary charge payments are analysed into elements which determine the accounting treatment. **Service costs** are Fair Value of Services received charged to Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and Lifecycle Replacement Costs posted as additions to Property, Plant & Equipment when work is undertaken; **Capital Repayment** is applied to write down the outstanding Balance Sheet liability; **Finance costs** are Interest Charges (on outstanding liability) and Contingent Rent (contract increases arising during the contract period) both charged to CIES (Financing and Investment Income & Expenditure).

Contract payments remaining to be made at 31 March 2024 (using 2.5% indexation excl availability/performance deductions)	Service Costs £m	Capital Repayment £m	Finance Costs £m	Total £m
Payable in 2024-25	9.281	7.136	6.271	22.688
Payable within two to five years	41.004	27.790	16.743	85.537
Payable within six to ten years	25.497	20.197	10.956	56.650
Payable within eleven to fifteen years	9.735	8.935	2.921	21.591
Payable within sixteen to twenty years	4.294	5.234	0.577	10.105
Total	89.811	69.292	37.468	196.571

Scottish Government Service Concession Arrangements flexibilities were applied by the Council in 2022-23. This allowed capital debt repayments on PPP & NPD contracts to be reprofiled resulting in a £43.576m one-off benefit in 2022-23 and ongoing annual savings until the end of each contract. Unitary charge repayments to contractors are made until the end of the contract periods however, after the contract end dates, reprofiled debt repayments continue to be charged to General Fund annually until the debt liability has been extinguished.

18. Inventories

Stores / Raw Materials £m	2022-23		Movement in Inventories (measured at lower of cost and net realisable value)	Stores / Raw Materials £m	2023-24	
	Equipment Stock £m	Total £m			Equipment Stock £m	Total £m
4.049	0.335	4.384	Opening Balance 1 April	4.167	0.504	4.671
20.815	1.446	22.261	Purchases	23.005	1.798	24.803
(20.811)	(1.277)	(22.088)	Recognised as in-year expense	(22.915)	(1.827)	(24.742)
0.114	0.000	0.114	Stock adjustments-write on/(off)	0.380	0.000	0.380
4.167	0.504	4.671	Balance 31 March	4.637	0.475	5.112

19. Short Term Debtors and Creditors

31 March 2023		Short Term Debtors and Creditors (after provision for impairment)	31 March 2024	
Debtors £m	Creditors £m		Debtors £m	Creditors £m
35.838	(17.815)	Central Government bodies	40.041	(19.160)
30.408	(0.788)	Local Taxation (Council Tax & Non-Domestic Rates)	33.298	(0.671)
0.130	(38.995)	Employees (Pay & Holiday Pay Accruals)	0.341	(22.535)
16.220	(40.829)	Financial Assets and Liabilities (see Note 21)	18.877	(29.683)
0.000	(35.451)	Integration Joint Board (IJB)	0.000	(2.495)
22.691	(28.934)	Other Entities and Individuals	34.049	(36.256)
105.287	(162.812)		126.606	(110.800)
		Local Taxation Debtors analysed by age of debt		
5.129		Up to 1 Year	7.884	
14.300		1-5 Years	13.750	
10.979		Greater than 5 Years	11.664	
30.408			33.298	

20. Provisions

Provisions are based on the Council's obligations arising from past events, probability that transfer of economic benefit or service potential will take place and reliable estimate of the obligation. Provisions are charged to the relevant service in the CIES when the obligation becomes known and reviewed at each balance sheet date.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. insurance claims) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be made if the Council settles the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Where it becomes less than probable that a provision is required (or lower settlement than anticipated is made), it is reversed and credited back to the relevant service.

	Expenses Awards £m	Dilap -idations £m	Insurance Claims £m	Asset Decomm. £m	Total £m
1 April 2023	0.000	(0.700)	(7.781)	(6.217)	(14.698)
Additional provisions made	(0.150)	0.000	(1.949)	(0.200)	(2.299)
Amounts used	0.000	0.700	1.362	0.000	2.062
Unused amounts reversed	0.000	0.000	0.000	0.000	0.000
Unwinding of discounting	0.000	0.000	(0.175)	(0.042)	(0.217)
31 March 2024	(0.150)	0.000	(8.543)	(6.459)	(15.152)
Short-Term Provisions	(0.150)	0.000	0.000	0.000	(0.150)
Long-Term Provisions	0.000	0.000	(8.543)	(6.459)	(15.002)
Balance 31 March 2024	(0.150)	0.000	(8.543)	(6.459)	(15.152)

- Expenses Awards - expected awards against the Council as a result of legal decisions.
- Dilapidations - costs related to New City House in Dunfermline
- Insurance Claims - all known outstanding third party claims.
- Asset Decommissioning - expected future obligations for landfill site aftercare at Lochhead and Lower Melville Wood (when they reach the point of closure) and for the closed site at Balbarton.

21. Financial Instruments

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another.

31 March 2023		Financial Instruments in the Balance Sheet	31 March 2024	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Investments		
0.000	2.747	Employment Land	0.000	2.756
0.000	2.747		0.000	2.756
		Other Financial Assets		
1.039	5.649	Loan Debt - Police and Fire Authorities	1.065	4.583
0.009	0.101	Loan Advances - Soft Loans	0.011	0.100
15.172	0.000	Trade Debtors	17.801	0.000
16.220	5.750		18.877	4.683
		Borrowings		
(35.426)	(551.388)	Loans - Public Works Loan Board (PWLB)	(12.079)	(779.309)
(1.000)	(309.550)	Loans - Money Market	0.000	(182.450)
(22.000)	0.000	Loans - Temporary Short Term	(130.000)	0.000
(10.234)	0.000	Loan Interest	(13.783)	0.000
(0.080)	(4.989)	Loan Liability - Effective Interest Rate (EIR)	(0.082)	(4.943)
(68.740)	(865.927)		(155.944)	(966.702)
		Other Financial Liabilities		
(6.938)	(69.292)	PPP, NPD and finance lease liabilities	(7.136)	(62.156)
(33.891)	0.000	Trade Creditors (at contract amount)	(22.547)	0.000
(40.829)	(69.292)		(29.683)	(62.156)

Employment Land Investments and Soft Loans advances (above) are held in the Balance sheet at fair value. Other assets and liabilities are held at amortised cost or, where no reliable measurement exists, measured at cost.

Investments

The Council is party to Employment Land investments with Scottish Enterprise. Market conditions show that similar assets are actively sold so these are valued at Level 2 of the Fair Value hierarchy. Valuation changes are shown in Comprehensive Income & Expenditure Statement (CIES) & Financial Instruments Revaluation Reserve.

Other Financial Assets

The Council has loan debt due from Scottish Police & Fire Authorities, recognised in 2013 when the services were transferred from the Council, repayable annually until 2037; soft loans (below market rate of interest) to employees valued using observable inputs and therefore at Level 2 of the Fair Value Hierarchy; and trade debtors. Interest receivable is based on an effective rate of interest for each instrument and credited to CIES. For soft loans, a higher rate of interest is credited (reflecting interest foregone over the life of the loan) with transfers to Financial Instruments Adjustment Account to ensure only interest receivable impacts on Council Balances. Any gains and losses from de-recognition or impairment of loans & receivables are also charged to CIES.

Borrowings

Borrowing from the PWLB, Money Market & Temporary Loans is held at amortised cost. Fair Value of these loans was assessed and is lower than amortised cost, as the Council's portfolio of loans includes fixed rate loans where interest payable was lower than market rates available on similar loans in the market at the balance sheet date.

2022-23 £m	PWLB and Money Market Loans	2023-24 £m
897.364	Carrying Value (amortised cost) at balance sheet date	973.838
788.401	Fair Value at balance sheets date	810.338
33.254	Interest on borrowings charged to CIES in the year	32.763

The Council has modified the structure of its Loan Debt in previous years and costs of this restructuring are added to amortised cost as an EIR liability written down over the life of the debt. The Impact on Balances is spread over the life of the debt by an annual transfer between General Fund and Financial Instruments Adjustment Account.

Other Financial Liabilities

Liabilities include PPP, NPD & finance lease liabilities (detailed in Note 17 of these accounts) and trade creditors.

22. Nature and Extent of Risks Arising from Financial Instruments

The Council's treasury management policies operate to minimise exposure to the unpredictability of the financial markets and protects the financial resources available to fund services. The Council has formally adopted the CIPFA Code of Practice on Treasury Management and, in accordance with the Prudential Code for Capital Finance in Local Authorities, approved annually prudential and treasury indicators for the following three years.

Liquidity and Re-Financing Risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments, as borrowing is readily available from PWLB, but there is a risk that it will be bound to replenish a significant proportion of debt in a time of unfavourable interest rates. The Council's treasury management indicators provide maximum limits for maturity structure of borrowings and investments maturing beyond one year, and its Borrowing & Investment Strategy addresses the main risks by monitoring maturity profiles of financial liabilities and investments, and amending (by new borrowing or rescheduling debt) to ensure sufficient liquidity is available for daily cash flow.

Maturity Analysis of Financial Liabilities	PWLB & Money Market £m	Temp Loans & Interest £m	EIR Loan Liability £m	Total £m	Maturity Profile %
Less than one year	12.079	143.783	0.082	155.944	13.89%
Between one and two years	18.055	0.000	0.039	18.094	1.61%
Between two and five years	76.922	0.000	0.148	77.070	6.87%
Between five and ten years	105.087	0.000	0.286	105.373	9.39%
Ten years or more	761.695	0.000	4.470	766.165	68.24%
Total	973.838	143.783	5.025	1,122.646	100.00%

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

Credit Risk

Credit risk from financial instruments arises from the deposits placed with banks and financial institutions, loans to other Local Authorities and credit exposures to the Council's customers. The Council's policy for managing credit risk is outlined in its Treasury Management Policy. Deposits are not made with banks and financial institutions unless they satisfy a minimum rating set by each of three leading credit agencies.

Loss allowances from credit risk, based on experience of default and uncollectability is shown below. The majority of debt is past its due date for payment as the Council's payment policy is 14 days from the invoice date.

Analysis of Trade Debtors	Within 3 months £m	3 - 6 months £m	6 - 12 months £m	Beyond 12 months £m	Total £m	Loss Allowance £m	Net Total £m
31 March 2024	9.360	1.800	3.732	8.962	23.854	(6.053)	17.801
31 March 2023	7.431	1.123	3.278	8.791	20.623	(5.451)	15.172

Market risk

The Council is exposed to interest rate movements on borrowings and investments which have a direct impact on General Fund or HRA balances. e.g. an increase in interest rates would increase interest payable on variable borrowings and increase interest receivable on investments (if rates reduce the reverse applies). Borrowings are held at amortised cost, so gains and losses to fair value from a change in interest rates will not have an impact.

The Council's Treasury Management Policies manage interest rate exposure by limiting the amount of borrowing held at variable rates to 75% of its total portfolio. In previous years loans have been restructured into "variable structure" debt and risk is managed within the contracts as they are Lender Option Buyer Option (LOBO) loans where interest rates can only be reviewed on certain anniversary dates. If the Lender wishes to exercise their option to increase the rate on those dates, the Borrower can exercise their option to repay the loan.

2022-23 £m	Impact of 1% increase in interest rate (assuming all other variables are constant)	2023-24 £m
0.080	Increase in Interest Payable	0.890
(1.666)	Increase in Interest Receivable	(0.884)
(1.586)	Net impact on the CIES	0.006

The Council does not invest in equity shares and has no financial asset or liabilities denominated in foreign currencies and therefore is not exposed to losses from share price or exchange rate movements.

23. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is accounted for as a defined contribution scheme as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, include the payments made by the Council to the scheme in year but do not reflect estimated pension assets or liabilities. The Council is however responsible for additional benefits awarded upon early retirement outwith the terms of the teachers' scheme which are accounted for on a defined benefit basis and included in the Defined Benefit Retirement Schemes Note.

2022-23 £m	Teachers' Retirement Benefits	2023-24 £m
36.727	Amounts due to Scottish Public Pensions Agency for Teachers' Pensions	44.297
4.409	Early Retirement Benefits outside the terms of the Teachers' Scheme	4.686

24. Defined Benefit Retirement Schemes

As part of the terms and conditions of employment of its workforce, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement. The Council participates in the following employment schemes:-

- The Local Government Pension Scheme, administered locally by Fife Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions relating to post employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, in accordance with accounting regulations, the amount to be funded by council tax or HRA rents is based on benefits payable in the year, so an adjustment is made to General Fund / HRA balances in the Movement in Reserves Statement.

2022-23			2023-24	
Fife Council £m	Group £m		Fife Council £m	Group £m
		Comprehensive Income & Expenditure Statement (CIES)		
		Cost of Services:-		
158.379	167.703	Current Service Cost	77.637	82.464
5.453	5.796	Past service costs (incl. Curtailments)	2.999	2.999
		Financing and Investment Income and Expenditure:-		
97.384	102.325	Interest cost	119.276	125.072
(82.041)	(86.906)	Interest Income on plan assets	(140.364)	(148.743)
179.175	188.918	Total charged to (Surplus)/Deficit on Provision of Services	59.548	61.792
(621.735)	(628.480)	Total remeasurements recognised in Other Expenditure	(13.927)	(16.270)
(442.560)	(439.562)	Total Post Employment Benefit charged to the CIES	45.621	45.522
		Movement in Reserves Statement		
(179.175)	(188.918)	Reversal of charges to the CIES under accounting regulations	(59.548)	(61.792)
		Amounts charged for pensions in the year against Balances:-		
81.782	86.086	Employers' contributions payable to plan	87.332	92.066
7.085	7.111	Contributions in respect of unfunded benefits	7.507	7.535
(90.308)	(95.721)		35.291	37.809
		Contributions expected to be made to the funded plan in financial year 2024-25	76.569	80.628

Value of Plan Assets and Liabilities

2022-23			2023-24	
Fife Council £m	Group £m		Fife Council £m	Group £m
3,029.060	3,206.354	Fair Value of Plan assets at 1 April	2,943.504	3,117.696
82.041	86.906	Interest Income on Plan Assets	140.364	148.743
19.879	21.079	Participants Contributions	21.286	22.635
81.782	86.086	Employers contributions	87.332	92.066
(78.304)	(80.931)	Benefits paid	(97.848)	(101.441)
(7.085)	(7.111)	Unfunded benefits paid	(7.507)	(7.535)
7.085	7.111	Contributions in respect of unfunded benefits paid	7.507	7.535
(190.954)	(201.798)	Return on assets excluding amounts included in net interest	60.630	61.937
2,943.504	3,117.696	Balance at 31 March	3,155.268	3,341.636
(3,560.487)	(3,738.573)	Present Value of Plan liabilities at 1 April	(2,507.511)	(2,628.026)
(158.379)	(167.703)	Current Service Cost	(77.637)	(82.464)
(5.453)	(5.796)	Past Service Cost (including curtailments)	(2.999)	(2.999)
(97.384)	(102.325)	Interest Cost on defined benefit obligation	(119.276)	(125.072)
(19.879)	(21.079)	Participants Contributions	(21.286)	(22.635)
78.304	80.931	Benefits paid	97.848	101.441
7.085	7.111	Unfunded Benefits paid	7.507	7.535
1,391.043	1,469.255	Remeasurement: Change in financial assumptions	99.285	106.632
26.640	27.856	Remeasurement: Change in demographic assumptions	53.739	56.630
(169.001)	(177.703)	Remeasurement: Other experience	(232.248)	(245.709)
(2,507.511)	(2,628.026)	Balance at 31 March	(2,702.578)	(2,834.667)
0.000	0.000	Unrecognised Pension Surplus at 1 April	(435.993)	(489.130)
(435.993)	(489.130)	Movement in Unrecognised Pension Surplus	32.521	36.780
(435.993)	(489.130)	Balance at 31 March	(403.472)	(452.350)
0.000	0.540	Net Asset / (Liability)	49.218	54.619
2,943.504	3,117.696	Fair value of Plan Assets	3,155.268	3,341.636
(2,405.043)	(2,524.916)	Present value of funded liabilities	(2,603.241)	(2,734.691)
(102.468)	(103.110)	Present value of unfunded liabilities	(99.337)	(99.976)
(435.993)	(489.130)	Unrecognised Pension Asset	(403.472)	(452.350)
0.000	0.540	Net Asset / (Liability)	49.218	54.619

31 March 2023				Fair Value of Plan Assets at bid value (under accounting standard IAS19)	31 March 2024			
Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%		Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%
523.022	0.000	523.022	17%	Equity Securities	569.998	0.000	569.998	19%
				Debt Securities				
0.000	64.393	64.393	2%	• Corporate Bonds	0.000	63.360	63.360	2%
0.000	360.017	360.017	12%	• UK Government	0.000	452.262	452.262	14%
0.000	0.317	0.317	0%	• Other	0.000	0.229	0.229	0%
0.000	0.000			Real Estate				
156.325	15.489	171.814	6%	• UK Property	146.861	22.679	169.540	5%
				Investment Funds & Unit Trusts				
942.384	0.000	942.384	32%	• Equities	984.116	0.000	984.116	31%
289.201	0.000	289.201	10%	• Bonds	291.220	0.000	291.220	9%
0.000	424.972	424.972	15%	• Infrastructure	0.000	527.910	527.910	17%
0.115	0.000	0.115	0%	Derivatives	(0.001)	0.000	(0.001)	0%
167.269	0.000	167.269	6%	Cash & Cash Equivalents	96.634	0.000	96.634	3%
2,078.316	865.188	2,943.504	100%	TOTAL	2,088.828	1,066.440	3,155.268	100%

Only Fife Council figures are shown above as other Group bodies are prepared using accounting standard FRS102.

