

# East Lothian Council

2022/23 Annual Audit Report – PROPOSED



# Contents

---

Key messages	3
Introduction	6
1. Audit of 2022/23 annual accounts	8
2. Financial management	15
3. Financial sustainability	21
4. Best Value	27
5. Vision, leadership and governance	30
6. Use of resources to improve outcomes	35
Appendix 1. Action plan 2022/23	41
Appendix 2. Summary of uncorrected misstatements	48

---

# Key messages

---

## 2022/23 annual accounts

- 1 Our audit opinions on the annual accounts of East Lothian Council (the Council), its group and the section 106 charity administered by the Council are unmodified, i.e. the financial statements and related reports are free from material misstatement.
- 2 The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.
- 3 Adjustments have been made to the annual accounts as a result of the audit process as detailed in Exhibit 2 of the report.

## Financial management and sustainability

- 4 The Council reported deficit on the provision of services of £16.154 million. The outturn position included planned use of reserves and the underlying overspend for the year was £5.986 million. The Council faces financial challenges through inflationary pressures on pay and non-pay costs, demand on services and supporting a growing population.
- 5 The Council has appropriate budget setting and monitoring arrangement in place but continues to face significant challenges to identify and agree the required future savings to balance its budget.
- 6 The Council should review the underlying reasons for reprofiling of the capital programmes to identify opportunities to improve the project management and budget setting procedures in place. Where the capital programme has been paused as a result of mitigation measures the Council should assess the affordability of delivering the current capital programme.
- 7 The Council faces unprecedented financial challenges, many of which are external and demand factors aligned to a growing population. While the Council recognise the scale of the financial pressures further work is required to find comprehensive plans to address these and deliver a financially sustainable operating model. It is important for the Council to focus on financial resilience including key indicators and measures.
- 8 The Council should continue to review the level of earmarked and uncommitted reserves to ensure these provide sufficient contingency and

continue to support financial sustainability over the short, medium and long term.

- 9 The Council recognises that to remain financially sustainable and resilient it faces difficult decisions around the services it provides in the future. The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.
- 10 The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.

## Best Value

- 11 The Council's leadership has been effective in setting out a clear vision and priorities in the Council Plan 2022-27. The Council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.
- 12 A Best Value Assurance Report on East Lothian Council was published in November 2018, containing nine improvement recommendations. The Council has made good progress in prioritising and implementing what they believe are the key improvement actions. The Council should set a clear timescale for implementing the remaining actions.

## Vision, leadership and governance

- 13 Governance arrangements are well established and are appropriate.
- 14 The Council demonstrates its commitment to leadership development including ongoing investment in a leadership development programme. However, there are opportunities to enhance the effectiveness of these by reviewing the collaborative working between members and officers.
- 15 Climate emergency is one of the overarching objectives within the Council Plan. It is too early to conclude whether the Council is on track to achieve its Net Zero ambition.

## Use of resources to improve outcomes

- 16 The Council's vision is aligned to the community plan priorities with community empowerment a key principle within the Council Plan.
- 17 Maintaining oversight of performance is challenging across the range of council services. A new set of **Top 50 indicators** has been produced to reflect the new Council Plan. Currently 34 of these 50 measures have stated

targets. The Council needs to develop measures for the remaining indicators to clearly monitor the performance it wants to achieve in its priority areas.

---

# Introduction

---

1. This report summarises the findings from the 2022/23 annual audit of East Lothian Council (the Council). The scope of the audit was set out in an annual audit plan presented to 13 June 2023 meeting of the Audit and Governance Committee. This Annual Audit Report comprises:

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

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

## Audit appointment from 2022/23

3. I, John Boyd, have been appointed by the Accounts Commission as auditor of the Council for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new [Code of Audit Practice](#) which was introduced for financial years commencing on or after 1 April 2022.

4. My team and I would like to thank councillors, audit committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

## Responsibilities and reporting

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

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

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

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

## **Auditor Independence**

**9.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £291,020 (including £1,000 in respect of Charitable Trusts) as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**10.** We add value to the Council by:

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

---

# 1. Audit of 2022/23 annual accounts

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

---

## Main judgements

Our audit opinions on the annual accounts of East Lothian Council (the Council), its group and the section 106 charity administered by the Council are unmodified, i.e. the financial statements and related reports are free from material misstatement.

The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

---

## Audit opinions on the annual accounts are unmodified

**11.** The Council approved the annual accounts for the year ended 31 March 2023 on 19 December 2023. In addition to the Council's financial results, the group accounts consolidate the financial results of the Council and its subsidiaries and its investments in associates and interests in joint ventures. These include: East Lothian Land Ltd., East Lothian Mid-Market Homes LLP, Trust Funds and Common Good Funds, East Lothian Investments, Enjoy East Lothian Ltd., Brunton Theatre Trust, Lothian Valuation Joint Board and East Lothian Integration Joint Board.

**12.** As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.



## Overall group materiality was assessed as £9.2 million

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

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

---

### Exhibit 1 Materiality values

Materiality level	Council	Group
Overall materiality	£8.6 million	£9.2 million
Performance materiality	£6.5 million	£6.9 million
Reporting threshold	£250,000	£250,000

**Source: Audit Scotland**

---

**15.** The overall materiality threshold was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

**16.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. We have used our professional judgement and set performance materiality at 75 per cent of overall materiality.

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

## Significant findings and key audit matters

**18.** Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the body's accounting practices.

**19.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance

in our audit of the financial statements. The significant findings and key audit matters are summarised in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<p><b>1. Pension ceiling asset</b></p> <p>The unaudited accounts recognised the Council's share of its local government pension scheme assets and liabilities as at the balance sheet date. IFRIC 14 limits the measurement of the net defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In accordance with IFRIC 14, the pension asset derived through IAS 19 valuation should be capped in accordance with IFRIC 14 at the pension asset ceiling. This represents the economic benefit available as a reduction in future contributions.</p> <p>The Council engaged with the actuary, Hymans Robertson, to provide an actuarial valuation of the net pension asset ceiling (cap) in accordance with IFRIC 14.</p> <p>The unaudited accounts do not disclose a separate liability in respect of the unfunded pension obligations. Per the IAS 19 Results Schedule, the present value of the unfunded obligations at 31 March 2023 is £12.194 million. This is split £7.532 million in respect of LGPS unfunded pensions and £4.662 million in respect of Teachers' unfunded pensions. The following adjustment has been reflected within the unaudited accounts:</p> <p>Dr Unusable Reserves £12.194 million</p> <p>Cr Pension liability £12.194 million</p> <p>Narrative disclosures are also required in Note 31 - Defined Benefit Pension Schemes to explain that the pension liability is in respect of unfunded obligations.</p>	<p>The audit team have reviewed the actuarial assumptions applied and basis of calculation and satisfied that this is appropriate and that the net pension asset ceiling has been appropriately capped in accordance with IFRIC 14.</p>

Source: Audit Scotland

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

**20.** We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant

risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

## Exhibit 3

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assessed the design and implementation of controls over journal entry processing.</p> <p>Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Tested journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Considered the need to test journal entries and other adjustments during the period.</p> <p>Evaluated significant transactions outside the normal course of business.</p> <p>Assessed the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</p> <p>Assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	<p><b>Results:</b> We found no instances of material misstatement due to fraud caused by management override of controls.</p>
<p><b>2. Estimation in the valuation of land and buildings.</b></p> <p>There is a significant degree of subjectivity in the valuation</p>	<p>Review the information provided to the external valuer to assess for completeness.</p>	<p><b>Results:</b> [Subject to conclusion of audit procedures] Assurance has been gained that there are no material misstatements in the</p>