Basis for estimating assets and liabilities

Liabilities are assessed on an actuarial basis using the projected unit credit method, an estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the 2024 valuation and assumptions vary depending on age profile of scheme members for each employer within the Council Group.

2022-23		Principal Assumptions used	2023-24	
Fife Council	Group bodies (range)		Fife Council	Group bodies (range)
		Mortality-Longevity at age 65 (years)		
20.0	20.0	Men (current pensioners)	20.0	18.9 - 20.6
21.1	21.1	Men (future pensioners)	21.1	20.1 - 21.3
22.9	22.9	Women (current pensioners)	22.9	23.1 - 23.9
24.9	24.9	Women (future pensioners)	24.9	23.2 - 25.0
		Financial		
2.95%	2.95% - 3.00%	Rate of increase in pensions	3.00%	2.75% - 2.80%
3.45%	3.45% - 3.50%	Rate of increase in salaries	3.50%	3.25% - 3.30%
4.75%	4.75%	Rate for discounting scheme liabilities	4.75%	4.80% - 4.85%

A commutation allowance is also included for all employers for 70% (2022-23, 50%) of future retirements to exchange pension for additional tax-free cash up to HMRC limits.

25. Agency Income and Expenditure

Agency arrangements operate in some services where the Council undertakes work on behalf of other Local Authorities, Government or other public bodies. Expenditure and income relating to this work is excluded from the Comprehensive Income and Expenditure Statement because it is not part of the Council's responsibilities.

- The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2023-24 the Council transferred £69.661m (2022-23 £65.747m) to Scottish Water.

26. Financial Guarantees

The Council has formal guarantees and arrangements in place for subsidiary bodies within the Council's Group;

- A pension guarantee, approved by the Council in September 2015, with Business Gateway Fife which ensures that if the company were unable to continue as active members of the pension scheme and their assets and liabilities would be pooled with Fife Council's within the Pension Fund.
- Two financial guarantees which relate to CIRECO Scotland Ltd in respect of any defaults on energy from waste agreements which enable the diversion of waste from landfill. These are; Earls gate site £5.280m, which is now accepting waste (approved by the Council in April 2018); and Westfield site £11.899m due to open in October 2024 (approved by the Council in May 2019).
- The Council also issued letters of comfort to Fife Sports & Leisure Trust, Fife Cultural Trust and Fife Resource Solutions LLP to confirm the Council's commitment to the ongoing financial sustainability of those bodies.

In addition, the Council agreed in January 2020, to provide a pensions arrangement for small employers who wished to exit the Fife Pension Fund. Six employers elected to take advantage of this proposal and have subsequently ceased participation in the scheme. The Council, as an Employer, has taken on the pension assets and liabilities of these employers which could result in increased liabilities depending on the future performance of the Fund.

27. Group & Related Parties

Group accounts are required to be prepared where the Council has material interests in other organisations which can be classified as subsidiaries, joint ventures or associates in line with the level of control that the Council exerts.

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following Subsidiaries have been identified and are included in the Group accounts where material.

Payments from Fife Council £m	2022-23 Fife Council balances at 31 March			2023-24 Fife Council balances at 31 March		
	Debtors £m	Creditors £m		Payments from Fife Council £m	Debtors £m	Creditors £m
			Included in Group Accounts			
4.122	0.474	0.395	Fife Sports and Leisure Trust	5.831	0.223	0.220
1.915	0.027	0.424	Fife Coast & Countryside Trust	2.772	0.027	0.424
8.605	0.088	0.075	Fife Cultural Trust	9.846	0.132	0.075
0.702	0.002	0.000	Fife Golf Trust	0.807	0.087	0.000
22.092	1.667	0.760	Fife Resource Solutions LLP	25.300	5.615	0.760
0.007	0.001	0.008	CIRECO (Scotland) Ltd	0.000	0.000	0.008
2.619	0.003	0.004	Business Gateway Fife	1.583	0.003	0.004
40.062	2.262	1.666		46.139	6.087	1.491
			Not included in Group Accounts (due to materiality levels)			
0.000	0.000	0.000	Sustainability Fife Ltd	0.000	0.000	0.000

Fife Sports & Leisure Trust is a company limited by guarantee with charitable status set up on 1 April 2008 to provide sport & leisure activities in Fife through 14 leisure facilities leased from the Council. The Council pays a management fee to the Trust and is represented on the Board of Directors by 6 board members.

Fife Coast & Countryside Trust is a company limited by guarantee with charitable status set up on 31 July 2006 providing countryside activities in Fife for the Council and partners including Scottish Natural Heritage. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Golf Trust is a company limited by guarantee with charitable status set up on 1st April 2011. The Trust provides golf across Fife through 7 golf courses which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Cultural Trust is a company limited by guarantee with charitable status set up on 1 October 2012 to provide arts, culture and entertainment across Fife, through library and museum services, an Arts Development service and management & operation of 4 theatre facilities, which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Resource Solutions Limited Liability Partnership was established on 1 April 2014 between Fife Council and Sustainability Fife Ltd to provide Waste Treatment & Disposal, Collection of Commercial & Industrial Waste, Waste Haulage & Transfer, Recycling Facilities, Energy Generation & Supply and related Consultancy Services. The Council pays a management fee and is represented on the Board of Directors by 5 board members.

CIRECO (Scotland) Ltd was established (as Resource Efficient Solutions Limited Liability Partnership) on 1 April 2014 as a partnership between Fife Council and Fife Resource Solutions LLP to develop new income streams predominantly from provision of waste disposal, collection of commercial & industrial waste to external customers and provision of consultancy services. The Council is represented on the Board of Directors by 5 board members.

Business Gateway Fife is a company limited by guarantee established as a joint venture between Fife Council and Scottish Enterprise to deliver support to start up and existing small businesses in Fife. The Council is now the sole owner, providing funding for financial assistance to small businesses, operational funding and a contribution to the Business Gateway delivery contract, and is represented on the Board of Directors by 2 board members.

Sustainability Fife Ltd is wholly owned by the Council and established to form a partnership with the Council to create Fife Resource Solutions LLP. The Council is represented on the Board of Directors by 5 board members.

Joint Ventures

Joint ventures are arrangements where the parties who have joint control of the arrangement have rights to its net assets. The Council has one Joint Venture, the **Fife Integration Joint Board (IJB)**.

The IJB, established on 3 October 2015 as a Joint Venture with NHS Fife, is responsible for planning, operational oversight and management of Integrated Health & Social Care services. The Council's share of IJB reserves at 31 March 2024 is £2.365m (31 March 2023 £18.860m) which is included in the Council's accounts on an equity basis. Further details are shown under material items in the Comprehensive Income & Expenditure Statement.

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of Joint Ventures or Subsidiaries. The following Associate was identified but not included in Group accounts due to materiality.

Fife Environment Trust is a company which distributes locally generated landfill tax monies to environmental and community projects eligible under Scottish Landfill Communities Fund requirements. The Council has 2 of the 6 Board members and in 2023-24 the Council and its Group contributed £0.591m (2021-22 £0.879m).

Other Related Parties

The Council transacts with 'related parties' on a regular basis i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party to bargain freely with the Council.

Scottish Government

The Scottish Government has effective control over the general operations of the Council. It provides the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax, housing benefits). Grants received from government departments are shown in the Grant Income note to these accounts.

Members and Officers of the Council

In addition to Subsidiaries and Associates, elected members have registered interests in other bodies where the Council does not have significant influence over their operations. In 2023-24 the Council and its Group made material payments (>£0.100m) to 22 of these bodies totalling £8.478m. The members' register of interests can be found here: [Fife.gov.uk / politicians and committees / your local councillors](https://fife.gov.uk/politicians-and-committees/your-local-councillors)

The Council's senior officers (detailed in Remuneration Report) have control over its financial & operating policies. There were no material payments to bodies where senior officers have a registered interest but members do not.

Other Organisations

The Council has interests in other bodies in collaboration with other local authorities, but are not Associates as the Council either has no significant influence, or does not invest in those bodies. These include SESTRan (South East of Scotland Transport Partnership), Tay Bridge Joint Board and Scotland Excel. Payments made to these bodies are included in Members and Officers section above where material.

Local Government Pension Fund

Fife Council acts as the administering Authority for the Fife Pension Fund which is a Local Government Pension Scheme and a statutory scheme established by the Superannuation Act 1972. The Fund covers employees and pensioners of Fife Council and also a number of scheduled and admitted bodies but does not include Teachers. The Fife Pension Fund accounts are not part of the Council's accounts but subject to separate audit, and can be found here: [Fife.gov.uk / Budgets and Finance / Annual Accounts](https://fife.gov.uk/budgets-and-finance/annual-accounts)

2022-23 £m		2023-24 £m
1.775	Charges to the Pension Fund for support services related to administration	2.063
81.180	Employers' contribution paid to the Pension Fund	88.747
19.734	Employee's contributions collected and paid to the Pension Fund	21.473

External Audit

The agreed external audit fee for 2023-24 was £0.688m for work undertaken in accordance with the Code of Audit Practice (2022-23, £0.648m).

28. Contingent Assets and Liabilities

Contingent assets or liabilities arise where an event occurs that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within control of the Council. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured reliably.

At 31 March 2024 the Council has no contingent assets but has the following contingent liabilities: -

- **Workforce Change:** The Council has developed a strategy which would result in an FTE staff reduction of approximately 2,300 at an estimated cost of £76.000m over the 18 year period (2010-11 to 2027-28). Included in the 2023-24 accounts are costs totalling £0.350m for 17 staff. There is significant uncertainty over the extent of employee reductions required over the next 4 years although it is estimated at approximately £15.000m for under 500 staff and no provision has been made for this contingency.
- **Scottish Child Abuse Inquiry:** This Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930's to the present day. Fife Council have 4 establishments included in the list of Institutions being investigated along with investigations into Foster Care, Child Migrant, and a few individuals. The Council have received claims for £3.300m, however there is potential for more as the time bar has been removed for cases where the abuse occurred post September 1964. The introduction of Qualified One-Way Cost Shifting in 2021 removed the risk of the claimant having to pay defenders expenses if their claim is unsuccessful and therefore this will further open the possibility of new cases or re-submissions of those which were rejected due to the time bar. It is not possible to determine exact timing or value of any future claims.
- **Equal Pay:** An Employment Tribunal which sat in January 2023 published their judgment in July 2023. Their view is that Fife Council's Job Evaluation Scheme does not meet the requirement set out in section 131 (6)(b) of the Equality Act 2010 in respect of the named evaluations. This has been determined on the basis that the Tribunal has reasonable grounds for suspecting that the claimant and comparator evaluations are unreliable. There are further stages of the legal process yet to be progressed which may result in an equal value assessment of those posts. There may be a possible obligation on the Council in future, but this will not be confirmed until the legal processes have concluded. It is not feasible to place any reliable value on any possible outcome at this stage.

29. Prior Period Adjustments / Restatements

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are also corrected retrospectively.

There are no items which required a restatement in these Accounts.

30. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue. There are two distinct types:- those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material.

Fife Council had no such events in 2023-24

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

2022-23 £m		2023-24 £m
	Income	
(125.010)	Dwelling Rents	(131.901)
1.984	Rent Voids	1.875
(3.477)	Non-dwelling Rents	(3.507)
(2.316)	Hostels - Accommodation Charges	(2.244)
(2.333)	Other Income	(3.322)
(131.152)	Total Income	(139.099)
	Expenditure	
49.880	Repairs and Maintenance	53.165
28.448	Supervision and Management	27.498
0.245	Rents, rates, taxes and other charges	0.272
36.856	Depreciation, impairment and revaluation losses of non-current assets	37.035
3.277	Impairment of Debtors	4.573
0.970	Other Expenditure	0.849
119.676	Total Expenditure	123.392
(11.476)	Net Expenditure or (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement	(15.707)
0.155	Share of Corporate and Democratic Core	0.175
0.041	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to specific services	0.034
(11.280)	Net (Income) or Expenditure for HRA Services	(15.498)
	HRA Share of operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement	
(0.152)	(Gain) or Loss on sale of HRA Non Current Assets	(0.015)
13.176	Interest Payable and Similar Charges	14.222
(0.884)	Interest and Investment Income	(2.060)
0.586	Pension Interest Cost and Expected Return on Pension Assets	(0.810)
(23.506)	Capital Grants and Contributions Receivable	(22.402)
(22.060)	(Surplus) or Deficit for the Year on HRA Services	(26.563)

Movement on the Housing Revenue Account Statement

2022-23 £m		2023-24 £m
(22.060)	(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement	(26.563)
	Adjustments between accounting & funding basis:	
(4.911)	- permitted by accounting standards	(4.727)
26.270	- required by statutory regulations	33.376
0.326	Transfers to/(from) Other Statutory Reserves	(0.021)
(0.375)	Net (Increase) or Decrease In Year on HRA	2.065
(7.005)	Balance on the HRA at the end of the Previous Year	(7.380)
(7.380)	Balance on the HRA at the end of the Current Year	(5.315)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Regulations

2022-23 £m		2023-24 £m
	Accounting Standards Adjustments	
	Adjustments for Capital Purposes	
(4.911)	Revaluation element of depreciation in CIES	(4.727)
(4.911)	Total Accounting Standards Adjustments	(4.727)
	Statutory Adjustments	
	Adjustments for Capital Purposes	
(31.945)	Depreciation, Impairment and Revaluations	(32.308)
23.506	Capital Grants and Contributions	22.402
0.152	Gain or (loss) on sale of HRA non-current assets	0.015
16.333	Repayment of Debt	18.469
20.560	Capital expenditure funded by the HRA	23.752
(3.512)	HRA share of contributions to/(from) the Pensions Reserve	1.183
1.009	HRA Share of Transfer (to)/from Financial Instruments Adjustment Account	(0.026)
0.167	HRA adjustment for compensated absences	(0.111)
26.270	Total Statutory Adjustments	33.376

2. Housing Stock

31 March 2023 Number	Council housing stock analysed by number of bedrooms	31 March 2024 Number
253	0	254
7,457	1	7,440
14,554	2	14,662
7,444	3	7,497
1,200	4 - 8	1,209
30,908		31,062

3. Rent Arrears

31 March 2023 £m		31 March 2024 £m
6.696	Current Tenants	7.130
2.150	Former Tenants	2.518
0.558	Temporary Accommodation	0.840
9.404		10.488

4. Impairment of Debtors

A provision of £8.325m (79.4%), has been made in respect of uncollectable debts. (2022-23 - £7.065m, 75.1%).

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates, deductions made under statute and income retained by the Council for approved Tax Incremental Financing (TIF) projects. The net income is paid to Scottish Government as a contribution to the national non-domestic pool.

2022-23 £m		2023-24 £m
(208.170)	Gross Rates Levied & Contributions in Lieu	(215.634)
41.361	Reliefs & Other Deductions	34.970
0.000	Payment of Interest	0.098
0.994	Debts Written Off and Allowance for Impairment	2.141
(165.815)	Net Non-Domestic Rate Income	(178.425)
6.009	Adjustment to previous years National Non-Domestic Rates	34.469
0.014	Non-domestic rate income retained by the Council (TIF)	0.014
(159.792)	Contribution to Non-Domestic Rate Pool	(143.942)
(179.675)	Distribution from Non-Domestic Rate Pool	(172.108)
(179.675)	Non-Domestic Rate Income to the CIES	(172.108)

Analysis of Rateable Values at 1 April 2023	Number of Subjects	Total £m	%
Type of Subject			
Shops	3,320	74.028	17.65
Public Houses	247	5.288	1.26
Offices (including banks)	2,246	26.710	6.37
Hotels, Boarding Houses etc	163	10.336	2.46
Industrial and Freight Transport Subjects	3,425	88.781	21.16
Leisure, Entertainment, Caravans and Holiday sites	1,355	16.245	3.87
Garages and Petrol Stations	180	2.199	0.52
Education and Training	222	34.598	8.25
Public Service Subjects	488	18.895	4.50
Communications (Non Formula)	26	2.955	0.70
Quarries, Mines etc.	32	1.253	0.30
Petrochemical	11	13.735	3.27
Religious	322	4.322	1.03
Health/Medical	61	10.326	2.46
Care Facilities	331	10.659	2.54
Undertaking (including Scottish Water)	58	87.876	20.95
Cultural	68	1.699	0.40
Sporting Subjects	672	1.456	0.35
Advertising	39	0.236	0.06
Other	1,424	7.953	1.90
Total all Non-Domestic Subjects	14,690	419.550	100.00%

The valuation of all Scottish Water utilities are valued by the Fife Assessor and is shown on the Fife Assessment roll. This income is included within the Net Non-Domestic Rate Income shown above.

Explanatory Note

Non-Domestic Rates is a tax on the occupation of non-domestic land and property which is entered in the Valuation Roll. The amount levied is calculated by multiplying the Rateable Value by the Rate Poundage, which is prescribed by Scottish Government. For 2023-24 this rate was 49.8p (2022-23, 49.8p) which is uniform throughout Scotland. A rate poundage of 51.1p (2022-23, 51.1p) applies to properties with a rateable value of more than £51,000 but less than 2023-24 £100,000 (2022-23 £95,000). A rate poundage of 52.4p applies to properties with a rateable value of more than 2023-24 £100,000 (2022-23 £95,000). There are several types of rate reliefs which are available in certain circumstances.

The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

By law, the Council is required to bill and collect water and sewerage charges for Scottish Water however these are excluded from the Council's accounts except for any cash collected not yet paid over at the financial year end.

2022-23 £m		2023-24 £m
	Gross Tax Levied	
(237.040)	Council Tax	(251.083)
(0.543)	Council Tax - Prior Year Income	(0.414)
(0.572)	Contributions in lieu	(0.594)
(238.155)		(252.091)
	Deductions	
22.402	Council Tax Reduction	23.696
31.037	Discount and Exemptions	33.317
4.207	Debts Written Off and Allowance for Impairment	4.277
1.513	Prior Years Adjustments	1.210
59.159		62.500
(178.996)	Council Tax Income to CIES	(189.591)

Charges Levied

Council Tax payable is dependent on the valuation band of a dwelling and is payable on any dwelling which is not determined as Exempt. Discounts and exemptions as specified in legislation can be applied to the gross charge.

Valuation Band (£)	A Up to 27,000	B 27,000 -35,000	C 35,001 -45,000	D 45,001 -58,000	E 58,001 -80,000	F 80,001 -106,000	G 106,001 -212,000	H Over 212,000
2023-24 charges (£)	923.45	1,077.36	1,231.27	1,385.18	1,819.97	2,250.92	2,712.64	3,393.69
2022-23 charges (£)	879.48	1,026.06	1,172.64	1,319.22	1,733.31	2,143.73	2,583.48	3,232.09

Band D equivalent properties

The table below shows an analysis of properties at 31 March 2024 across valuation bandings. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants) with reductions also granted to properties with certain attributes that are the sole and main residence of permanently disabled persons. The table converts the total number of properties into band D equivalents including a provision for non-payment.

Number of Dwellings	Total	Band								
		A(Dis)	A	B	C	D	E	F	G	H
Total Dwellings	183,308	0	40,444	48,704	24,593	22,303	24,954	14,710	7,076	524
Disabled Relief	0	78	125	(43)	14	95	(135)	(51)	(78)	(5)
Exemptions	(7,985)	0	(2,263)	(1,899)	(1,145)	(959)	(953)	(460)	(213)	(93)
Discounts	(19,968)	(10)	(6,529)	(5,493)	(2,775)	(2,099)	(1,822)	(796)	(406)	(38)
	155,355	68	31,777	41,269	20,687	19,340	22,044	13,403	6,379	388
Band D Ratio			240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
	155,233	38	21,185	32,098	18,388	19,340	28,963	21,780	12,492	949
Non-payment provision-2.1%	(3,259)	(1)	(445)	(674)	(386)	(406)	(608)	(457)	(262)	(20)
Band D Equivalent	151,974	37	20,740	31,424	18,002	18,934	28,355	21,323	12,230	929

Introduction

The May 2023 LASAAC guidance “Accounting for the Common Good Fund: Guidance for Practitioners”, sets out the disclosure requirements for Common Good funds and requires that authorities prepare an Explanatory Foreword, a Comprehensive Income and Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council’s accounting policies.

History and Background

The Common Good Fund relates to particular former Burghs and is administered by Fife Council who, as required by the Local Government (Scotland) Act 1973 must have regard to interests of inhabitants of the area to which the common good formerly related. There are 22 common good funds consolidated into the financial statements.

Common Good Funds consist of a number of assets and properties, these being land & buildings, investments and cash balances. These assets provide sources of income to the fund such as rent, interest and investment income. The first call on this income is the maintenance and up-keep of Common Good properties. Thereafter the income is available for distribution in the interests of the inhabitants of the area where the fund was originally established. All expenditure of this nature is subject to a grant application and an approval process.

Financial Statements

The CIES records the income generated from rents, interest, investment income and any profit from sale of assets. Expenditure represents the costs incurred in relation to the Common Good Fund, such as repairs and maintenance, depreciation and disbursements. The valuation of investments decreased by £0.026m due to market movements in bond prices.

The Balance sheet includes land & building assets which are owned by Common Good but used in the provision of Fife Council services. Assets of this nature are leased by the Council, on a full repairs basis at a peppercorn rental, and are recognised in the Balance Sheet as a long term debtor representing the net investment in these leases, which is equivalent to the value of the assets at the balance sheet date.

Common Good Comprehensive Income and Expenditure Statement

2022-23 £m		2023-24 £m
	Expenditure	
0.253	Property Costs	0.034
0.192	Donations	0.175
0.178	Depreciation and Revaluations	0.612
0.007	Other Expenditure	0.001
0.630	Total Expenditure	0.822
	Income	
(0.235)	Interest on investments	(0.256)
(0.286)	Rents	(0.296)
(0.286)	Other Income	(0.005)
(0.807)	Total Income	(0.557)
0.326	Movement in Fair Value of Investments	0.026
0.060	Losses / (Gains) on Disposal of Assets	0.000
(1.027)	Capital Grant Received	(0.277)
(0.641)	Other Operating Income and Expenditure	(0.251)
(0.818)	(Surplus)/Deficit for year	0.014
(0.866)	Asset revaluations recognised in Revaluation Reserve	(7.917)
(0.866)	Other Comprehensive Expenditure & Income	(7.917)
(1.684)	Total Comprehensive Expenditure & Income	(7.903)

2022-23 £m		2023-24 £m
6.824	Property, Plant & Equipment	14.514
0.450	Heritage Assets	0.450
3.503	Investments	3.477
163.221	Long Term Debtor - Leasehold Property	218.429
173.998	Long Term Assets	236.870
2.123	Cash and Cash Equivalents	2.369
0.042	Sundry Debtors	0.035
2.165	Current Assets	2.404
176.163	Net Assets / (Liabilities)	239.274
	Financed by:	
(5.668)	Usable Reserves: Revenue	(5.881)
(166.497)	Usable Reserves: Capital (note 1)	(221.530)
(3.998)	Unusable Reserve: Revaluation Reserve	(11.863)
(176.163)	Total Reserves	(239.274)

The unaudited accounts were issued on 28th June 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Note to the Common Good Fund Accounts

1. Analysis of movement in Capital Reserve

2022-23 £m		2023-24 £m
(144.772)	Balance at 1 April	(166.497)
0.065	Depreciation of Property, Plant & Equipment assets	0.080
0.115	Revaluation losses/(gains) on Property, Plant & Equipment and Heritage assets	0.532
(20.789)	Revaluation losses/(gains) on Long Term Debtor-Leasehold property	(54.618)
0.060	Losses/(Gains) on disposal of assets	0.000
(1.013)	Capital grants & contributions applied to finance capital expenditure	(0.385)
(0.043)	Adjusting amounts written out of the Revaluation Reserve	(0.052)
(0.120)	Transfers to/(from) Fife Council Reserves	(0.590)
(166.497)		(221.530)

Introduction

The Council is Trustee for 81 Charitable Trusts consolidated into these financial statements, comprising of an Explanatory Foreword, a Movement in Reserves Statement, a Comprehensive Income & Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

The Council has 44 Trusts registered as charities and governed by the rules of the Office of Scottish Charities Regulator (OSCR), for which separate consolidated financial statements have also been prepared, with the remaining 37 Trusts non-registered charities. The Council also prepares separate financial statements for those charities where the Council, or some members of the Council, are sole trustees of the charity. These separate statements are available from Finance & Corporate Services, Fife Council, North Street, Glenrothes, KY7 5LT.

History and Background

Charities and Trust funds have been set up from donations made by various individuals and organisations over many years and consist of a number of assets such as land & buildings, investments and cash balances. These assets provide income from rent, interest and investments which is available for distribution in the interests of the beneficiaries of the trusts, subject to approval, ensuring that resources are available to meet continuing future requirements. In accordance with the Local Government (Scotland) Act 1973, Fife Council, as administrator of the funds, must have regard to the interests of beneficiaries for which each fund was established. The major trust administered by the Council is Fife Educational Trust whose main purpose is to promote education and reward educational achievement, through providing prizes, bursaries, scholarships, grants and equipment.

Financial Statements

The CIES records income generated and any profit from sale of assets. Expenditure represents costs incurred in relation to disbursements from the various Charities and Trust funds in accordance with individual trust conditions. The valuation of investments decreased by £0.029m due to market movements in bond prices.

2022-23 Total £m	Summary of balances held at 31st March	Other Trust Funds £m	Registered Charities £m	2023-24 Total £m
(2.087)	Fife Educational Trust	0.000	(2.086)	(2.086)
(0.037)	Community Fund	(0.039)	0.000	(0.039)
(2.431)	Other Trusts/Charities	(0.888)	(1.556)	(2.444)
(4.555)		(0.927)	(3.642)	(4.569)

	Usable Reserve £m	Unusable Reserve £m	Total Reserves £m
Opening Balance 1 April 2022	(4.692)	(0.002)	(4.694)
Movement in Reserves during 2022-23			
(Surplus) or deficit on provision of services	0.139	0.000	0.139
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	0.139	0.000	0.139
Balance at 31 March 2023 carried forward	(4.553)	(0.002)	(4.555)
Movement in Reserves during 2023-24			
(Surplus) or deficit on provision of services	(0.014)	0.000	(0.014)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	(0.014)	0.000	(0.014)
Balance at 31 March 2024 carried forward	(4.567)	(0.002)	(4.569)

2022-23 Total £m		2023-24		
		Other Trust Funds £m	Registered Charities £m	Total £m
	Expenditure			
0.124	Disbursements	0.051	0.099	0.150
0.008	Other Expenditure	0.000	0.007	0.007
0.132	Total Expenditure	0.051	0.106	0.157
	Income			
(0.193)	Interest on investments	(0.041)	(0.159)	(0.200)
0.001	Other Income	0.000	0.000	0.000
(0.192)	Total Income	(0.041)	(0.159)	(0.200)
0.199	Movement in Fair Value of Investments	0.008	0.021	0.029
0.199	Other Operating Income and Expenditure	0.008	0.021	0.029
0.139	(Surplus)/Deficit for year	0.018	(0.032)	(0.014)
0.000	Other Comprehensive Expenditure & Income	0.000	0.000	0.000
0.139	Total Comprehensive Income and Expenditure	0.018	(0.032)	(0.014)

2022-23 Total £m		2023-24		
		Other Trust Funds £m	Registered Charities £m	Total £m
0.002	Property, Plant & Equipment	0.000	0.002	0.002
3.333	Investments	0.740	2.564	3.304
3.335	Long Term Assets	0.740	2.566	3.306
1.185	Cash and Cash Equivalents	0.180	1.052	1.232
0.035	Sundry Debtors	0.007	0.024	0.031
1.220	Current Assets	0.187	1.076	1.263
0.000	Sundry Creditors	0.000	0.000	0.000
0.000	Current Liabilities	0.000	0.000	0.000
4.555	Net Assets/(Liabilities)	0.927	3.642	4.569
	Financed by:			
(4.553)	Usable Reserves	(0.927)	(3.640)	(4.567)
(0.002)	Unusable Reserve - Revaluation Reserve	0.000	(0.002)	(0.002)
(4.555)	Total Reserves	(0.927)	(3.642)	(4.569)

The unaudited accounts were issued on 28th June 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

28 June 2024

Agenda Item No. 9

Fife Council Charitable Trusts - Unaudited Annual Report & Financial Statements 2023-24

Report by: Eileen Rowand, Executive Director of Finance and Corporate Services

Wards Affected: All

Purpose

This report contains the unaudited annual accounts for Fife Council Charitable Trusts for 2023-24.

Recommendation

It is recommended that Members consider the unaudited accounts.

Resource Implications

None.

Legal & Risk Implications

None.

Policy & Impact Assessment

None.

Consultation

None.

1.0 Background

- 1.1. The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be submitted to the appointed auditor no later than 30 June. The regulations also require elected members to consider the unaudited accounts at a meeting held no later than 31 August.
- 1.2. Best practice is recognised in Local Government Circular 7/2014 which outlines that it is for the Committee whose remit includes audit or governance functions, to have formally considered the unaudited Annual Accounts prior to submitting them to the appointed auditor and making them available for public inspection. This best practice approach has been adopted by Fife Council for many years and ensures that the committee are familiar with the content of the unaudited Annual Accounts in advance of the public inspection period. This forms part of the overall governance and financial management of the Charities.
- 1.3 Formal consideration of the unaudited Annual Accounts by the Committee is required to address, and to mitigate, the risk of the Committee not agreeing to approve audited Annual Accounts for signature.
- 1.4 The unaudited Annual Accounts have, once again, been completed within the statutory timeframes and will be submitted to External Audit following this meeting.
- 1.5 The unaudited Annual Accounts will be made available for public inspection from Monday 01 July to Monday 22 July (inclusive). Details of the public inspection process were publicised on Monday 17th June.
- 1.6 Consideration of the unaudited Annual Accounts at this meeting complies with the regulations.
- 1.7 The audit process will commence on 01 July 2024. During that process any necessary audit adjustments will be made to the accounts as appropriate. Final accounts and an annual audit report are due to be presented to this Committee in September 2024.

2.0 Issues

- 2.1 These accounts include those trust funds which have charitable status and are registered with the Office of Scottish Charity Regulator (OSCR). Not all of the trust funds administered by the Council have charitable status. Details of those included are provided on page 6.
- 2.2 The accounts have been prepared on an accruals basis and using the “connected charities” provision as outlined in the Charities Accounts (Scotland) Regulations 2006. This means that only one set of accounts is prepared that includes all charities as opposed to individual sets of accounts.

3.0 Conclusions

- 3.1 The unaudited Annual Accounts have been completed and submitted to External Audit in line with the previously agreed timescales.

Report Contact

Elaine Muir
Head of Finance
Fife House

Email: elaine.muir@fife.gov.uk



Trustees' Annual Report & Financial Statements 2023-24

SUBMITTED FOR AUDIT 28 JUNE 2024

TABLE OF CONTENTS	Pages
Trustees' Annual Report	2
Trustees	5
Charitable Trusts and Purpose	6
Statements of Responsibilities	7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	
1 Accounting Policies	10
2 Donations & Legacies	10
3 Investment Income	10
4 Charitable Activities	11
5 Other Expenditure	12
6 Investments	12
7 Debtors	12
8 Cash at Bank and in Hand	12
9 Trustees' Remuneration and Expenses	12
10 Related Parties	12
11 Post Balance Sheet Events	12
12 Outline Summary of Fund Movements	13

TRUSTEES' ANNUAL REPORT

Introduction

Elected members of Fife Council act as trustees' for the Charitable Trusts listed at page 5 which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). The financial statements included within this report incorporate all of the charities detailed on page 6 of this report.