Audit risk	Assurance procedure	Results and conclusions
<p>of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>All non-current assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that ELC ensures the financial statements accurately reflect the value of the land and buildings.</p>	<p>Evaluate the competence, capabilities, and objectivity of external professional valuers.</p> <p>Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred.</p> <p>Critically assess the approach East Lothian Council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach.</p> <p>Challenge management's assessment of why it considers that the land and buildings not revalued in 2022/23 are not materially misstated. We will critically assess the appropriateness of any assumptions.</p> <p>Critically assess the adequacy of the accounting disclosures regarding the assumptions in relation to the valuation of land and buildings.</p>	<p>carrying value of land and buildings.</p> <p>It is recommended the Council should consider their approach to the valuation of land and buildings to ensure this is appropriate to assess whether asset values have moved materially in year and as at 31 March.</p>

**Source: Audit Scotland**

**21.** In addition, we identified “areas of audit focus” in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- **Pension liability:** The pension liability valuation due to the material value and significant assumptions used in the calculation of the liability. We will utilise the work of PwC as auditor expert in assessing the reasonableness of the methodology used and assumptions made by the Council's actuary, Hymans Robertson LLP, in arriving at the IAS 19 pension valuation as at 31 March 2023. See [Exhibit 2](#) above for details of adjustment.
- **Common Good assets:** The ongoing review of Common Good assets to identify those assets held by the Council but which are properly owned by

the Common Good to ensure these are appropriately disclosed in the accounts. A full review of all Common Good assets has been undertaken and a register has been established and published on the Council website. As a consequence of the review, a number of land sites previously recorded on East Lothian Council's general services balance sheet were transferred to Common Good Fund balance sheets. Where a building is on such a site but is being occupied and used by the Council for the provision of public taxpayer-funded services the building is still recorded on the Council's general services balance sheet on the basis that the use is equivalent to a finance lease.

## **There was unadjusted misstatement above our reporting threshold not reflected within the financial statements**

**22.** There were misstatements above our reporting threshold which were not adjusted by management in the audited accounts, however none of these are above performance materiality as detailed below

- **Non pay expenditure:** audit work identified 10 items of expenditure that had been fully charged to the financial year 2022/23 that included costs that related to 2023/24. The total value of 2023/24 expenditure is £1.227 million. The Council did a further analysis of non-pay expenditure and confirmed that an additional £0.6 million of 2023/24 expenditure had been incorrectly recognised within 2022/23. The policy of annualising annual expenditure means the net impact on the accounts is likely to be immaterial.

**23.** As the difference is below Performance Materiality of £6.9 million the Council has not adjusted the updated accounts to reflect these misstatements. A summary of the adjusted and unadjusted misstatements is detailed in [Appendix 2](#).

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

**24.** The unaudited annual accounts were received in line with our agreed audit timetable on 27 June 2023. As a result of external audit resource challenges the start of the statutory audit was delayed which resulted in the statutory deadline of 30 September 2023 being missed.

## **Our audit opinions on the Section 106 charity are unmodified**

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

**26.** The Council has one section 106 charity known as the Dr Bruce Fund which was set up to provide relief for the poor of Musselburgh. The Fund conducts minimal charitable activity; since 2016/17 the Dr Bruce Fund has provided a small award to the same two individuals. In 2022/23 a total of £80

was awarded (2021/22 and 2020/21 £70; 2019/20, 2018/19 and 2017/18: £60, 2016/17: £50).

**27.** The Council is conducting a review of its charitable trust funds including the Dr Bruce Fund. In June 2023 the Council considered a report setting out potential options arising from that review. Members agreed in principle to explore the transfer of stewardship and administration of the trust funds to a specialist third party. Some funds, particularly those with property assets, may be retained within the Council's stewardship.

**28.** If the Council retains stewardship and administration of the trust funds, it could consider the external appointment of a trustee to the Dr Bruce Fund. This would remove the Section 106 requirement for an audit and reduce the scrutiny requirement to an independent examination of the accounts and accounting records.

**29.** Our audit opinions on the Section 106 charity are unmodified. Under the current arrangements there is a continuing risk that the Dr Bruce Fund is not fully meeting its charitable objectives and that the trustees are not discharging their duties correctly. This is an issue that has been raised in previous years and is included again under 'follow up of prior year recommendations' in the Action Plan in [Appendix 1](#).

### **The Council continues to progress prior year recommendations**

**30.** The Council continues to progress the audit recommendations identified by the Council's previous external auditor in line with their original deadlines due to the prioritisation of resources. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

---

## 2. Financial management

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

---

### Main judgements

The Council reported deficit on the provision of services of £16.154 million. The outturn position included planned use of reserves and the underlying overspend for the year was £5.986 million. The Council faces financial challenges through inflationary pressures on pay and non-pay costs, demand on services and supporting a growing population.

The Council has appropriate budget setting and monitoring arrangement in place but continues to face significant challenges to identify and agree the required future savings to balance its budget.

The Council should review the underlying reasons for reprofiling of the capital programmes to identify opportunities to improve the project management and budget setting procedures in place. Where the capital programme has been paused as a result of mitigation measures the Council should assess the affordability of delivering the current capital programme.

---

### The Council reported a deficit for 2022/23

**31.** The Council reported deficit on the provision of services of £16.154 million. The outturn position included planned use of reserves and the underlying overspend for the year was £5.986 million. The Council has reported that the overspend was due to a wide range of external financial pressures including: high inflation and contractual costs; funding for public sector pay awards; high interest rates; and significant increased demand for Council services aligned to cost of living pressures and a growing population.

**32.** Officers provided regular updates to the budget position through revenue budget monitoring reports presented to the Council throughout the year. These reports contained a good level of detail on the forecast outturn position. The Council had estimated recurring in year expenditure pressures of £12.537 million and took actions to mitigate the impact of these in the year. The more significant savings and mitigations are summarised in [Exhibit 4](#).



**Exhibit 4****Summary of significant savings and mitigations against budget**

Area	£m
<b>Savings / mitigation measures</b>	
Use of loans fund repayment holiday	6.400
1140 hours surplus flexibility	1.750
Additional funding for teachers pay	0.779
Other service underspends	0.777
School strike action	0.840

**Source: East Lothian Council 2022/23 Annual Accounts**

### **A deficit of £2.548 million was reported against the Housing Revenue Account (HRA) budget**

**33.** The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

**34.** The Council reported a deficit £2.548 million against the HRA budget for 2022/23 (2021/22: £2.740 surplus). The change reflects significant council dwelling revaluation gains in 2021/22 which were not repeated to the same extent in 2022/23. Additionally an increase in impairment provision charges for outstanding rent debtors arose. These changes were partially offset by an increase in capital grants received. The net impact was to reduce the Housing Revenue Reserve from £1.748 million in 2021/22 to £1.487 million in 2022/23.

### **The Council has appropriate budget setting and monitoring arrangement in place but continues to face significant challenges to identify and agree the required future savings to balance its budget**

**35.** The Council's budget and savings plans are aligned to the Council's objectives, priorities and strategic goals, as set out in the 2022-2027 Council Plan.

**36.** The full council receives regular revenue and capital monitoring reports and, from a governance perspective, conducts detailed scrutiny of financial performance. From our review of these reports, and attendance at council meetings throughout the year, we concluded that these reports provide an overall picture of the budget position at service level. The reports contain good explanations for significant variances against budget to allow both members and officers to carry out scrutiny of the Council's finances. The Council



continues to face significant challenges to identify and agree the required future savings to balance its budget.

### **The level of General Fund reserves has increased. However the majority of these are earmarked for specific priorities leaving the Council with limited unearmarked reserves to meet unforeseen costs or spending pressures**

**37.** One of the key measures of the financial health of a body is the level of reserves held. The General Fund is the largest usable reserve and is used to fund the delivery of services. It provides a contingency fund to meet unexpected expenditure and a working balance to help cushion the impact of such expenditure.

**38.** The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made, resulting in a one-off credit to the General Fund (shown in the Movement in Reserves Statement) and ongoing annual savings for a period of time. The Council will apply this for the 2023/24 financial year.