The principal address of the Charitable Trusts is:

Fife Council
Finance and Corporate Services
Fife House
North Street
Glenrothes
Fife
KY7 5LT

Fife Council administers the Charitable Trusts and separately accounts for them. They do not form part of the Council's single entity balance sheet, although under Section 222 of the Local Government (Scotland) Act 1973, the property of the Charitable Trusts vest[s] in the relevant local authority. However they are included in the financial statements of the Council and its group.

The Trusts' auditors are:-

Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Trustees

As per guidance provided by OSCR, "Trustees" of the Charitable Trusts are described as those who have "general control and management" of the charity. The Council has determined that members of the relevant Area Committee will be the trustees for charitable trusts. For the purposes of this report it is our interpretation of the aforementioned that all elected members are Charity Trustees.

A full list of Trustees of the Charitable Trusts in their capacity as elected members of Fife Council can be found on page 5 of this report.

Day to day management of the Charitable Trusts is delegated to the Executive Director of Finance and Corporate Services of Fife Council. All of the Trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held on the occasions of elected members vacating their positions to elect new members, who automatically become Trustees.

Objectives and Activities

The objective of the Charitable Trusts is to provide support to organisations and individuals, in the form of grants, payments and awards, for projects which fulfil the criteria of the Trusts.

Income to the Charitable Trusts comprises; donations, investment returns and bank interest.

There are 43 Charitable Trusts, 30 of which are Settlement Trust funds. The following Financial Statements for all 43 registered charities have been prepared using the connected charities provision. Administration of the Settlement Trusts has been devolved to Area Committees to allow more localised decision making on spend, in line with the Council's overall objective of decentralisation.

Structure, Governance and Management

The Charitable Trusts are constituted in a variety of ways, many coming from bequests from individuals or families who have entrusted a predecessor local authority with the task of distributing the fund for a charitable purpose. Individual Trusts and an indication of their purpose can be found on page 6 of this report.

Information regarding many of the Trusts is not available owing to their antiquity and the fact that since coming into public control they have been administered by several local government bodies, the purpose of these trusts have been agreed with OSCR and updated on the OSCR online register. Trustees have assured themselves that, where governance documents are missing, the charity nevertheless meets its objectives, in terms of the reporting process to them which has set out the purposes to which the funds have historically been put as well as correspondence with OSCR to confirm their understanding of the current purposes.

The Executive Director of Finance & Corporate Services has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Executive Director of Finance & Corporate Services is responsible for keeping proper accounting records which are up to date and which ensure the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

Decisions regarding the overall operation, assets, processes or policies of the Charitable Trusts are delegated by the Council to its Cabinet Committee. However, as previously stated, the Scheme of Administration allows Area Committees to take most decisions on individual charitable trusts within their Area.

Risk

The Trustees have overall responsibility for the Charitable Trusts system of internal control that is designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main risk identified is the movement in market value and returns from investments held by the Trusts. Fife Council has a risk averse appetite which is demonstrated by the outsourcing of investment management to Janus Henderson Investors who are an international investment company.

Achievements and Performance

The Charitable Trusts made grants totalling £29,830 in the year to support local communities. These were made from 12 individual Trusts and a total of 35 separate grants were awarded in 2023-24 compared to 43 grants awarded in 2022-23. Details of the most significant donations are detailed below

Thomas S Grieg's Bequest	
Contribution towards the demolition of the Pavilion at Mugdrum Park Newburgh	£5,000
Crail Settlement Trust	
Crail Community Partnership - Plants for Victoria Gardens	£1,375
Anstruther & Cellardyke Settlement Trust	
Cellardyke Tidal Pool Ltd - Contribution towards restoration of the children's tidal pool	£4,000
East Neuk of Fife Round Table - Contribution towards Community Fireworks event	£2,100
Newburgh Settlement Trust	
Tayside Institute Community - Contribution towards a day trip to the Forth Road Bridge for 48 pensioners	£800
Kirkcaldy Settlement Trust	
Small payments from purchase cards to various Individuals	£1,393
Clark Mobility Services - Contribution towards recliner chair	£800
Bell Fund/Good Templars Fund	
Madras College Endowment Trust - Madras Pipe Band Upkeep & Development	£3,900
Madras College Endowment Trust - Bell Fund Annual Burns Supper	£950
Cupar Settlement Trust	
Community in Cupar (CIC) - Community Ceilidh for St.Andrews Day	£1,064

Financial Statements

Financial Statements for Fife Council Charitable Trusts have been prepared in accordance with the Charities Accounts (Scotland) Regulations 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP). The main statements included are;

- Statement of Financial Activities: Providing an analysis of incoming and outgoing transactions for the period.
- Balance Sheet: Showing the value as at the Balance Sheet date of the assets and liabilities recognised by the Charitable Trusts. The Balance Sheet also summarises final closing balances at the end of the year.
- Notes to the Financial Statements: To expand on or explain the information contained in Statement of Financial Activities and Balance Sheet.

A Cash flow statement is not required as stated in FRS102

Financial Review

The Charitable Trusts have no explicit reserves policy, but as a general principle the "Capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. Trustees are permitted to use "Capital" balances should they require, however this will result in a reduction in the level of funding available for future investment. All funds within the Trusts have been classified as unrestricted funds in terms of the OSCR returns.

The main funding sources for the Charitable Trusts consist of dividends and interest from UK government bonds, with interest from bank deposits forming a lesser proportion of income. Given the sources, the income is subject to market fluctuation and can change as a result of economic factors.

In 2023-24, the net movement in funds is an increase of £33,295. The value of investments held reduced by £6,275 due to market movements in bond prices. Balances held at 31 March 2024 are £1,556,465.

Acknowledgements

The Trustees wish to thank all officers and staff involved in the preparation of the Report and Financial Statements.

TRUSTEES BY COMMITTEE AREA AS AT 31 MARCH 2024

DUNFERMLINE

Aude Boubaker-Calder
Auxi Barrera
Cara Hilton
Derek Glen
Gavin Ellis
Gordon Pryde
James Calder (Chair)
Jean Hall Muir
Jim Leishman MBE
Lynn Ballantyne-Wardlaw
Naz Anis-Miah

COWDENBEATH

Alex Campbell (Chair)
Alie Bain
Bailey-Lee Robb
Darren Watt
Lea McLelland
Linda Erskine
Mary Bain Lockhart
Rosemary Liewald

GLENROTHES

Altany Craik
Craig Walker (Chair)
Daniel Wilson
Derek Noble
Jan Wincott
John Beare
Julie Ford
Lynn Mowatt
Peter Gulline
Ross J Vettraino OBE

LEVENMOUTH

Alistair Suttie
Colin Davidson (Chair)
David Alexander
David Graham
Eugene Clarke
John O'Brien
Ken Caldwell
Tom Adams

NORTH EAST FIFE

Al Clark
Allan Knox
Alycia Hayes
Ann Verner
David MacDiarmid
Donald Lothian
Fiona Corps
Gary Holt
Jane Ann Liston
John Caffrey
Jonny Tepp (Chair)
Louise Kennedy-Dalby
Margaret Kennedy
Robin Lawson
Sean Dillon
Stefan Hoggan-Radu

SOUTH & WEST FIFE

Andrew Verrecchia
Andy Jackson
Brian Goodall
Conner Young
Dave Dempsey
David Barratt (Chair)
Graeme Downie
Patrick Browne
Sam Steele
Sarah Neal

KIRKCALDY

Alistair Cameron
Blair Allan
Carol Lindsay
David Ross
Ian Cameron (Chair)
James Leslie
Judy Hamilton
Julie MacDougall
Kathleen Leslie
Lesley Backhouse
Nicola Patrick
Rod Cavanagh

CHARITABLE TRUSTS AND THEIR PURPOSES

Trust Name	Charity Number	Purpose of the Trust
Settlement Trusts		
Ladybank	SC042143	The purpose of the Settlement Trusts are as follows:- a) The prevention or relief of poverty; b) The advancement of education; c) The advancement of health; d) The saving of lives; e) The advancement of citizenship or community development; f) The advancement of the arts, heritage, culture or science; g) The advancement of public participation in sport; h) The provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; i) The advancement of human rights, conflict resolution or reconciliation; the promotion of religious or racial harmony; j) The promotion of equality and diversity; k) The advancement of environmental protection or improvement; l) The relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage; m) The advancement of animal welfare; n) Any other purpose that may reasonably be regarded as analogous to any of the preceding purposes.
Kingskettle	SC042144	
Kilconquhar	SC042145	
Freuchie And Area	SC042148	
Falkland	SC042149	
Crail	SC042150	
Cupar	SC042151	
Auchtermuchty	SC042152	
St Monans	SC042153	
Elie	SC042154	
Newburgh	SC042155	
Anstruther & Cellardyke	SC042156	
St Andrews	SC042157	
Dunfermline	SC042161	
Leslie	SC042170	
Collessie	SC042172	
Tayport	SC042173	
Pittenweem	SC042174	
Leven	SC042207	
Kennoway	SC042208	
Buckhaven And Methil	SC042211	
Burntisland	SC042382	
Kirkcaldy	SC042383	
Kinghorn	SC042385	
Auchtertool	SC042387	
Culross	SC042749	
Limekilns	SC042750	
Kincardine	SC042751	
Lochgelly	SC042904	
Ballingry	SC042905	
Other Trusts		
Waugh & Wharrie Bequest	SC018777	Poor and needy of Aberdour
Adam Smith & Gow Bequest (Michael Beveridge Bequest)	SC019331	Provision of Beveridge Park and Adam Smith and Beveridge Halls
A A Wilkie Trust	SC019334	To supply toys to children in hospital at Christmas
F L Lawsons Executry	SC019335	Interest to be used towards the upkeep of Star Hall
Raemore Mortification. Kinglassie	SC019339	Income to be applied for the benefit of the poor of the Parish
Frances Lawson's Bequest	SC019392	Benefit of Library at Simpson Institute
Ogilvy Dalgleish Mortification	SC019396	Coal for the poor
Macintosh Bequest	SC019399	Benefit of industrious poor
B F Nisbet's Trust & Garden	SC019402	Upkeep of public gardens, Station Road, Lundin Links
Thomas S Grieg's Bequest	SC019417	To provide pavilion in Tayside Park
Thomson Bequest And Laing Library	SC019420	(1) Thomson - Benefit of the old folks (2) Laing Library - Upkeep of library
Bell Fund/Good Templars Fund	SC019435	Moral and religious improvement of St Andrews
Thomas Ireland's Trust	SC019447	Provision of coal etc

STATEMENTS OF RESPONSIBILITIES

The Trustees Responsibilities

The Trustees are required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Executive Director Finance and Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Charitable Accounts (Scotland) Regulations 2006) and the Accounting and Reporting by Charities Statement of Recommended Practice (Charities SORP), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).

The Executive Director Finance and Corporate Services Responsibilities

The Executive Director Finance and Corporate Services is responsible for the preparation of the Fife Council Charitable Trusts Annual Accounts in accordance with proper practices as required by legislation and as set out in the Charities Accounts (Scotland) Regulations 2006 and the Accounting and Reporting by Charities Statement of Recommended Practice (Charities SORP).

In preparing the Annual Accounts, the Executive Director Finance and Corporate Services has:-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the accounting and reporting by charities: Statement of Recommended Practice (in so far as it is compatible with legislation)

The Executive Director Finance and Corporate Services has also:-

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the charities trusts at the reporting date and the transactions of the charities trusts for the year ended 31 March 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services
Fife Council

STATEMENT OF FINANCIAL ACTIVITIES

Total Funds 2022-23 £		Total Funds 2023-24 £	Notes
	Income from:		
(34,893)	Donations & Legacies	(39,791)	2
(57,919)	Investments	(69,400)	3
<u>(92,812)</u>	Total	<u>(109,191)</u>	
	Expenditure on:		
30,361	Charitable activities	29,830	4
34,893	Other expenditure	39,791	5
<u>65,254</u>	Total	<u>69,621</u>	
76,668	Net (gains) / losses on investments	6,275	6
<u>49,110</u>	Net (income)/expenditure	<u>(33,295)</u>	
0	Other recognised gains/losses	0	
<u>49,110</u>	Net movement in funds	<u>(33,295)</u>	
	Reconciliation of funds:		
(1,572,280)	Total funds brought forward	(1,523,170)	12
<u>(1,523,170)</u>	Total funds carried forward	<u>(1,556,465)</u>	12

All funds are unrestricted

BALANCE SHEET

31 March 2023 £		31 March 2024 £	Note
824,688	Fixed assets:		
<u>824,688</u>	Investments	818,413	6
	Total fixed assets	<u>818,413</u>	
	Current assets:		
9,780	Debtors	8,308	7
688,702	Cash at Bank and in Hand	729,744	8
<u>698,482</u>	Total current assets	<u>738,052</u>	
<u>698,482</u>	Net current assets	<u>738,052</u>	
<u>1,523,170</u>	Total net assets	<u>1,556,465</u>	
	Funds of the charity		
(1,523,170)	Unrestricted funds	(1,556,465)	12
<u>(1,523,170)</u>	Total Charity Funds	<u>(1,556,465)</u>	

The unaudited financial statements were issued on 28th June 2024.

Eileen Rowand MBA CPFA
Executive Director Finance & Corporate Services
Fife Council

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

General Principles

The financial statements for the period ended 31 March 2024 have been compiled in accordance with Charities Accounts (Scotland) Regulations 2006, Accounting and Reporting by Charities Statement of Recommended Practice Charities SORP (FRS102). They are designed to give a true and fair view of the financial performance and position of the Charitable Trusts and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of "materiality" and "going concern" have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance to justify its inclusion. The going concern concept assumes that the Charitable Trusts will not significantly curtail the scale of its operations. Trustees are of the opinion that the Charitable Trusts are a going concern based on a review of activities undertaken and expected commitments in the coming year and, as such, these financial statements are prepared on a going concern basis.

These accounts have been prepared on an accruals basis, accruals are made for all material debtors and creditors within the accounts and on the basis of the "connected charities" provision outlined in Section 7 of the Charities Accounts (Scotland) Regulations 2006. In addition, the accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets.

Income and Expenditure

Income is recognised in the accounts when due and receivable in the period to which it relates.

- Investment Income: This is included in the accounts when due and receivable, investments are held in Janus Henderson Investors. The investment strategy is to generate income whilst preserving and growing capital.
- Investment Gains and Losses: This includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments.

Expenditure is recognised in the accounts when due and payable in the period to which it relates.

- Costs of Generating Funds: The cost of administering the Charitable Trusts is borne by Fife Council.
- Governance Costs: where applicable, include; cost of preparation and examination of statutory accounts, cost of any legal advice to trustees on governance or constitutional matters; and the cost of administering grants.
- Charitable Activities: Decisions regarding the way the charitable income is spent are taken by the relevant Area Committee. These are recognised in the accounts when the grant is paid.

Assets

Fixed assets are listed investments with Janus Henderson Investors held at fair value. Accounting Policies in respect of fixed asset valuation, depreciation and impairment are consistent with that of Fife Council.

2 Donations & Legacies

2022-23		2023-24
£		£
(10,708)	Accountancy Costs	(11,598)
(12,000)	Audit Fee	(12,720)
(12,185)	Management & Admin Support	(15,473)
(34,893)	Total Donations & Legacies	(39,791)

3 Investment Income

2022-23		2023-24
£		£
(42,835)	Dividends and interest on listed investments	(35,090)
(15,084)	Interest on cash deposits	(34,310)
(57,919)	Total Investment Income	(69,400)

4 Charitable Activities

2022-23		Fund Name	Activities Undertaken	2023-24	
Individuals £	Organisations £			Individuals £	Organisations £
		Settlement Trusts			
		Ladybank	Prevention of Poverty	100	
	2,000	Crail	Environmental Protection		1,890
		Crail	Recreational Facilities		378
		Cupar	Promotion of Equality	150	1,064
500	1,000	Cupar	Prevention of Poverty	700	
		Cupar	Savings of Lives	400	
	275	Auchtermuchty	Recreational Facilities		100
		St Monans	Prevention of Poverty	500	500
	1,310	St Monans	Advancement of Health		400
		St Monans	Participation in Sport		360
40		Newburgh	Prevention of Poverty		800
	1,382	Newburgh	Advancement of Education		
200		Newburgh	Advancement of Health		
	3,500	Anstruther & Cellardyke	Advancement of Arts		490
		Anstruther & Cellardyke	Environmental Protection		4,000
		Anstruther & Cellardyke	Advancement of Health		300
		Anstruther & Cellardyke	Recreational Facilities		2,100
	500	Anstruther & Cellardyke	Advancement of Citizenship		
	2,000	Anstruther & Cellardyke	Advancement of Education		
	600	Anstruther & Cellardyke	Prevention of Poverty		
	600	St Andrews	Participation in Sport	1,500	300
	425	St Andrews	Advancement of Health		400
		St Andrews	Advancement of Arts		500
40	1,000	St Andrews	Prevention of Poverty		
250		Pittenweem	Prevention of Poverty		
3,494		Kirkcaldy	Prevention of Poverty	2,698	
990		Kirkcaldy	Advancement of Education		
1,925		Kirkcaldy	Advancement of Health		
980		Auchtertool	Prevention of Poverty		
	25	Limekilns	Advancement of Citizenship	25	
	25	Limekilns	Prevention of Poverty	25	
	150	Limekilns	Recreational Facilities	150	
		Lochgelly	Advancement of Education		150
		Other Trusts			
		Thomas S Grieg Bequest	Tayside Park pavillion		5,000
	7,150	Bell Fund / Good Templars Fund	Moral & Religious Improvement		4,850
8,419	21,942	TOTAL		6,248	23,582
	30,361				29,830

5 Other Expenditure

2022-23		2023-24
£	Other Resources Expended	£
10,708	Accountancy Costs	11,598
12,000	Audit Fee	12,720
12,185	Management & Admin Support	15,473
34,893	Total Other Resources Expended	39,791

6 Investments

2022-23		2023-24
£		£
901,356	Market Value as at beginning of year	824,688
(76,668)	Net increase/(decrease) in value of investments	(6,275)
824,688	Market Value at end of year	818,413

7 Debtors

Debtors balance related to accrued income on investments from Janus Henderson Investors of £8,308 (2022-23 £9,780).

8 Cash at Bank and in Hand

Cash at Bank and in Hand are balances held as part of Council's loans fund which have been accumulated over a number of years. In 2023-24 this amounted to £729,744 (2022-23 £688,702).

9 Trustee's Remuneration and Expenses

Neither the Trusts of the Charitable Trust nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during the period.

10 Related Parties

During the period, the Charitable Trust Balances were invested by Fife Council, who manages the administration of the Funds on behalf of the Trustees. The costs of administrating the Trusts is £39,791 and this is provided as a donated service by Fife Council resulting in no direct costs being incurred by the Charitable Trust. The Council acts as the banker for the Charitable Trust and all incomings and outgoings are made via the Council's financial systems.

11 Post Balance Sheet Events

There were no adjusting events after the balance sheet date.

12 Outline Summary of Fund Movements

Fund Name	Charity Number	Funds Carried Forward at 31/03/2023 £	Income in Year £	Expenditure in Year £	(Gains)/ Losses on Investments £	Funds Carried Forward at 31/03/2024 £
Settlement Trusts						
Ladybank	SC042143	(9,125)	(422)	100	34	(9,413)
Kingskettle	SC042144	(2,289)	(107)	0	8	(2,388)
Kilconquhar	SC042145	(6,673)	(309)	0	24	(6,958)
Freuchie And Area	SC042148	(7,099)	(335)	0	19	(7,415)
Falkland	SC042149	(3,379)	(157)	0	13	(3,523)
Crail	SC042150	(103,972)	(4,799)	2,268	373	(106,130)
Cupar	SC042151	(65,450)	(2,934)	2,314	281	(65,789)
Auchtermuchty	SC042152	(13,400)	(875)	100	47	(14,128)
St Monans	SC042153	(53,260)	(2,414)	1,760	219	(53,695)
Elie	SC042154	(17,058)	(796)	0	56	(17,798)
Newburgh	SC042155	(83,072)	(3,734)	800	398	(85,608)
Anstruther & Cellardyke	SC042156	(186,165)	(8,039)	6,890	906	(186,408)
St Andrews	SC042157	(132,196)	(5,829)	2,700	749	(134,576)
Dunfermline	SC042161	(88,992)	(4,169)	0	276	(92,885)
Leslie	SC042170	(2,432)	(108)	0	13	(2,527)
Collessie	SC042172	(2,605)	(122)	0	8	(2,719)
Tayport	SC042173	(12,655)	(597)	0	34	(13,218)
Pittenweem	SC042174	(21,492)	(1,006)	0	69	(22,429)
Leven	SC042207	(10,738)	(478)	0	35	(11,181)
Kennoway	SC042208	(1,290)	(59)	0	4	(1,345)
Buckhaven And Methil	SC042211	(1,053)	(509)	0	4	(1,558)
Burntisland	SC042382	(24,635)	(1,189)	0	37	(25,787)
Kirkcaldy	SC042383	(207,713)	(9,196)	2,698	774	(213,437)
Kinghorn	SC042385	(29,625)	(1,396)	0	97	(30,924)
Auchtertool	SC042387	(916)	(40)	0	7	(949)
Culross	SC042749	(4,461)	(199)	0	25	(4,635)
Limekilns	SC042750	(4,606)	(193)	200	29	(4,570)
Kincardine	SC042751	(31,045)	(1,442)	0	110	(32,377)
Lochgelly	SC042904	(20,949)	(984)	150	62	(21,721)
Ballingry	SC042905	(11,572)	(539)	0	40	(12,071)
Other Trusts						
Waugh & Wharrie Bequest	SC018777	(2,549)	(117)	0	12	(2,654)
Adam Smith / Gow / Beveridge Bequest	SC019331	(10,469)	(490)	0	34	(10,925)
A. A. Wilkie Trust - Children	SC019334	(122)	(6)	0	0	(128)
Fl. Lawsons Executry	SC019335	(909)	(43)	0	3	(949)
Raemore Mortification Kinglassie	SC019339	(3,012)	(140)	0	11	(3,141)
Frances Lawson's Bequest	SC019392	(1,296)	(61)	0	3	(1,354)
Ogilvy Dalgleish Mortification	SC019396	(2,168)	(101)	0	8	(2,261)
Macintosh Bequest	SC019399	(934)	(43)	0	3	(974)
B.F. Nisbet's Trust & Garden	SC019402	(7,235)	(340)	0	21	(7,554)
Thomas S. Greig's Bequest	SC019417	(23,658)	(856)	5,000	100	(19,414)
Thomson Bequest and Laing Library	SC019420	(23,544)	(1,019)	0	168	(24,395)
Bell Fund/Good Templars Fund	SC019435	(283,344)	(13,022)	4,850	1,145	(290,371)
Thomas Ireland's Trust	SC019447	(4,013)	(186)	0	16	(4,183)
		(1,523,170)	(69,400)	29,830	6,275	(1,556,465)
Donated Services (Support Services)			(39,791)	39,791		
TOTAL		(1,523,170)	(109,191)	69,621	6,275	(1,556,465)

28 June 2024

Agenda Item No. 10

Financial Bulletin 2022-23 – Fife’s Position

Report by: Elaine Muir, Head of Finance

Wards Affected: All

Purpose

The purpose of this report is to provide an update on Fife’s position in relation to the Local Government in Scotland Financial Bulletin 2022-23 published by the Accounts Commission in January 2024.

Recommendation(s)

It is recommended that the Standards, Audit and Risk Committee note:

1. the key messages and recommendations contained within the report; and
2. Fife’s position and response to the key messages and recommendations.

Resource Implications

There are no resource implications.

Legal & Risk Implications

There are no legal and risk implications.

Impact Assessment

An EqIA has not been completed because the report does not involve any change in policy.

Consultation

No consultation required.

1.0 Background

- 1.1 The Accounts Commission publish an annual Financial Bulletin report that provides a high-level independent analysis of the financial performance of all Scottish Councils for the most recently completed financial year.
- 1.2 The main sources of information for the Financial Bulletin are Councils' 2022/23 audited accounts and returns made by external auditors. The report provides a series of key messages and recommendations supported by analysis, comment, and charts. The Financial Bulletin is structured into two sections, the first on funding and 2022/23 outturn, the second on Councils' financial position and outlook. Fife are not shown in all of the charts due to a delay in the audit process, approval of the accounts, and knock-on effect to deadlines for other workstreams.
- 1.3 The Financial Bulletin 2022/23 is attached as Appendix 1.

2.0 Key Messages & Recommendations

- 2.1 Within the report there are key messages and recommendations that provide commentary and on the financial situation Councils face across Scotland and directions for necessary future action. These messages are consistent and support the evidence that Councils are facing an increasing range of financial challenges related to funding uncertainty, growing budget gaps, and increasing demand across a wide range of services.
- 2.2 Below are the key messages and recommendations with Fife's response to each. The Financial Bulletin is looking back a considerable time and the position may have moved on since that time. Where appropriate this is reflected in the comments.

Key Message 1

- 2.3 Despite councils receiving more funding and income in cash terms, due to high inflation in 2022/23 total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms to £21.3 billion compared to 2021/22.

Fife's Response

- 2.4 In Fife 2022/23 total revenue funding from all sources fell by £45 million (3.1 per cent) in real terms to £1.385 billion compared to 2021/22. The combination of inflationary pressures, increasing demand for services and the funding constraint from the Scottish Government could increase the scale of the Council's financial challenge. The Council has strong financial management with a Medium-Term Financial Strategy and a financial Risk Register in place to support future budget decisions.

Key Message 2

- 2.5 Councils received more core revenue funding from the Scottish Government than in 2021/22, rising from £12.1 billion to £12.2 billion (0.7 per cent) in real terms. However, an increasing proportion is ring-fenced or provided with the expectation it will be spent on specific services. This means that the amount of funding available for councils to spend freely on local priorities is reducing. There are commitments in the Verity House Agreement to move to a default position of removing ring-fencing or direction of funding wherever possible.

Fife's Response

- 2.6 Below is Exhibit 2 from the Financial Bulletin that shows Scottish Government funding to all Local Government in cash and real terms, followed by an equivalent table for Fife's funding over the two years.

Exhibit 2.

Scottish Government core revenue 2021/22 and 2022/23

Scottish Government revenue funding	Cash terms			Real terms		
	2021/22 £ million	2022/23 £ million	change %	2021/22 £ million	2022/23 £ million	change %
Core revenue	11,384	12,231	7.4%	12,144	12,231	0.7%
General revenue grant	8,489	8,679	2.2%	9,056	8,679	-4.2%
Non-domestic rates	2,090	2,766	32.3%	2,230	2,766	24.1%
Specific revenue grants	805	786	-2.4%	859	786	-8.5%

Source: Scottish Government budget documents (spring revision)

Fife Council Scottish Government revenue funding	Cash terms			Real terms		
	2021/22 £m	2022/23 £m	Change %	2021/22 £m	2022/23 £m	Change %
Core revenue	767.867	822.249	7.1%	819.128	822.249	0.4%
General revenue grant	580.973	589.727	1.5%	619.757	589.727	-4.8%
Non-domestic rates	135.763	179.675	32.3%	144.826	179.675	24.1%
Specific revenue grants	51.131	52.847	3.4%	54.544	52.847	-3.1%

Source: Scottish Government Finance Circulars 1/2022 and 3/2023

This has since changed for the 2024/25 budget where over £500m of ring-fenced funding across Scotland has been baselined.

Key Message 3

- 2.7 There is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (e.g. the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic and has been volatile over the past decade. Driven by increased borrowing councils' capital expenditure increased in 2022/23 by 16 per cent in cash terms to £3.6 billion. Borrowing costs have reduced in recent years as many councils have used permitted financial flexibilities to reprofile debt payments. While helping with immediate budget pressures, these decisions defer costs to later years and do not tackle the underlying challenges to financial sustainability. Additional borrowing also places further pressure on revenue budgets over the longer term.

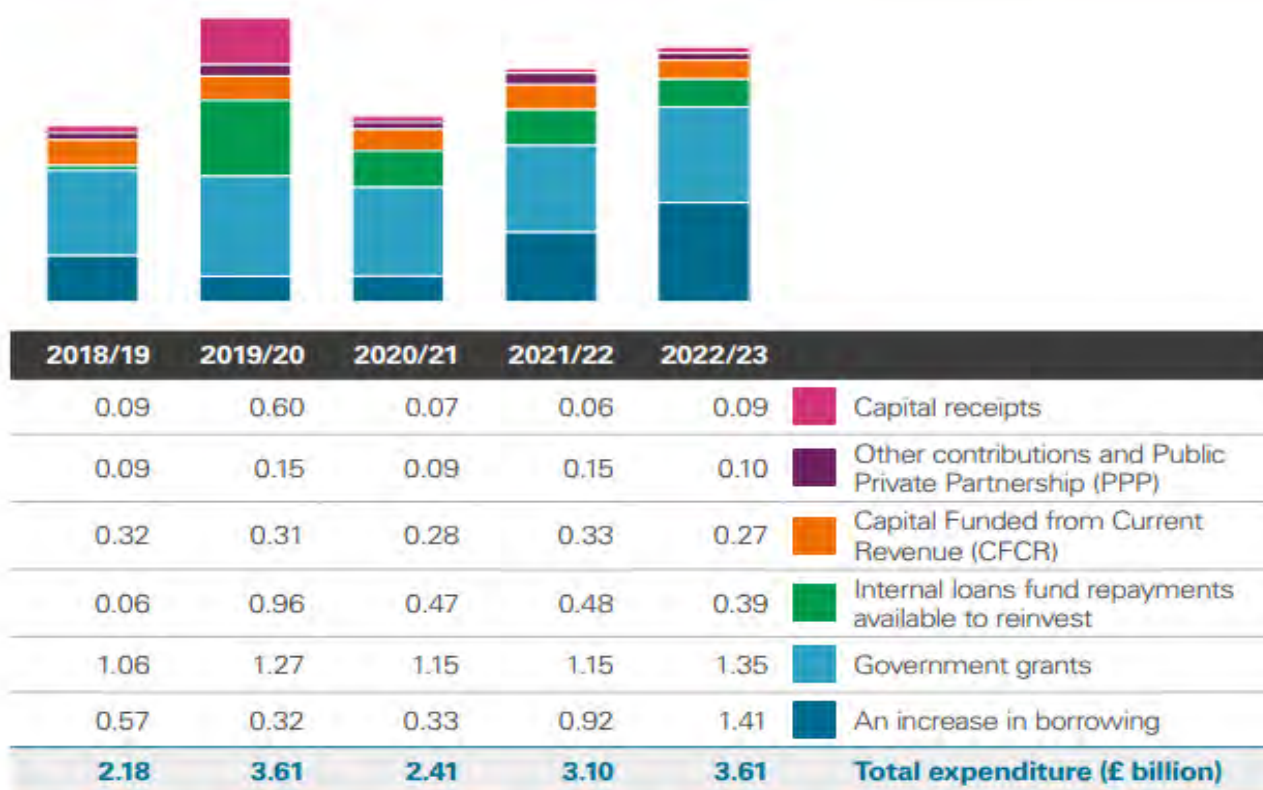
Fife's Response

- 2.8 Fife's capital expenditure had also risen by 16% in cash terms to £189.4m in 2022/23 while net debt has reduced by 2.6% due to an increase in government grant, external contributions and the change in accounting treatment for service concession.

Below is Exhibit 8 from the Financial Bulletin that shows all Councils' capital expenditure from 2018/19 to 2022/23, followed by a chart showing Fife's capital expenditure over the same period.

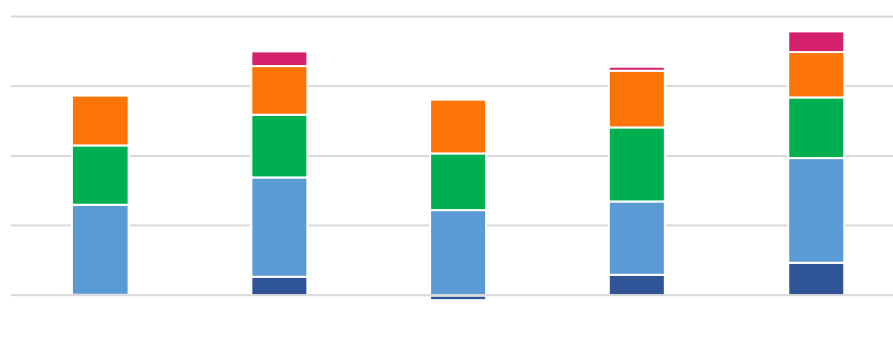
Exhibit 8.