**39.** The level of usable reserves increased from £38.720 million in 2021/22 to £45.192 million in 2022/23 [exhibit 5](#). The General Fund balance is £26.414 million, however £19.214 million has been earmarked for a specific priority which leaves a residual £7.2 million of uncommitted general reserves. Against an expenditure budget of £328 million for 2022/2023, this unearmarked element represents a 2.1 per cent reserve.

**40.** The Council financial strategy sets the minimum unallocated balance at £7.2 million. However the updated financial strategy presented to the Council in December 2023 advised that given the current risk environment, along with the projected in year overspend it is appropriate as part of the financial strategy to work towards increasing the minimum unallocated balance on the general fund over the medium term.

**41.** As the Council moved out of the pandemic the Covid-19 opening reserve balance of £5.479 million was repurposed and fully utilised in 2022/23.

## **Exhibit 5**

### East Lothian Council usable reserves

Reserve	31 March 2021 £'million	31 March 2022 £'million	31 March 2023 £'million
General fund	28.328	29.685	26.414
Housing revenue account	2.009	1.748	1.487
Capital fund	2.446	4.603	14.607

Insurance fund	2.306	2.684	2.684
<b>Total usable reserves</b>	<b>35.089</b>	<b>38.720</b>	<b>45.192</b>

Source: East Lothian Council annual accounts 2020/21 to 2022/23

**42.** We are satisfied that reserves are being regularly reviewed to confirm that they remain at an appropriate level. However, there are ongoing sustainability challenges of using reserves to fund recurring expenditure. Difficult decisions will need to be taken in the future, with a clear plan and effective management of the Council's reserves key to maintaining financial sustainability. This is considered further at paragraphs 73-78 below.

### **The Council should assess the affordability of delivering the current capital programme**

**43.** The Council approved the 2022/23 capital programmes on 1 March 2022. The general services programme for 2022/2023 originally totalled £94.759 million, with the housing capital programme amounting to £42.179 million.

**44.** At each Council meeting, capital programme monitoring reports are presented to members. Throughout the year these reports detailed the various movements in the general services programme budget. Revisions were made to the general services programme resulting in a revised budget of £111.310 million.

**45.** At the June 2023 Council meeting, the general services outturn capital programme spend was reported as £84.341 million for 2022/23, representing a slippage of 25 per cent against the revised budget. The underspend reflects mitigation measures agreed by the Council in November 2022 as well as a variation from the expected timing of spend across a number of projects within multi-year programmes, which have been reprofiled into 2023/24.

**46.** The housing capital programme outturn was reported as £40.350 million for 2022/23, against the budget of £42.179 million. Whilst capital spend at the year-end was in line with forecast there remain challenges in delivering the programme due to a shortage of labour resources, uncertainty in the housing market due to the current economic situation and challenges in awarding and mobilisation of contracts.

**47.** Capital programmes can be delayed through their complexity, pressing demands and involvement of third parties, however slippage in the capital investment programme increases the risk to the Council. Delayed investment can lead to inefficiencies in the existing estate with adverse impact on service delivery.

## **Recommendation 1**

The Council should review the underlying reasons for reprofiling of the capital programmes to identify opportunities to improve the project management and

budget setting procedures in place. Where the capital programme has been paused as a result of mitigation measures the Council should assess the affordability of delivering the current capital programme.

---

### **The Council is continuing to undertake a review of its estate to identify any buildings containing Reinforced Autoclaved Aerated Concrete**

**48.** Reinforced Autoclaved Aerated Concrete (RAAC) was widely used in the construction of floors and roofs from the 1950s to early 1990s. Recent investigations have identified that leaks or water exposure could lead to the deterioration of RAAC planks.

**49.** The Scottish Government are working in partnership with the UK Government on research into the extent of the use of RAAC in public buildings and public bodies, including the Council, have been advised to check as a matter of urgency whether any buildings in their estates have roofs, floors, cladding or walls made of RAAC.

**50.** During 2022/23 the Council commenced a review of the structural integrity of its property portfolio in relation to the use and condition of RAAC. The Council has been proactive in completing surveys of its property estate to determine the existence of RAAC. RAAC has been identified within two secondary schools but remedial works undertaken mean that no impairment is required for these assets. Uncertainty remains concerning a potential impairment to one asset within the group property portfolio. Work to determine this is ongoing and a conclusion regarding this is anticipated over the coming months.

**51.** Future impairment due to RAAC may arise, and the resolution of RAAC issues may affect future capital spending priorities. The Council has been engaging with SG officials to clarify future funding arrangements.

### **Our management report highlighted key control weaknesses identified during our interim audit work**

**52.** Our responsibilities under the Code of Audit Practice requires us to assess the system of internal control put in place by management. We seek to gain assurance that the Council:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud, or corruption
- complies with established policies, procedures, laws, and regulations.

**53.** Our work included initial system reviews of the main financial systems to determine the extent to which we can rely on key internal controls to gain assurance over the processes and systems used in preparing the annual

accounts. We consider the results of this work when determining our approach to the audit of the 2022/23 annual accounts.

**54.** We identified several internal control weaknesses as summarised in our [2022-23 ELC Management Report](#). As a result we did not place reliance on these internal controls for our audit of the 2022/23 annual accounts. Instead, we increased our substantive audit testing of income and non-pay expenditure to obtain the required assurance to support our audit opinion.

**55.** An action plan, with our key findings, our recommendations and management actions and responses were agreed with officers together with a timetable for resolution. These will be followed up as part of our 2023/24 audit.

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

**56.** The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

**57.** The Council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, counter fraud strategy and codes of conduct for members and officers. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

**58.** We have concluded that the Council has appropriate arrangements in place for the prevention and detection of fraud and corruption.

### **National Fraud Initiative**

**59.** The Council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Revised Internal Audit Plan 2023/24 was presented to the Audit and Governance Committee in September 2023. The Plan confirmed that time has been allocated to carry out work on the 2022/23 National Fraud Initiative (NFI) exercise, a Counter Fraud Officer has recently been recruited and will assist in progressing the matches provided through NFI.

---

# 3. Financial sustainability

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

---

## Main judgements

The Council faces unprecedented financial challenges, many of which are external and demand factors aligned to a growing population. While the Council recognise the scale of the financial pressures further work is required to find comprehensive plans to address these and deliver a financially sustainable operating model. It is important for the Council to focus on financial resilience including key indicators and measures.

The Council should continue to review the level of earmarked and uncommitted reserves to ensure these provide sufficient contingency and continue to support financial sustainability over the short, medium and long term.

The Council recognises that to remain financially sustainable and resilient it faces difficult decisions around the services it provides in the future. The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.

The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.

---

## We have obtained audit assurances over the wider audit dimension risks relating to Financial Sustainability identified in our 2022/23 Annual Audit Plan

60. [Exhibit 6](#) sets out the wider scope risks relating to Financial Sustainability we identified in our 2022/23 Annual Audit Plan. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

---

## Exhibit 6

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>Financial Sustainability</b></p> <p>The highest risk in the corporate risk register is that the council is operating in an increasingly complex financial environment and faces significant financial and demand pressures. The Council's Financial Strategy 2023-2028 scenario planning identifies a funding gap of £41-63 million over the 5-year period, inclusive of delivering existing approved savings.</p> <p>It is likely that the Council will face difficult decisions around service offering and performance if it is to remain within its resource constraints and achieve its planned priority outcomes.</p>	<p>Review and assess the Council's financial planning and reporting and progress on achievement of planned savings.</p> <p>Consider the decision-making that will be needed if the Council is to remain within its resource constraints and achieve its planned priority outcomes.</p>	<p><b>Results and conclusion:</b></p> <p>The Council recognises the financial challenges facing the organisation but measures have still to be put in place to achieve financial sustainability over the medium to longer term.</p>

### Medium and longer-term financial plans reflect the Council's strategic priorities and outcomes

**61.** At the Council meeting in December 2023 management advised that before any corporate solutions, there is an estimated recurring financial gap in excess of £70 million over the next five years, which is equivalent to a quarter of the Council's annual running costs.