Capital expenditure split by sources of finance in cash terms, 2018/19 to 2022/23 (£ billion)



Source: Councils' annual accounts 2018/19 to 2022/23 (audited and unaudited)

Fife Council



	£m	£m	£m	£m	£m
	2018/19	2019/20	2020/21	2021/22	2022/23
Capital receipts	0.9	10.9	1.5	2.6	14.7
CFCR	35.9	34.7	38.6	40.7	32.5
Internal loans fund repayments	42.6	45.0	40.9	53.1	43.8
Govt grants/other contributions	64.3	71.1	61.0	52.5	75.0
An increase/decrease in borrowing	0.4	13.4	-3.5	14.9	23.4
Total expenditure	144.1	175.1	138.5	163.8	189.4

Below is Exhibit 13 from the Financial Bulletin that shows all Councils' net debt from 2018/19 to 2022/23, followed by a chart showing Fife's net debt over the same period.

Exhibit 13.

Councils' total net debt, 2018/19 to 2022/23



	2018/19	2019/20	2020/21	2021/22	2022/23
Net debt (£ billion)	15.7	17.1	16.2	16.4	17.4
Year-on-year % change		9.1%	-5.3%	1.4%	5.8%

Note: Orkney is excluded from the total net debt analysis as it has net investments.

Source: Councils' annual accounts (audited and unaudited)

Fife Council	2018/19	2019/20	2020/21	2021/22	2022/23
Net debt (£m)	1,066.3	1,142.3	1,060.0	1,022.7	995.6
Year-on-year % change		7.1%	-7.2%	-3.5%	-2.6%

Source: Fife Council annual accounts

Key Message 4

- 2.9 At the time of setting their 2022/23 budgets, councils anticipated budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022/23 and improved on 2021/22. Greater transparency is required in the reporting of financial outturn in council accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

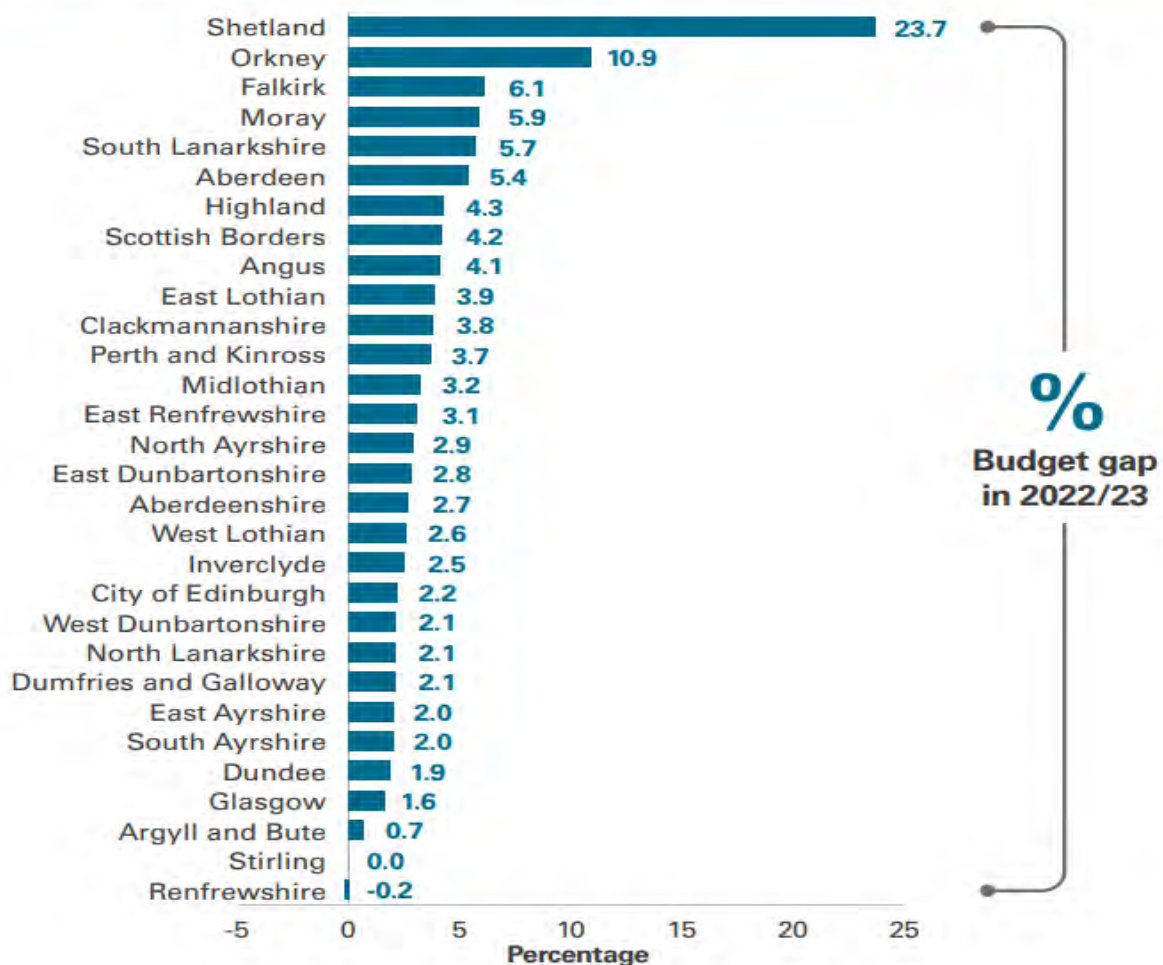
Fife's Response

- 2.10 Fife's budget gap prior to setting the 2022/23 budget was £1.549m (0.2% of net cost of services, among the lowest in Scotland) which was closed by the Council Tax increase without the need to make any savings. Budget monitoring reports during the financial year and the annual accounts all include sections on the performance against savings. During financial year 2022/23 there was a £0.565m savings target of which £0.517m (92%) was achieved. This would place Fife in the middle of the table in Exhibit 7.

Below are Exhibits 5 and 7 from the Financial Bulletin that show the budget gap and savings performance of other Scottish Councils.

Exhibit 5.

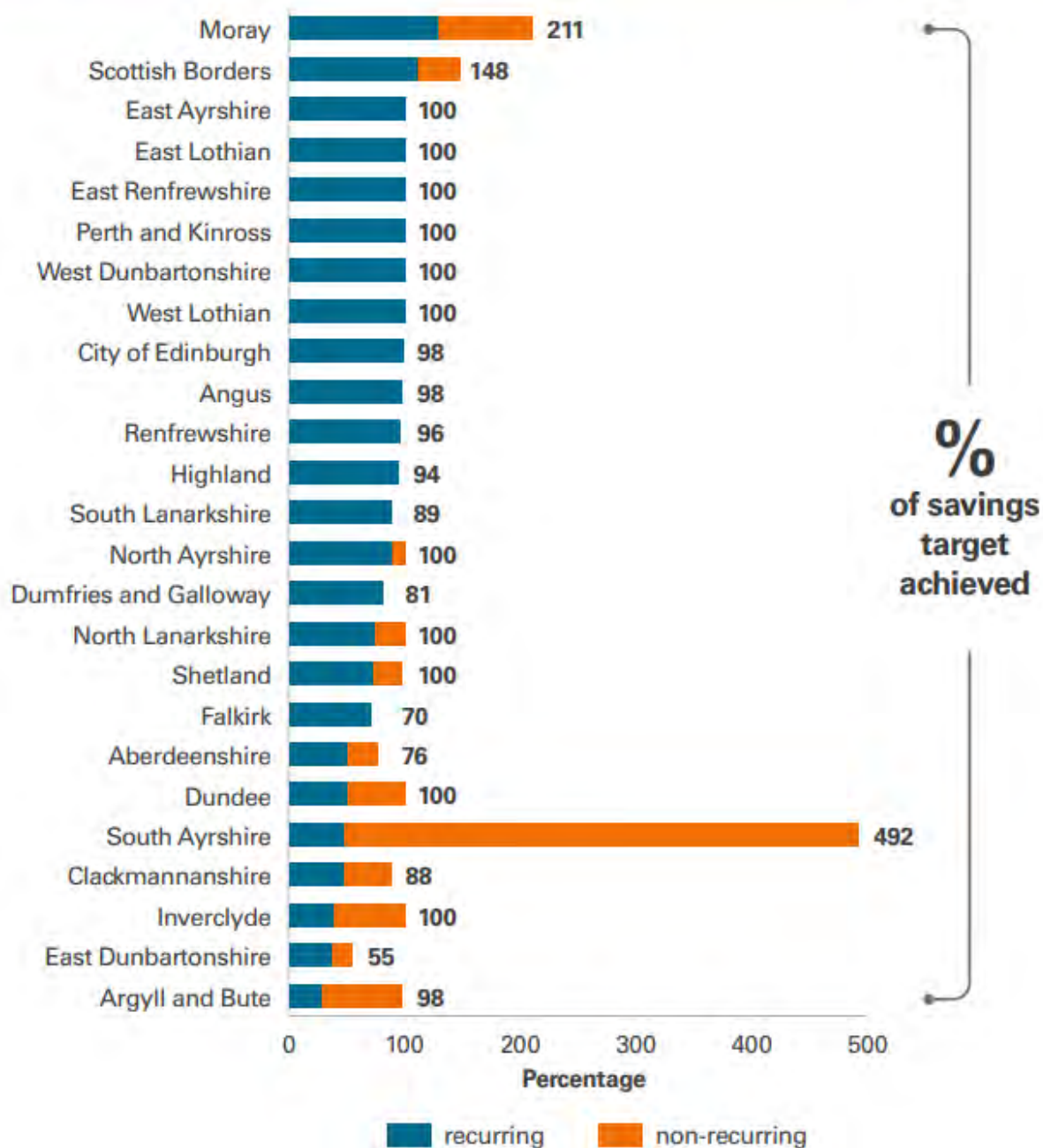
Budget gap as a percentage of net cost of services, 2022/23



Source: Auditor data returns (30 councils in the sample)

Exhibit 7.

Percentage of savings target achieved, split by recurring and non-recurring, 2022/23



Key Message 5

2.11 Despite the financial pressures of recent years, half of councils increased their usable reserves in 2022/23, and overall usable reserves grew to £4.45 billion. This is driven by growth in committed reserves. Some of this is remaining Covid-19 funding, some is attributable to the permitted use of financial flexibilities for the repayment of longer-term debt but there are also indications councils are building up reserves to manage the known financial challenges in future years. However, the lack of transparency in some councils' annual accounts makes it difficult to draw firm conclusions on councils planned use of reserves.

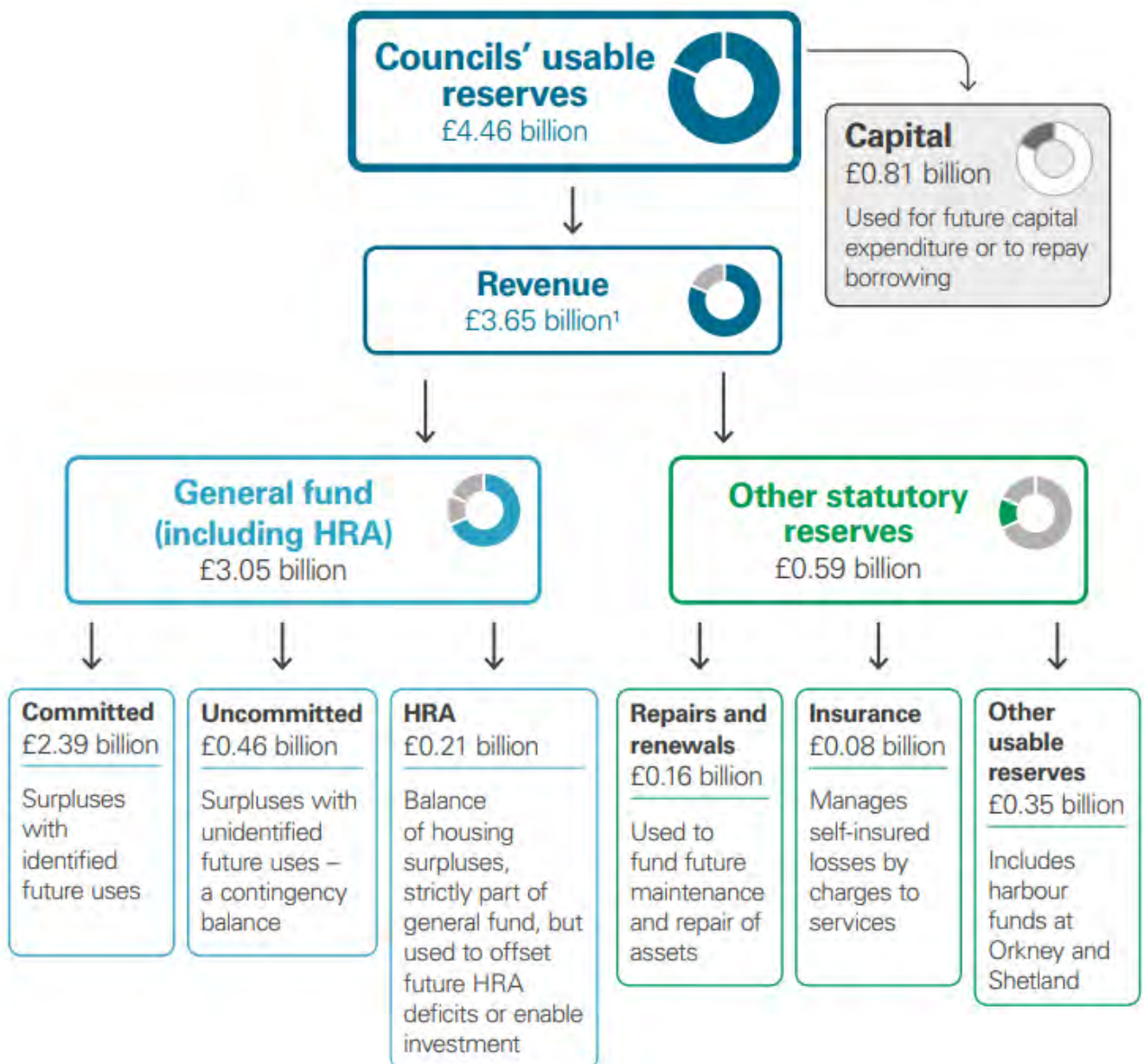
Fife's Response

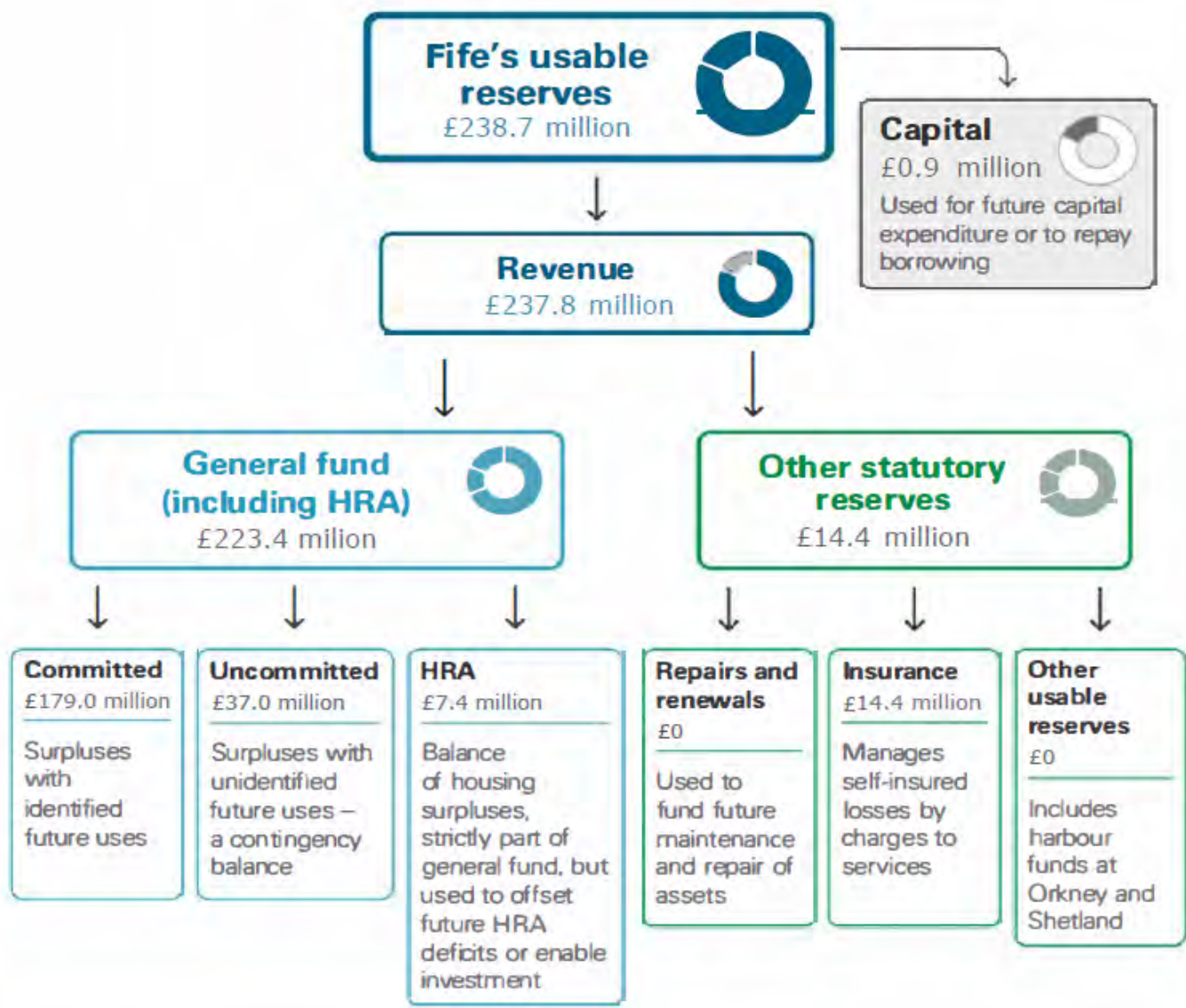
2.12 In Fife the General Fund balance increased during the year from £182.813m to £216.054m. Against the General Fund balance of £216.054m were earmarked balances totalling £134.516m, commitments for Covid-19 Funding of £35.776m, and Scottish Government specific funding of £9.066m. The significant increase in balances is predominantly due to the application of revised accounting guidance for Service Concession arrangements.