**62.** It was also reported that as at the end of period six, before applying the planned use of reserves there is a forecast overspend for the year of £20.2 million, which represents an improvement of £2.0 million since the period five report. The main reasons for the improvement include a reduction of:

- £0.6 million in the IJB overspend following a review of unused care commitments and improvements in the income forecast
- £1.1 million in the deficit on the property maintenance trading account following an increase to the schedule of rates to reflect the difference in underlying inflation and the national schedule of rates, and the pay award for 2023/24
- £0.3m in forecast spend for education, linked to lower than anticipated spend on funded early learning and childcare.

**63.** The planned use of reserves for 2023/24 is £12 million includes:

- Transformational Fund and other ring-fenced funds - £1.6 million

- Health & Social Care (IJB delegated services), £701,000
- Capital Funding for Pay Award relating to 2022/23 - £2.3 million
- General Fund reserve – £7.378 million.

**64.** The Council's unplanned overspend, after applying the planned use of reserves is currently forecast to be £8.2 million for 2023/24. The Council recognises that an overspend of this level cannot be met within the unallocated general fund reserve. Without further measures being taken by the Council, this overspend would result in a reduction in earmarked reserves which are aligned to supporting critical transformational activities with a view to deliver recurring savings.

**65.** The current forecast overspend is a significant risk to the financial sustainability of the Council and the delivery of the outcomes within the Council Plan. These estimations are being refreshed as part of the ongoing exercise and members will be updated later in the financial year. The current budget gap across the coming years is summarised below: 2023/24 to 2027/28 of £71.320 million, [exhibit 7](#).

## Exhibit 7

Identified budget gap 2023/24 to 2027/28

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
<b>Budget gap £'million</b>	11.593	27.124	£12.046	£8.749	£11.808	<b>£71.320</b>

Source: East Lothian Council: Financial Strategy update – December 2023

**66.** The Council should continue to identify where it can progress transformational change in how its services are delivered. The Council needs to address the immediate financial pressures while ensuring that it delivers a financially resilient operating model. This will require difficult decisions around the prioritisation of Council resources. It is important that the Council identify where recurring savings, rather than temporary solutions, can be made together with proposals to reduce costs. This, combined with robust longer-term financial plans, will be key to maintaining financial sustainability.

## Recommendation 2

The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.



## **The Council is revisiting its options for financially sustainable service delivery given the ongoing significant financial challenges**

**67.** The Council is keeping its delivery options under review given the ongoing financial pressures. The Finance Update report presented to the Council in December 2023 reiterated the mitigating actions being taken to deliver further savings to address an estimated £8.2 million funding gap in the current 2023/24 financial year and the temporary nature of these actions. The estimated recurring funding gap is now £71.320 million from 2023/24 to 2027/28. The Council approved temporary mitigation measures including controlling recruitment, reviewing operational assets to minimise costs and pausing some capital projects. More radical measures are needed for financial sustainability in the longer term. The Council must exercise strong leadership to make strategic decisions which are difficult and politically unpopular.

## **The Council needs to invest in digital technology to transform its services but financial constraints are driving very difficult choices**

**68.** The Council has identified the need to invest in digital technology to drive transformation and this was reflected in the Financial Strategy considered by the Council in December 2022. There are many council systems which are older and have been identified as due for replacement. The use of new technology would increase efficiency of workflow, provide automation of administrative processes and reporting and free up staff resource. By way of example, the council financial ledger currently requires extensive manual intervention to ensure data flows correctly from the various feeder systems (e.g. payroll, accounts payable and accounts receivable) into the Council's financial records which is time consuming and increases the risk of error or fraud.

**69.** The Council has a Digital Strategy, approved in January 2023, structured around the key themes of the Council Plan (Growing our People, Growing our Communities, Growing our Economy and Growing our Capacity). The Digital Strategy outlines sixteen digital principles which form a framework for the development of Digital Services. Principle 4 states that "When designing a new service or transforming existing ones we will design them to be digital by default".

**70.** The Digital Transformation Board has been established to oversee performance against the Digital Strategy and provide the governance, prioritisation and allocation of resources. The Board is chaired by the Executive Director for Council Resources, and the Head of Finance is a member to ensure funding is an integral part of decision making. The Board reports to the Transformation Executive Team.

**71.** A Digital Transformation Work Plan is to be prepared annually with progress against the work plan monitored by the Digital Transformation Board and reported to the Transformation Executive Team. The first work plan is due in October 2023.



**72.** As part of our 2021/22 audit, the Council agreed to take part in an ICT pilot. This involved obtaining an overview of service delivery management and provision, and an understanding of the general IT control environment. Findings, recommendations and actions were shared with the Council who agreed to review these during 2022/23. As part of our follow up officers confirmed that little progress has been made since our 2021/22 report was issued.

---

### Recommendation 3

The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.

---

**The Council faces unprecedented financial challenges. While the Council recognises the scale of the financial pressures further work is required to find comprehensive plans to address these and deliver a financially sustainable operating model. It is important for the Council to focus on financial resilience including key indicators and measures**

**73.** The Council recognises the financial challenges it faces in the coming years. As detailed in [exhibit 5](#), as at 31 March 2023, the Council had a total General Fund balance of £26.414 million with £7.073 million of uncommitted general reserves.

**74.** The Council's level of uncommitted general reserves as a percentage of overall budget was below the Scottish average as at 31 March 2022 of 3.48 per cent (LGBF financial sustainability indicators). We recognise that the level of unearmarked reserves is dependent on councils' approach to earmarking funds. However, as at 31 March 2022, the Council's overall total useable reserves as a percentage of budget was 8.05 per cent compared to the Scottish average of 24.44 per cent.

**75.** The Council faces significant challenges in 2023/24 onwards with inflationary pressures anticipated to continue. Changes in interest rates are also expected to affect the future borrowing costs of the Council for new and replacement debt.

**76.** Alongside these external challenges, the Council is facing a significant funding gap to meet the growing infrastructure and service requirements aligned to rapid population growth. Future service revenue expenditure and capital expenditure plans will need to address these challenges, but given the scale and size of the challenge, this will require some very difficult decisions in order to support the delivery of a balanced budget.

**77.** Improving the Council's financial sustainability, especially moving towards balancing recurring expenditure and recurring income, must now be a priority objective for the financial governance of the Council.

**78.** Looking forward, over the medium to longer term, the level of financial challenge facing the Council is unprecedented. The Council has an effective financial planning and monitoring arrangements in place, with regular reporting throughout the year. However, given the scale of the challenges there is an opportunity to enhance its focus on financial resilience, including greater emphasis on its reserves position; clear financial resilience indicators and measures; and alignment to risks ensuring there is a clear financial strategy to support a resilient council.

---

## **Recommendation 4**

Given the scale of the financial challenges facing the Council it should ensure that in developing its financial strategy and annual budget there is a clear consideration around its financial resilience, including the level of reserves to allow the Council to meet unforeseen costs and pressures. The Council should also enhance the level of monitoring around financial resilience indicators and risks.

---

---

# 4. Best Value

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

---

---

## Main judgements

The Council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27. The Council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.

A Best Value Assurance Report on East Lothian Council was published in November 2018, containing nine improvement recommendations. The Council has made good progress in prioritising and implementing what they believe are the key improvement actions. The Council should set a clear timescale for implementing the remaining actions.

---

## Best Value work in 2022/23

**79.** For 2022/23 the scope of Best Value work included conclusions on:

- Leadership of the development of new local strategic priorities (2022/23 thematic work)
- Council service performance improvement
- Effectiveness of council performance reporting
- Progress made against Best Value improvement actions made in previous years.

**80.** As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. Therefore, in addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 3 to 6 of this annual audit report.

**81.** Annual thematic Best Value work is set by the Accounts Commission. The results of this work were reported to elected members at the Audit and Governance Committee on 19 December 2023. This report will be published on the Audit Scotland website in due course.

**82.** The audit recommendations from the thematic report, together with the management responses, are included in [Appendix 1](#) of this report.

## Leadership of the development of new local strategic priorities

**83.** For the 2022/23 financial year, auditors were asked to focus on the councils' leadership of the development of new local strategic priorities. The key findings in this report are:

- The Council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.
- The Council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27.
- The Council faces unprecedented financial challenges which is likely to require difficult decision making around priority services. The Council recognises the need to engage with members and the wider public to ensure that decisions are driven by the needs and priorities of the people of East Lothian. This is reflected through the cross party budget working group and acknowledged in the latest financial strategy and plans.
- Community engagement and working with local communities is a key element of the Council's vision. The Council drew on existing community engagement when developing its vision and priorities rather than consulting separately on its' Council Plan.
- The Council priorities clearly reflect the need to reduce inequalities and climate change. It is too early to assess if the strategic plans will successfully deliver these objectives.
- The Council has set out its Top 50 performance indicators to monitor delivery of its priorities. Not all performance indicators have specific targets set. It is important the Council is clear on the level of performance outcomes it aims to achieve. It is important that the indicators monitored continue to reflect strategic priority areas and risks.
- The Council is a complex organisation and has a range of plans and strategies which underpin the Council Plan. Its financial, workforce, asset and digital plans are aligned with the Council's priorities, but the Council is revisiting its delivery plans to address the increasing financial challenges it faces.
- There is evidence of collaborative working between members and with members and officers. However, this is an area for improvement. It is essential for members to work together to make strategic decisions when the Council faces increasingly hard choices to ensure financially sustainable service delivery.
- The Council has a clear commitment to leadership development to empower officers to make informed decisions.

## Best Value improvement recommendations from the 2018 Best Value Assurance Report have not been fully addressed

**84.** The [Best Value Assurance Report](#) (BVAR) was issued in November 2018. The BVAR contained nine improvement recommendations, across three areas:

- Ensure that performance reporting arrangements are more coherent and better aligned to demonstrate the delivery of the council's vision, supporting objectives, service performance and savings plans
- Develop more detailed plans linked to its longer-term financial strategy and to delivering the savings required
- Continue to focus on working with communities.

**85.** In the 2021/22 AAR, the previous external audit team reported that the "2021-22 Improvement Plan incorporates outstanding actions from the BVAR report. However, limited progress has been made against improvement actions, as the Council has continued to operate in business continuity mode throughout 2020 and 2021. Actions not deemed critical activity have been put on hold. Revised timescales and deadlines have been given to all the actions to be completed in 2022."

**86.** The Council has now made good progress in prioritising and implementing what they believe are the key improvement actions with three actions categorised as 'ongoing'. The Council should set a clear timescale for implementing the remaining actions.

---

# 5. Vision, leadership and governance

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

---

## Main judgements

Governance arrangements are well established and are appropriate.

The Council demonstrates its commitment to leadership development including ongoing investment in a leadership development programme. However, there are opportunities to enhance the effectiveness of these by reviewing the collaborative working between members and officers.

Climate emergency is one of the overarching objectives within the Council Plan. It is too early to conclude whether the Council is on track to achieve its Net Zero ambition.

---

**87.** Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

**88.** Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive.

## The Council has set out a clear vision and priorities in the Council Plan 2022-27

**89.** The Council Plan 2022-2027 was approved by the Council on 23 August 2022. This has clear objectives and builds on the previous Council plan and the Recovery and Renewal Plan approved in 2021.

**90.** There are 3 overarching objectives:

- **Recovery and renewal** – recovering from the COVID pandemic by investing in regeneration and a sustainable future

- **Reduce poverty and inequality** - supporting our communities to deal with the growing levels of poverty and inequality
- **Respond to the climate emergency** - meeting our net zero climate change targets.

**91.** In response to the systemic long-term challenges it faces, the Council set out four thematic objectives continued from the previous Council plan:

- **Grow our economy** – increase sustainable and inclusive growth as the basis for a more prosperous East Lothian
- **Grow our people** - give our children the best start in life and protect vulnerable and older people
- **Grow our communities** - give people a real say in the decisions that matter most and provide communities with the services, infrastructure and environment that will allow them to flourish
- **Grow our capacity** - deliver excellent services as effectively and efficiently as possible within our limited resources.

**92.** The outline Council Plan was agreed in March 2022 before the local council elections and the final plan was approved in August 2022. Officers reviewed all political parties' election manifestos to incorporate key elements into the Council Plan.

**93.** The new Council Plan was communicated to the public through press releases and social media; the Local Area Partnerships and was communicated in the staff newsletter '*Inform*' and in team meetings as well as being part of new employees' induction programmes. Partners were advised through discussion at meetings such as the East Lothian Partnership Governance Group.

### **Collaborative working between members and officers could be reviewed to identify where improvements can be made**

**94.** There is evidence of some effective collaborative working between members and with members and officers. There are cross-party working groups including the Budget Working Group and the Climate Change and Sustainability Forum. These foster cross-party discussion and exploration of options for priority areas in advance of formal decision making at council meetings. Officers engage with members on a one to one basis and directorates meet with relevant cabinet spokespersons on a regular basis. However, there is an opportunity to continue to develop collaborative working as not all members are engaged in these discussions and it is currently unclear how effectively the arrangements are working.

**95.** It is essential for elected members to work together as a collective body to make strategic decisions when facing increasingly difficult choices to ensure the Council's future financial sustainability.

## **Governance arrangements are well established but scrutiny arrangements could be improved**

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

**97.** The Council has appropriate governance arrangement in place which support effective scrutiny, challenge and decision making. Officers are responsive to elected members' requests for information. Briefings are regularly provided to give more detailed explanations than is possible in a formal Council meeting. Officers and members are mindful of the need to balance private briefings with public scrutiny and decision making.

**98.** We have concluded that overall, the Council has well established governance arrangements however effective scrutiny, challenge and decision making arrangements could be improved to ensure audit recommendations are implemented in a timely manner.

## **The Council demonstrates a clear commitment to continue to develop and strengthen its leadership**

**99.** In 2022, East Lothian Council embarked on a leadership development programme for both the Corporate and Senior Management teams. The purpose of this programme was *'to further develop the Council as an enabling and empowering authority, where employees are able to use their initiative, take responsibility for their own learning and actions and have a real say in decisions and in the future work of the Council.'*

**100.** The Council was also keen to strengthen the collective leadership's capability and capacity and to demonstrate effective leadership behaviours and build a culture of continuous improvement. The Council Management team worked together to define leadership behaviours which reflected the values of the East Lothian Way.

**101.** The Corporate Management team and the Senior Management team (57 people) participated in 360 feedback and a series of 1:1 coaching sessions which explored the feedback and focused on the behaviours. The Council used behavioural science and changes techniques and training with the aim of improving individual and team performance, processes/systems and manage change.

**102.** The Council has reported that this has led to a number of improvements and ongoing work, for example in improving communication and engagement with elected members, managing workloads and approaches to core learning and support for staff.

**103.** The next phase of the programme for 2024 – 2025 will roll out the programme to the next level of leaders at the Council below the senior leadership team.



**104.** The Council has reviewed and refreshed its Workforce Plan. The 2023-27 Workforce Plan supports new ways of working including hybrid working and improved digital skills. As part of the Best Value thematic work for 2023/24 the topic will be looking at **Workforce Innovation - how councils are responding to workforce challenges.**

## Tackling Climate change

**105.** The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

**106.** The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

**107.** The Climate Change Act 2019 committed Scotland to Net Zero by 2045. The Public Bodies Climate Change Reporting Duties place a legal requirement on public bodies to set target dates for zero direct emissions and indirect emission reductions. They must also report on how spending and resources will contribute to these targets, and report on the body's contribution to Scotland's Climate Change Adaptation Programme.