Below is Exhibit 10 from the Financial Bulletin that shows a breakdown of all Councils' usable reserves for 2022/23, followed by an equivalent chart for Fife.

Exhibit 10.

The nature and value of councils combined usable reserves, 2022/23

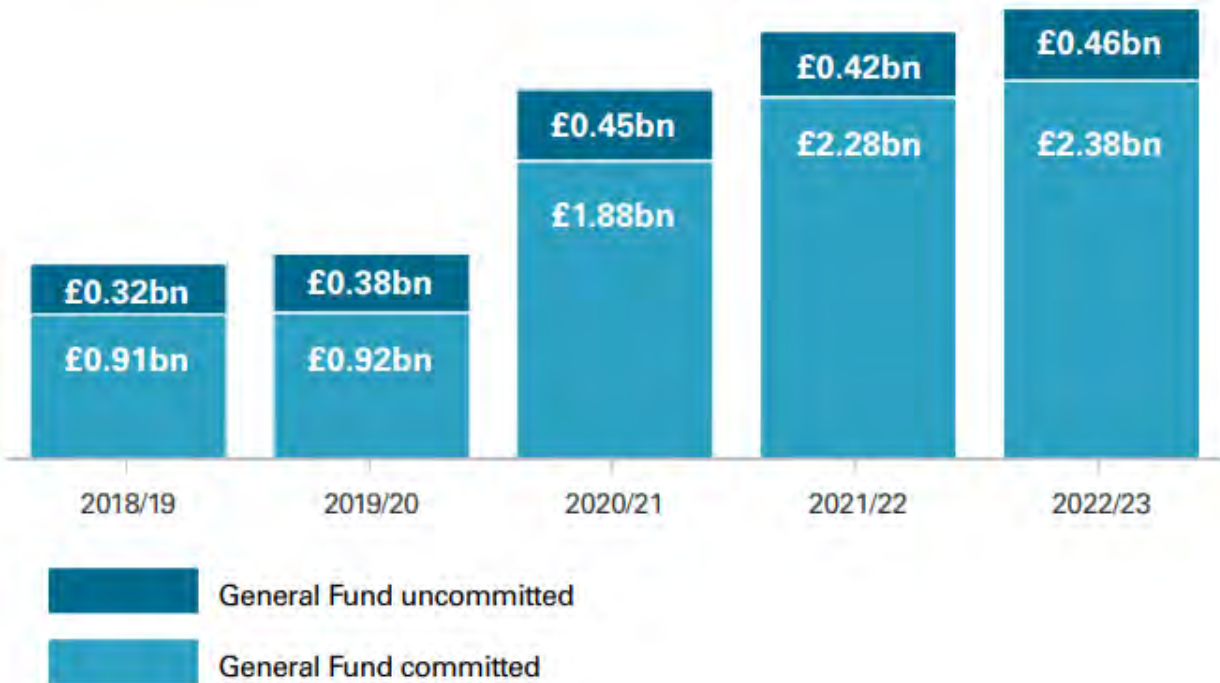




Below is Exhibit 12 from the Financial Bulletin that shows a breakdown of combined Councils' General Fund balance for 2022/23, followed by an equivalent chart for Fife.

Exhibit 12.

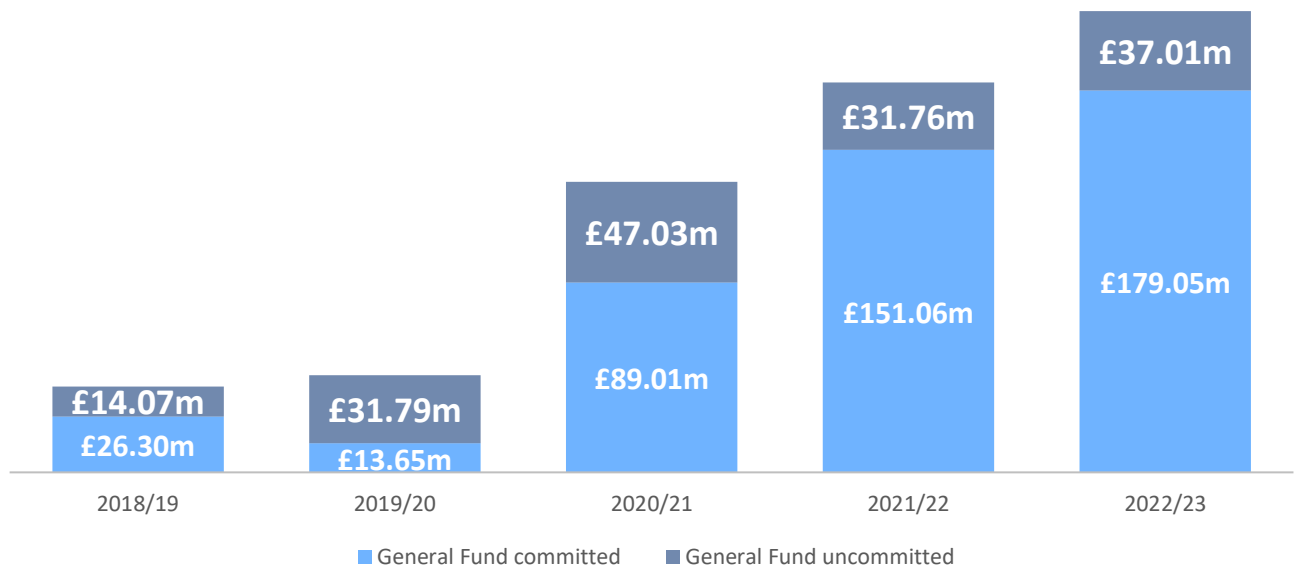
National General Fund balance, 2018/19 to 2022/23, cash terms



Note: This chart excludes HRA.

Source: Councils' annual accounts (audited and unaudited)

Fife General Fund balance



Key Message 6

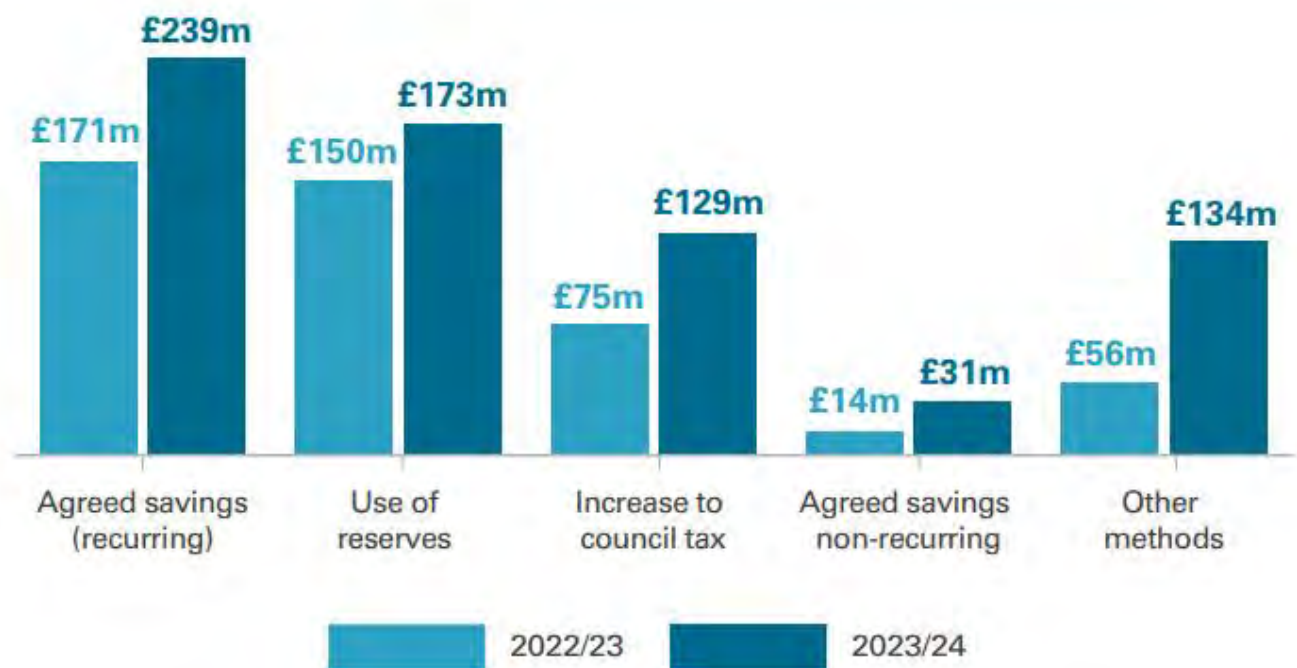
- 2.13 Local appointed auditors did not identify any councils in Scotland as being financially unsustainable in the short term. However, the financial outlook is extremely challenging with Scottish councils facing unprecedented financial and service demand pressures which present real risks for the future. Although Scottish Government core funding increased in cash and real terms in 2023/24, councils reported a significant increase in the total budget gap to £725 million.

Fife's Response

- 2.14 Fife's reported budget gap increased from £1.549m in 2022/23 to £11.505m in 2023/24. Similar to some other Councils the bridging actions taken by Fife in both years were greater than the budget gap allowing limited investment to be made.

Exhibit 15 from the Financial Bulletin is shown below giving the scale of bridging actions taken by Scottish Councils to close their budget gaps in 2022/23 and 2023/24. Following that is a similar chart for Fife only.

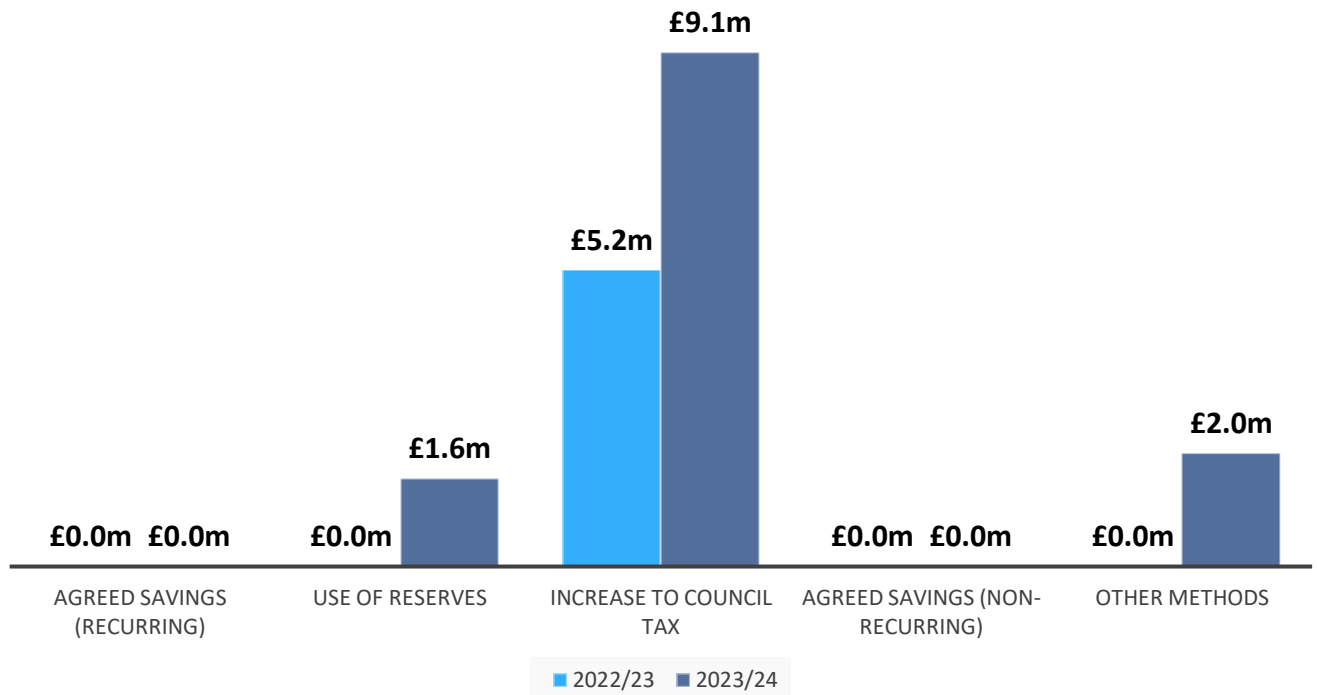
Exhibit 15. Councils' bridging actions to set their 2023/24 budget compared to 2022/23



Note: The chart elements for 2023/24 add up to £733 million which is higher than the total anticipated budget gap for 2023/24. This is because Dundee and North Lanarkshire reported bridging actions of greater value than their budget gap.

Source: Auditor data returns (30 councils in the sample)

Fife budget bridging actions



Key Message 7

- 2.15 Councils' medium- and longer-term financial plans demonstrate a clear recognition of the difficult financial context and the need to continue to innovate at pace and make difficult decisions to become more financially sustainable. But some councils are already experiencing significant resistance when seeking to make service reductions to balance budgets. This reinforces the need for effective consultation and engagement with communities on planned local service changes.

Fife's Response

- 2.16 The Council has been able to balance its budget in recent years despite challenging settlements, however the future financial sustainability of the Council is a concern given the combination of continued high inflation along with the potential risk to core funding and the overall financial outlook. The 2024-27 budget report asked members to maintain a 3-year focus given the significant financial challenge lying ahead and to consider the longer-term financial consequences of any decisions made.

Key Message 8

- 2.17 The Verity House Agreement includes a commitment to offer councils longer-term funding and greater local financial flexibility. These proposed changes will be important, in providing greater financial certainty to support better long-term planning and more flexible direction of resources to meet local need. However, the recent announcement of a proposed council tax freeze significantly reduces discretion and flexibility at individual council level. The impact this will have on financial sustainability is not yet known, but councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years.

Fife's Response

- 2.18 In the 2024-25 settlement there was a significant amount of funding baselined into the General Revenue Grant. Although the Council Tax freeze funding was the equivalent of a 4.9% increase in Council Tax for Fife in 2024-25, the Council Tax base was eroded, increasing the scale of future budget gaps.

Recommendation 1

- 2.19 Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability.

Fife's Response

- 2.20 When savings have been made to close the budget gap and ensure a balanced budget the vast majority have been recurring rather than non-recurring. Where savings may be required in future then recurring savings will be prioritised.