## Climate emergency is one of the overarching objectives within the Council Plan. It is too early to conclude whether the Council is on track to achieve its Net Zero ambition

**108.** The Council Plan overarching objective to 'Respond to the climate emergency' is underpinned by the Climate Change Strategy 2020-25. This strategy sets out the Council's commitment to tackling the Climate Emergency at a local level, both internally as a 'Net Zero Council' and across the county as a 'Carbon Neutral East Lothian'. It links with other relevant strategies (e.g. local housing strategy, economic development strategy) and sets out specific outcomes, key priority areas and actions over an initial five-year period towards achieving the longer-term overall aims. There is a cross-party Climate Change and Sustainability Forum.

**109.** There have been three annual updates on progress against the Climate Change Strategy; the latest was in March 2023. This sets out some of the key annual achievements including a 15.2 per cent year on year reduction in the Council's carbon emissions, an increase from 86 per cent to 90 per cent achievement of the energy efficiency standard for social housing and making certified training in Carbon Literacy available to all Council staff.

**110.** Not all the actions in the Climate Change Strategy include specific targets for improvement. While it may not be relevant to set a SMART target in all cases; providing targets or additional context makes it easier to assess whether the reported progress against the strategy is enough to deliver the strategic

aims. It is too early to tell whether the Council's actions will deliver its strategic aim to achieve Net Zero.

**111.** The Council's Climate Change Strategy also links to partners and the local community. The annual update highlighted that the Sustainability and Climate Change officer was working closely with community groups and was in regular contact with Local Area Partnerships and Community Councils.

**112.** The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

---

# 6. Use of resources to improve outcomes

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

---

---

## Conclusions

The Council's vision is aligned to the community plan priorities with community empowerment a key principle within the Council Plan.

Maintaining oversight of performance is challenging across the range of council services. A new set of **Top 50 indicators** has been produced to reflect the new Council Plan. Currently 34 of these 50 measures have stated targets. The Council needs to develop measures for the remaining indicators to clearly monitor the performance it wants to achieve in its priority areas.

---

**113.** Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

**114.** Recovery from the pandemic requires councils to work alongside their local communities. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

**115.** Early and meaningful engagement and effective collaboration with communities should be a core part of determining a council's vision and priorities. This is essential both to identify and understand local needs, and to inform decisions that affect the planning and delivery of services.

## The Council's vision is aligned to the community plan priorities

**116.** The Council's objectives are aligned to the priorities set out in the East Lothian Plan 2017-2027 (the Local Outcomes Improvement Plan) prepared by the East Lothian Partnership. The Council has a significant role in delivering these priorities given the range of services it provides. The new Council Plan goes further than the East Lothian Plan in explicitly referencing climate change.

**117.** The three key themes of the East Lothian Plan are

- ‘Prosperous, Community-minded, and Fair,’ focused on ‘Reducing inequalities across our area
- Tackling poverty;
- Working to prevent problems - and acting quickly when problems start’.

**118.** The Council is a key community planning partner in the East Lothian Partnership. Each partner should have its priorities aligned to the East Lothian Plan, but each partner has a different role in delivering the partnership’s priorities. Partners were not directly involved in the development of the Council Plan but the vision, objectives and key priorities were shared through the East Lothian Partnership and in discussions with the Integration Joint Board.

**119.** Some key plans including the Recovery and Renewal Plan and East Lothian Poverty Plan have been adopted by both the Council and East Lothian Partnership, with governance of the Recovery and Renewal Plan overseen by the East Lothian Partnership Governance Group. Key partners have been engaged through the development of these to ensure partners help shape and inform council planning.

**120.** The East Lothian Plan was due to be reviewed but this work was delayed by the pandemic. A review of the East Lothian Plan is now due to take place later in 2023 following an update on the Strategic Needs Assessment that is underway and will inform the review work.

## **Community empowerment is a key principle within the Council Plan 2022-27**

**121.** The Council Plan and its underlying plans and strategies set out community empowerment as a key principle of the Council’s vision.

**122.** The Connected Communities Service has a key role in delivering the Council’s community empowerment objectives, encompassing the Community Learning and Development Service, support for Local Area Partnerships, Community Councils and grant funding for community organisations. There are six locally based Connected Communities teams with a significant focus on taking a place-based approach.

**123.** There are six Local Area Partnerships in East Lothian. These are chaired by local residents and supported by the Council via Connected Communities managers. Elected members from the relevant wards attend the partnerships but recognise the partnerships’ independence. The partnerships foster good engagement and communication between local communities and the Council.

**124.** The Council has delegated a £200,000 budget to each partnership (Musselburgh £250,000) and the partnerships can also seek external funding. The Area Partnership can allocate:

- £50,000 on general projects in the area (£100,000 in Musselburgh)
- £50,000 of the Roads Service budget for the area

- £100,000 of the Amenity Services budget for the area.

**125.** Communities had the opportunity to put forward their views on Council priorities through public consultation for the 2023/24 budget. Further community engagement will be needed so that local citizens understand the difficult decisions needed to ensure financial sustainability of public services.

### **Existing community consultation was used to inform the Council Plan rather than a separate consultation exercise**

**126.** The Council did not carry out a separate public consultation specifically on the Council Plan but used existing consultations for other relevant plans including the Poverty Plan to obtain public views on strategic priority areas. Ongoing council engagement with community groups and Local Area Partnerships also provided local input.

**127.** Public consultation to inform the Local Development Plan 2 and other strategies is ongoing and this should give valuable information from local citizens and community groups on priority areas.

### **The Council's Covid-19 recovery and renewal plans support those most affected and address inequalities**

**128.** Following the pandemic the concept of community wealth building has gained momentum and received support from the Scottish Government and COSLA as a model for local economic development.

**129.** The Council's overarching objective to 'reduce poverty and inequality' is supported by a range of plans including the Poverty Plan 2021-23 and the Equality Plan. The need to consider the equalities impact of policies and council decisions is embedded in the policy- and decision-making process. The Council's latest Mainstreaming Equalities report is due to be published in Autumn 2023.

**130.** The Covid-19 pandemic has exacerbated and deepened existing inequalities in Scotland and the Recovery and Renewal Plan 2021 recognises this. Its action plan includes:

- support our communities to tackle inequality and social exclusion
- support business, employment and promote inclusive economic growth
- help our children and young people achieve their full potential
- invest in regeneration and a sustainable future
- develop our people and future ways of working
- maintain and develop resilient and sustainable services
- deliver improved connectivity & digital innovation to ensure the effective use of resources

- climate and ecological emergency.

**131.** The Recovery and Renewal Plan action tracker of performance indicators is reported to elected members; the latest version was provided to members in February 2023. A single set of poverty and equality performance indicators was approved in September 2023 by the Policy and Performance Review Committee.

**132.** The Fairer Scotland Duty requires councils to consider how they can reduce inequalities of outcome caused by socio-economic disadvantage. The Poverty Plan was drawn up by a multi-agency group and is based on a prevention and early intervention approach to tackling poverty. Local Area Partnerships also identify tackling poverty as a local priority.

**133.** The Poverty Plan 2021-23 is now due for review and renewal. The consultation to inform the Local Development Plan 2 will cover this and other areas. A series of joint consultation events on related subjects were held across East Lothian in June 2023 for residents and partners to find out more about preparations for the Council's Local Development Plan 2, Local Heat and Energy Efficiency Strategy, Poverty Plan, Local Economy Strategy and Forestry Woodland Draft Strategy. Online consultation and paper consultation surveys are also available.

**134.** The Accounts Commissions [Local Government in Scotland: Overview 2022](#) highlights that those experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly over the past two years. Initiatives such as CWB are recognised as being a good example of new ways in which councils can support local economic development and tackle poverty.

### **Maintaining oversight of performance is challenging across the range of council services. The Council needs to clearly set out the performance it wants to achieve in its priority areas**

**135.** The Council is a complex organisation which delivers a wide range of services. Delivery of the Council Plan and its objectives is carried out through key strategies and plans. The Council has a range of 18 plans and strategies underpinning the Council Plan's vision and objectives. These include the Recovery and Renewal Plan, the Poverty Plan, the Equality Plan, the Climate Change Strategy, the Integration Joint Board Strategic Plan and the Economic Development Strategy.

**136.** The number of actions involved (290 actions in the first four plans alone) make it challenging for members to obtain oversight of the overall performance. A Council Plan Action Plan containing 68 actions was approved in October 2022 and includes the implementation of each of the relevant strategies/plans as single actions.

**137.** Monitoring and reporting on the Action Plan is through existing reporting mechanisms for the relevant key strategies and plans. The 'State of the Council' report presented to Council at end of each year provides a summary of progress against the Action Plan and a review of the Plan's performance indicators.

**138.** A new set of Top 50 indicators has been produced to reflect the new Council Plan including Covid-19 recovery and renewal and climate change. Currently 34 of these 50 measures have stated targets. The indicators were reported to the Policy and Performance Review Committee and approved by Council in February 2023.

**139.** As reported last year, the Council has effective performance management arrangements in place. The Policy and Performance Review Committee receives quarterly performance reports. The report on key performance indicators is grouped under the Council's four key objectives. The 2022/23 Quarter 4 Performance Report, the 2022/23 Top 50 Council Plan indicators Report, the 2022/23 Council Plan Annual Indicators Report and the 2021/22 Local Government Benchmarking Framework performance report were considered at the June 2023 Policy and Performance Review Committee meeting.

**140.** Given the financial challenges the Council faces it needs to set clear performance outcomes targets for each of its priority areas to ensure resources are allocated appropriately. As resources are aligned to the priority areas, the Council also needs to be clear on what is an acceptable level of performance in non-priority areas.

### **The Council's overall performance per national benchmarking has declined slightly compared to its prior year results**

**141.** The Council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The Council notes that the use of the LGBF allows it to self-assess its performance across years, and to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

**142.** The most recent [National Benchmarking Overview Report 2021-22](#) ([improvementservice.org.uk](http://improvementservice.org.uk)) by the Improvement Service was submitted to the Council's Policy and Performance Review Committee in June 2023. When comparing the indicator's reported, the Council's overall performance has declined with its own prior year performance.

**143.** Across the 90 reported indicators in 2021/22, the Council's performance has improved against 26, declined against 32 and remained static against 32. In terms of the Council's figures relative to the Scottish average, performance was better than Scottish average for 45 indicators. Overall, 54 per cent of the Council's indicators are in quartile 1 and 2 compared to 57 per cent in 2020/21.

### **Service performance is not being fully reported in line with the expectations of the statutory performance indicators (SPIs)**

**144.** The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:



- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)
- own assessment and audit, scrutiny, and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

**145.** Our work in 2022/23 has reviewed the Council's performance reporting arrangements. The Council's website covers all the requirements set out in the SPI direction issued by the Accounts Commission. As detailed above only 34 of the Council's new Top 50 measures have stated targets. We will continue to monitor this in future years.



# Appendix 1. Action plan 2022/23

## 2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Capital programme</b></p> <p>At the June 2023 Council meeting, the general services outturn capital programme spend was reported as £84.341 million for 2022/23, against a revised in year budget of £111.310 million representing a slippage of 25 per cent.</p> <p><b>Risk</b> – Delayed investment can lead to inefficiencies in the existing estate with adverse impact on service delivery.</p>	<p>The Council should review the underlying reasons for reprofiling of the capital programmes to identify opportunities to improve the project management and budget setting procedures in place. Where the capital programme has been paused as a result of mitigation measures the Council should assess the affordability of delivering the current capital programme.</p> <p><a href="#">Paragraph 47</a></p>	<p><b>Management Response:</b></p> <p>Agreed</p> <p><b>Responsible officer:</b></p> <p>Head of Finance / Executive Director for Council Resources</p> <p><b>Agreed date:</b></p> <p>February 2024</p>
<p><b>2. Transformational change</b></p> <p>The Council should continue to identify where it can progress transformational change in how its services are delivered. This should identify where recurring savings, rather than temporary solutions, can be made together with proposals to reduce costs.</p>	<p>The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.</p> <p><a href="#">Paragraph 66</a></p>	<p><b>Management Response:</b></p> <p>The Council is currently undertaking a review of its Transformational priorities, and this is set in the context of the Financial Strategy and Council Plan</p> <p><b>Responsible officer:</b></p> <p>Executive Management Team</p> <p><b>Agreed date:</b></p> <p>On-going</p>
<p><b>3. Information and Communication Technology (ICT)</b></p> <p>Public sector bodies are increasingly dependent on</p>	<p>The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to</p>	<p><b>Management Response:</b></p> <p>A digital pipeline prioritisation project remains on-going and</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>ICT systems for the provision of services and management information. The Council has identified the need to invest in digital technology to drive transformation.</p> <p><b>Risk:</b> There is a risk of key policies and processing not keeping pace with internal demands and external risks and digital services do not deliver required savings.</p>	<p>strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.</p> <p><a href="#">Paragraph 72</a></p>	<p>will be determined through Digital Transformation Board IT to provide a response</p> <p><b>Responsible officer:</b> Executive Director for Council Resources / IT Service Manager</p> <p><b>Agreed date:</b></p>
<p><b>4. Financial resilience</b></p> <p>Given the scale of the challenges there is an opportunity to enhance its focus on financial resilience, including greater emphasis on its reserves position; clear financial resilience indicators and measures; and alignment to risks ensuring there is a clear financial strategy to support a resilient council.</p>	<p>Given the scale of the financial challenges facing the Council it should ensure that in developing its financial strategy and annual budget there is a clear consideration around its financial resilience, including the level of reserves to allow the Council to meet unforeseen costs and pressures. The Council should also enhance the level of monitoring around financial resilience indicators and risks.</p> <p><a href="#">Paragraph 78</a></p>	<p><b>Management Response:</b> Agreed</p> <p><b>Responsible officer:</b> Head of Finance / Executive Director for Council Resources (Chief Financial Officer)</p> <p><b>Agreed date:</b> On-going</p>

## 2022/23 recommendations from the BV thematic report

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Performance monitoring targets</b></p> <p>The Council has not set targets for all of its Top 50 performance indicators (or for all of the performance measures in its delivery plans). This makes it difficult to assess whether the</p>	<p>The Council should be clear on the level of performance outcomes it aims to achieve against its priorities. It should also be clear on acceptable reductions in performance in non-priority areas as resources are aligned to priorities.</p>	<p><b>Management Response:</b> Agreed. A number of the indicators were new this year and take time for the council to embed and set realistic, measurable targets. The Council aim to have these in place for the Top 50 performance indicators by December 2023. The Service Management Policy,</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>Council is on track to deliver its strategic priorities.</p>		<p>Performance and Organisational Development will work with Services to have the remainder in place by June 2024.</p> <p><b>Responsible Officer:</b></p> <p>Service Manager Policy, Performance and Organisational Development</p> <p><b>Target date:</b> June 2024</p>
<p><b>2. Financial planning to address increasing challenges</b></p> <p>The Council faces uncertainty over future funding and increasing financial pressures. Radical solutions are needed to deliver sustainable services and robust long term financial planning is needed to support strategic decision making.</p>	<p>The Council should develop its longer-term financial planning including scenario planning using a range of assumptions to identify service delivery options as future funding remains uncertain.</p>	<p><b>Management Response:</b></p> <p>Agreed. The Council already sets out medium term scenario planning to support financial planning. This is set out annually in the Financial Strategy and updated regularly to Council. Officers will keep this ‘live’ during the year and give further consideration to extending this beyond the 5 year period.</p> <p><b>Responsible Officer:</b></p> <p>Executive Director for Council Resources (CFO) + Head of Finance</p> <p><b>Target date:</b> December 2023</p>
<p><b>3. Investment needed to deliver sustainable services</b></p> <p>The Council has identified the need to invest in digital technology to drive transformation. There are many council systems which are older and identified as due for replacement but the resources to fund this are not available. Difficult decisions are needed to prioritise where investment will have the greatest benefit.</p>	<p>The Council should review and prioritise the investment needed to support sustainable service delivery into the future. Investment in new technologies needs to be well managed and requires well planned investment as pressures to cut costs could lead to failure and increased costs in the longer term.</p>	<p><b>Management Response:</b></p> <p>Agreed. A review of current Transformational Priorities is on-going and includes Digital pipeline and prioritisation work. The Council has agreed an updated Reserves strategy which includes Digital support as a key enabler to support transformational change. The Digital Strategy Board is chaired by the Exec Director for Council Resources and will consider and prioritise</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>critical digital investment and future plans.</p> <p><b>Responsible Officer:</b></p> <p>Executive Director for Council Resources (CFO) + Head of Finance</p> <p><b>Target date:</b> April 2024</p>