Recommendation 2

- 2.21 Ensure that management commentaries are open and transparent, include a clear link between budget outturn and the financial performance in the accounts and report on the achievement of planned savings targets.

Fife's Response

- 2.22 The Finance and Performance section of Fife's annual accounts provides a breakdown of the provisional outturn position with explanations for any variance to the budget. It also details the movement in reserves, delivery of savings and key financial ratios. When in previous year savings have been made, the performance against savings targets has been reported in the regular revenue budget monitoring reports throughout the year.

Recommendation 3

- 2.23 Provide clear statements about reserves policy and explicitly set out the purpose of committed reserves within their annual accounts. This will enhance the level of assurance that councils can provide regarding their ongoing financial sustainability.

Fife's Response

- 2.24 Notes 6 and 7 to the annual accounts give details of Fife's usable and unusable reserves. These show the purpose of each reserve, any movements over the year, and a breakdown of any earmarked balances within reserves. Fife has a policy to maintain the level of uncommitted balances at 2% of the revenue budget over a three-year rolling period.

Recommendation 4

- 2.25 Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget.

Fife's Response

- 2.26 As the scale of the financial challenge is likely to increase in future years effective consultation will be critical to explaining the need for change and the requirement to balance the budget.

Recommendation 5

- 2.27 Strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability.

Fife's Response

- 2.28 Detailed reports on the financial position and estimated budget gaps are prepared and considered at the relevant committees. These reports include forecasting of reserves position which is continually kept under review. Financial Resilience indicators are prepared as part of the LGBF work and included in the performance indicators for the Council. Further these are also included in the annual accounts.

Recommendation 6

- 2.29 Work with the Scottish Government to build momentum and accelerate progress in the development of a fiscal framework for local government to enhance the clarity and certainty of budgets for councils in future years.

Fife's Response

- 2.30 Engagement with the Scottish Government is carried out through COSLA to progress all aspects of the Verity House Agreement including developing a fiscal framework and reducing the ring-fencing of funding.

3.0 Conclusions

- 3.0 This report provides a summary of the Audit Commission's Financial Bulletin 2022/23 and Fife's response to the key messages and recommendations.
- 3.1 They confirm the consistent message that Councils are facing an increasing range of financial challenges including increased levels of funding uncertainty, growing budget gaps, and increasing demand across a wide range of services.
- 3.2 The response should focus on longer-term financial sustainability and resilience over short-term measures to balance budgets.

List of Appendices

1. Local Government in Scotland – Financial Bulletin 2022/23

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

Bulleted list

Report Contact

Laura Robertson

Finance Operations Manager

Fife House

Telephone: 03451 55 55 55 + 450552 Email: LauraC.Robertson@fife.gov.uk

28 June 2024

Agenda Item No. 11

National Fraud Initiative

Report by: Pamela Redpath, Service Manager, Audit & Risk Management

Wards Affected: All

Purpose

To advise the Committee of progress to date on the mandatory biennial 2022/23 National Fraud Initiative Exercise and voluntary Pensions Mortality Screening exercises.

Recommendation(s)

The Standards Audit and Risk Committee is asked to note and consider the contents of this report and the progress made to date.

Resource Implications

Participation in the National Fraud Initiative requires staff resources to be made available throughout the Council to co-ordinate the exercise, upload datasets and investigate data matches.

The NFI (including Pensions Mortality Screening) has identified £223,603.81 of overpayments, of which the Council is currently recovering £153,168.60. The recovery figure may increase over time as more information comes to light.

Legal & Risk Implications

Participation in the biennial NFI exercise is mandatory.

Impact Assessment

An Equality Impact Assessment is not required because the report does not impact on Council policy and does not require a decision.

Consultation

Audit Services has consulted with all relevant services.

1.0 Background

- 1.1 The NFI is a biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies detect fraud and error. Computerised techniques are utilised to compare electronic data held by different public and private sector bodies in Scotland, England and Wales and identify data matches, which may, following further examination, uncover the existence of fraud or error. In Scotland, over 100 public bodies participate in the NFI exercise, which is led by Audit Scotland. Participation is mandatory for Fife Council.
- 1.2 The Senior Responsible Officer for the NFI exercise in the Council is the Executive Director of Finance and Corporate Services, and the Key Contacts work within the Council's Corporate Fraud Team (CFT), reporting operationally to the Service Manager - Audit and Risk Management Services. Key Contact responsibilities include:
 - fulfilling the organisation's privacy notice requirements (in conjunction with the organisation's data protection officer or equivalent)
 - ensuring that the data formats guidance and data specifications are followed
 - liaising with Services to nominate appropriate users to upload data submissions, investigate the matches and act as the point of contact for other bodies about a match (preferred dataset contact)
 - co-ordinating and monitoring the overall exercise
 - ensuring that outcomes from the investigation of matches are recorded on the web application promptly and accurately
- 1.3 The mandatory datasets submitted by the Council in September 2022 for the biennial 2022/23 NFI exercise were as follows:
 - Payroll
 - Pensions - Fife Pension Fund (current & deferred)
 - Housing Tenants (former tenants who completed a right to buy application during the period stated in the specification & current tenants)
 - Housing Waiting List
 - Blue Badges
 - Resident Parking Permits
 - Taxi Driver Licenses
 - Creditors (current / standing & historic)
 - Council Tax Reduction Scheme
 - Electoral Register
 - Council Tax Single Person Discount / Exemptions (known as Council Tax Re-Check - see para 3.2 below)
- 1.4 A Business Rates dataset was later uploaded in line with national guidance following completion of the Non-Domestic Rates revaluation exercise in April 2023.
- 1.5 Lastly, in addition to the above, the Council pays the NFI to take part in a six-monthly Pensions Mortality Screening exercise. Corresponding datasets were uploaded most recently in June and December 2023.

2.0 NFI Progress

- 2.1 Copies of NFI documentation for the 2022/23 exercises were provided to all participants. The Council also made this information available to its stakeholders via the Intranet and Fife.gov.uk.
- 2.2 Matches relating to the main biennial exercise datasets, were made available to participating bodies, including the Council, by the Cabinet Office in two tranches: 26 January 2023 and 3 February 2023.
- 2.3 The following additional matches were subsequently released to the Council:
- Council Tax Reduction Scheme - matches released 2 March 2023.
 - Payroll - matches released 26 May 2023.
 - Business Rates - matches released 19 April 2024.
- 2.4 The recommended approach by the Cabinet Office was to concentrate on very high / high quality rated matches, with other matches being investigated in line with local protocols should resource be available. The dataset contacts / nominated officers were advised of this requirement.
- 2.5 A total of 10,692 matches were received by Fife Council, 6,274 of which have been investigated in line with the approach set out at paragraph 2.4. Appendix A to the report provides a full breakdown of the total matches along with numbers investigated and related outcomes over each service area. Table 1 below provides a high-level summary of the outcomes (as at 15 May 2024) relating to the investigations carried out. Individual notes providing additional information relating to each row in the table follow thereafter.

Table 1 – Outcomes as at 15 May 2024

NFI Fife Council				
	Fraud	Error(s)	Outcome £	Recovering £
Blue Badges	0	21	0.00	0.00
Business Rates	0	6	19,517.71	19,517.71
Creditor History	0	16	5,076.79	5,076.79
Creditor Standing	0	1	0.00	0.00
Council Tax Reduction Scheme	0	64	108,624.61	59,685.41
Housing Benefits Claimants	0	10	16,408.16	16,337.67
Pensions (including Mortality Screening Exercises)	0	93	73,976.54	52,551.02
Totals	0	211	223,603.81	153,168.60

- a) **Blue Badges** - Blue Badges rely on notification of deaths to keep their records up to date. For Blue Badges, the Service reported that as part of the NFI exercise and the deceased persons information, they have updated their records and cancelled 21 Blue Badges. In part, the Council relies on the “Tell Us Once” process, which can be utilised by members of the public when registering a death, automatically informing relevant Services of the death so they can take appropriate action to update their records. However, the process is voluntary and relies on the completeness and accuracy of information provided by members of the public at a time which may be difficult for them.
- b) **Business Rates** - Due to the revaluation process, which came into effect in April 2023, a decision was taken by NFI not to include Business Rates in the main exercise. These records have, however, now been reviewed and a total of 6 errors were identified with total value of £19,517.71, all of which are being recovered.

- c) **Creditor History** - The Service has reported two duplicate invoice payments amounting to £5,076.79. The supplier was contacted, and they have issued credit notes for the total amount. The remaining 14 errors did not have a financial impact.
- d) **Creditor Standing** - The Service reported an error where a single supplier was recorded twice in Oracle. This has been amended with no financial implications for the Council.
- e) **Council Tax Reduction Scheme** - The Service has reported 64 errors. Overpayments of £108,624.61 were identified, as claimants had not advised us of changes in their circumstances, which would have affected their benefit claims. Of that sum, £59,685.41 is being recovered. A large part of the difference, a single overpayment totalling £23,940.30, relates to a management decision not to seek recovery from a vulnerable individual where there was no prospect of repayment.
- f) **Housing Benefit Claimants** - The Service has reported that income was revised for seven individuals with a Student Loan and their eligibility adjusted. In addition, a further three individuals with Taxi Driver income had their eligibility adjusted. This resulted in total overpayments of £16,408.16, with recovery in progress from these individuals where appropriate.
- g) **Pensions (including Mortality Screening Exercises)** - The Service has reported that, because of the deceased persons information provided as part of the NFI exercise, 26 pensions have been ended. This has resulted in overpayments of £73,976.54, of which recovery is being sought for £52,551.02. This recovery figure may increase over time should the Pensions Team manage to establish next of kin for those they have contacted but are yet to receive a response.

3.0 Council Tax Re-Check Exercise

- 3.1 The Council Tax Re-Check exercise identifies matches for addresses where the householder is claiming a Council Tax Single Person Discount (CTSPD) on the basis that they live alone, yet the Electoral Register suggests that there is more than one person in the household aged 18 or over.
- 3.2 As previously reported, the Council does not participate in the matching part of the Council Tax Re-Check exercise, although the required data upload for the national exercise is provided. In line with previous years, the Benefits and Council Tax Service has contracted with a third party, currently Datatank, to carry out a review of its CTSPD records. The Service believes this approach is more efficient and effective than NFI in identifying potential CTSPD discrepancies.
- 3.3 Datatank has screened 48,000 Council Tax accounts. The screened accounts were risk scored and the high and medium risk accounts were then investigated to confirm CTSPD eligibility. The exercise resulted in 10,242 customers being contacted by Datatank.
- 3.4 We have been advised by the Service that the estimated additional revenue generated for 2023/24 as a result of this exercise is £719,367. The Service has removed discounts and rebilled customers for this amount.

4.0 Conclusions

- 4.1 The NFI is a mandatory biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies, including the Council, detect fraud and error. As previously reported and in line with previous

years, the Council does not participate in the matching part of the Council Tax Re-Check exercise, although the required data upload for the national exercise is provided.

- 4.2 In addition to the biennial exercise, the Council pays the NFI to take part in a six-monthly Pensions Mortality Screening exercise.
- 4.3 A total of 10,692 matches were received by Fife Council the NFI (including Pensions Mortality Screening), 6,274 of which have been investigated. These investigations have identified £223,603.81 of overpayments, of which the Council is currently recovering £153,168.60. The recovery figure may increase over time as more information comes to light.

List of Appendices

- A. Summary of NFI Matches and Related Outcomes (as at 14 May 2024)

Report Contacts:

Hazel Hastie
Auditor - Audit & Risk Management Services
Email: Hazel.Hastie@fife.gov.uk

Eric Robertson
Corporate Fraud Investigator
Email: Eric.Robertson@fife.gov.uk

Summary of NFI Matches and Related Outcomes (as at 14 May 2024)

	Matches				Processed Matches (Outcomes)		
	Received	Processed	Fraud	Errors	Notional Value* £	Financial Outcome £	Recovering £
Blue Badges	685	515	0	21	13,650.00	0.00	0.00
Business Rates	1,005	1,005	0	6	39,035.42	19,517.71	19,517.71
Creditor History	4,402	626	0	16	0.00	5,076.79	5,076.79
Creditor Standing	644	544	0	1	0.00	0.00	0.00
Council Tax Reduction Scheme	1,134	1,086	0	64	32,724.94	108,624.61	59,685.41
Deferred Pensions	9	9	0	0	0.00	0.00	0.00
Housing Benefits Claimants	127	117	0	10	17,358.97	16,408.16	16,337.67
Housing Tenants	356	356	0	0	0.00	0.00	0.00
Procurement	720	720	0	0	0.00	0.00	0.00
Pensions (including Mortality Screening)	617	304	0	93	771,275.83	73,976.54	52,551.02
Payroll	282	282	0	0	0.00	0.00	0.00
Housing Waiting List	711	710	0	0	0.00	0.00	0.00
Total	10,692	6,274	0	211	874,045.16	223,603.81	153,168.60

* The notional value is a value estimated by the NFI, based on national guidance / statistics, that represents the amount the Council could ultimately save by addressing these errors now.

28 June 2024

Agenda Item No. 12

Standards, Audit and Risk Committee Workplan

Report by: Eileen Rowand, Executive Director, Finance and Corporate Services

Wards Affected: All

Purpose

This report supports the Committee's consideration of the workplan for future meetings of the Committee.

Recommendation(s)

It is recommended that the Committee review the workplan and that members come forward with suggestions for specific areas they would like to see covered in any of the reports.

Resource Implications

Committee should consider the resource implication for Council staff of any request for future reports.

Legal & Risk Implications

Committee should consider seeking inclusion of future items on the workplan by prioritising those which have the biggest impact and those which seek to deal with the highest level of risk.

Impact Assessment

None required for this paper.

Consultation

The purpose of the paper is to support the Committee's discussion and therefore no consultation is necessary.

1.0 Background

- 1.1 Each Committee operates a workplan which contains items which falls under the headings: items for decision and Scrutiny/Monitoring. These items will often lead to reactive rather than proactive scrutiny. Discussion on the workplan agenda item will afford members the opportunity to shape, as a committee, the agenda with future items of business it wishes to review in more detail.

2.0 Conclusions

- 2.1 The current workplan is included as Appendix one and should be reviewed by the committee to help inform scrutiny activity.

List of Appendices

1. Standards, Audit and Risk Committee forward work plan.

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

None

Report Contact

Helena Couperwhite
Committee Services Manager
Telephone: 03451 555555 Ext. No. 441096
Email- helena.couperwhite@fife.gov.uk

Standards, Audit and Risk Committee of 22 August 2024			
Title	Service(s)	Contact(s)	Comments
Minute - 28 June 2024			
Complaints	Customer Services Improvement Service	David Thomson	
Information Requests Annual Report 2022-23	Finance and Corporate Services	Laura McDonald	
Data Protection Report Annual Report 2022/23	Finance and Corporate Services	Fiona Smyth	
Regulation of Investigatory Powers Scotland (RIPSA) Act 2000	Finance and Corporate Services	Lindsay Thomson	
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Plan			
Risk Management Update	Finance and Corporate Services	Pamela Redpath	

Standards, Audit and Risk Committee of 30 September 2024			
Title	Service(s)	Contact(s)	Comments
Minute - 22 August 2024			
Audited Annual Accounts			
Audited Charitable Trust Accounts			

Standards, Audit and Risk Committee of 31 October 2024 - Provisional for Accounts			
Title	Service(s)	Contact(s)	Comments
Minute - 30 September 2024			
Fife Council and Charitable Trusts Annual Accounts			

Standards, Audit and Risk Committee of 28 November 2024			
Title	Service(s)	Contact(s)	Comments
Minute - 31 October 2024			
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Standards Commission Update – annual reports, hearing outcomes and consultations	Finance and Corporate Services	Lindsay Thomson	
RIPSA	Finance and Corporate Services	Lindsay Thomson	
National Fraud Initiative (NFI) in Scotland	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Standards, Audit and Risk Committee of 13 February 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 28 November 2024			
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Standards, Audit and Risk Committee of 24 April 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 13 February 2025			
External Audit Annual Plan to Year Ended 31 March 2025	Finance and Corporate Services	Pamela Redpath	
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Unallocated			
Title	Service(s)	Contact(s)	Comments
Internal Audit Charter	Finance and Corporate Services	Pamela Redpath	TBC
Safeguarding Public Money: are you getting it right?		Pamela Redpath	TBC