## Follow-up of prior year recommendations 2021/22 and 2020/21

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Information and Communication Technology (ICT)</b></p> <p>Public sector bodies are increasingly dependent on ICT systems for the provision of services and management information.</p> <p><b>Risk:</b> There is a risk of key policies and processing not keeping pace with internal demands and external risks.</p>	<p>We have highlighted a number of improvements that could be made to strengthen the digital strategy, cyber security, business continuity management and associated policies.</p>	<p><b>Management response:</b> Officers are currently considering all recommendations, and progress has been made with updating strategies and relevant policies.</p> <p><b>Responsible officer:</b></p> <p>Service Manager - IT</p> <p><b>Agreed date:</b></p> <p>Ongoing</p> <p><b>See recommendation 1 for 2022/23</b></p>
<p><b>2. Dr Bruce Fund</b></p> <p>Minimal payments are being paid out of the Fund.</p> <p><b>Risk:</b> There is a continuing risk that the trust fund is not operating effectively to meet its objectives (e.g. lack of provision of grants annually) and the trustees are not discharging their duties correctly.</p>	<p>The Council and the Dr Bruce Fund Trustees should work together to ensure the Fund is being actively managed and used for the purposes intended.</p>	<p><b>Management response and revised action:</b></p> <p>The Council considered a Trust Funds Review report in June 2023. Members agreed in principle to explore the transfer of stewardship and administration of the trust funds, including the Dr Bruce Fund, to a specialist third party.</p> <p><b>Responsible officer:</b></p> <p>Executive Director for Council Resources / Head of Finance</p> <p><b>Revised date:</b></p> <p>Ongoing</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>3. Common Good (CG) review</b></p> <p>Following a review by the council's legal team, a significant number of council assets (land and buildings) have now been identified as belonging to the common good. This was despite an annual corporate review arrangement and the council's formal five year valuation cycle both of which were intended to identify common good assets.</p> <p><b>Risk:</b> There is a continuing risk that not all common good assets have been identified.</p>	<p>Processes for identifying and confirming assets held should be reviewed and amended. The formal valuation cycle itself is insufficient to gain the appropriate assurances that assets are classified correctly. The council should continue to progress the CG review. Having recognised that the council is using common good assets for the provision of council services, the council should ensure that suitable financial recharging for use by Council Services should be set-up.</p>	<p><b>Management response and revised action:</b></p> <p>Although limitations due to business continuity arrangements, including specifically Finance and Legal services continued, a report on the progress of the Common Good review was submitted to the Council on 23 August 2022.</p> <p>The Council is currently in the process of appointing a Graduate Intern, on a one-year basis. This post is intended to assist and support the capacity of the council to achieve progress in relation to the Common Good and Trust Funds audit actions (including Dr Bruce).</p> <p><b>Responsible officer:</b></p> <p>Executive Director for Council Resources / Service Manager – Governance</p> <p><b>Revised date:</b></p> <p>Ongoing</p>
<p><b>4. Trust funds review</b></p>	<p>We repeat our recommendation that the Council should progress and conclude on their review of common good and trust funds including an exercise to consider whether there is scope to consolidate any/all of the 46 trusts.</p> <p>This should include a review of the method(s) used to promote the Dr Bruce Fund and other charitable trusts to ensure that the potential availability of these funds is known to the wider community.</p>	<p><b>Management response and revised action:</b></p> <p>The Council considered a Trust Funds Review report in June 2023. Members agreed in principle to explore the transfer of stewardship and administration of the trust funds to a specialist third party. Some funds, particularly those with property assets, may be retained within the Council's stewardship.</p> <p><b>Responsible officer:</b></p> <p>Executive Director for Council Resources / Head of Finance</p> <p><b>Revised date:</b></p> <p>Ongoing</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>5. Reporting outcomes against improvement actions</b></p> <p>The Council monitors performance through its annual Corporate Governance Self-evaluation and Annual Governance Statement (CGSAGS) with the most recent report presented to the Audit and Governance Committee in June 2020.</p> <p>The corporate governance self-evaluation tends to list policy documents or assurance frameworks, rather than evaluate evidence of their effectiveness of delivering against improvement actions.</p> <p>The report contains comprehensive detail on what the Council does / has in place, without evidencing what results have been achieved.</p> <p>The report against the Council's improvement action plan focuses more on the number of actions completed, rather than the improved ways of working or delivery of services through improvement actions, such as implementation of the Council's workforce plan.</p>	<p>The Council's reporting and monitoring against its improvement plan could be further improved to update members on what has been achieved through its improvement actions.</p>	<p><b>Management response and revised action:</b></p> <p>The Council considered and approved the East Lothian Council 2021 Annual Performance and 'State of the Council' report, How Good Is Your Council in December 2021.</p> <p>In March 2022, the Outline of the Council Plan 2022-27 was approved and included an update on progress with strategic goals, commitments and actions set out in the 2017-2022 Council Plan.</p> <p>In June 2022, the Audit and Governance Committee considered the progress in achieving the Council Improvement Plan 2021-2022. Subsequently in August 2022, the Council approved the 2022-2027 Council Plan.</p> <p>A detailed Action Plan supporting implementation of the new Council Plan 2022-2027 will be presented to East Lothian Council on 25 October 2022.</p> <p>Work is in progress to review the Council Plan's Top 50 Performance Indicators, taking account of the recently approved Council Plan, and these will be presented to the Policy and Performance Review Committee for consideration before coming to full Council for approval in the coming months.</p> <p>The Annual State of the Council 2022 report, which is presented to Council at the end of each year, will provide a summary of progress of the Council Plan 2022-2027, Action Plan and review Council Plan Performance Indicators.</p>



Issue/risk	Recommendation	Agreed management action/timing
		<b>Responsible officer:</b> Council Management Team / Service Manager Policy, Improvement & Partnership <b>Revised date:</b> Ongoing

---

# Appendix 2. Summary of corrected and uncorrected misstatements

We report all corrected and uncorrected misstatements in the annual accounts that are individually greater than our reporting threshold of £250,000.

The table below summarises misstatements that were **corrected** in the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr	Cr	Dr	Cr
Single Entity		£000	£000	£000	£000
Pension – unfunded liability adjustments	Pension reserve			12,194	
	Pension liability				12,194

The table below summarises misstatements that were **uncorrected** within the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr	Cr	Dr	Cr
Single Entity		£000	£000	£000	£000
Non pay expenditure	Non pay expenditure		1,827		
	Prepayments			1,827	



# East Lothian Council

## Proposed 2022/23 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

For the latest news follow us on social media or [subscribe to our email alerts.](#)



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