

Standards, Audit and Risk Committee

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



Monday 30 September 2024 - 10.00 am

AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** – Minute of the meeting of the Standards, Audit and Risk Committee on 22 August 2024 3 – 5
4. **BEST VALUE CORPORATE SELF-ASSESSMENT** – Report by the Chief Executive 6 – 41
5. **FIFE COUNCIL AND CHARITABLE TRUSTS - ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS 2023-24** - Report by the Executive Director, Finance and Corporate Services
 - (a) Report by the Executive Director, Finance and Corporate Services 42 – 44
 - (b) Fife Council and Charitable Trusts Annual Audit Report 2023-24 45 – 157
 - (c) Fife Council Annual Accounts 2023-24 158 -235
 - (d) Fife Council Charitable Trusts Annual Report and Accounts 2023-24 236 – 255
6. **ISSUED AUDIT REPORTS** – Report by the Service Manager - Audit and Risk Management Services 256 – 260
7. **RISK MANAGEMENT UPDATE** – Report by the Service Manager - Audit and Risk Management Services 261 – 297
8. **NATIONAL FRAUD INITIATIVE (NFI) SCOTLAND** – Report by the Service Manager - Audit and Risk Management Services 298 – 334
9. **STANDARDS AUDIT AND RISK COMMITTEE WORK PLAN** – Report by the Executive Director Finance and Corporate Services 335 – 338

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

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

Fife House
North Street
Glenrothes
Fife, KY7 5LT

23 September, 2024

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

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BLENDED MEETING NOTICE

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

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

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

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

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

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

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

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

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

22 August 2024

10.00 am – 11.40 am

PRESENT: Councillors Dave Dempsey (Convener), Tom Adams, Lesley Backhouse, John Beare, Al Clark, Lynn Mowatt (substituting for Councillor Sarah Neal), Gordon Pryde and Ann Verner.

ATTENDING: Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance, Pamela Redpath, Service Manager - Audit and Risk Management Services, Laura McDonald, Information Compliance Manager and David Thomson, Customer Experience Lead Officer, Customer and Online Services; Helena Couperwhite, Manager - Committee Services, Wendy MacGregor, Committee Officer, Committee Services and Fiona Smyth, Data Protection Officer, Legal and Democratic Services.

APOLOGIES FOR ABSENCE: Councillors Aude Boubaker-Calder and Sarah Neal.

106. DECLARATIONS OF INTEREST

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

107. MINUTE

The committee considered the minute of the meeting of the Standards, Audit and Risk Committee on 28 June 2024.

Decision

The committee agreed to approve the minute.

108. COMPLAINTS UPDATE

The committee considered a report by the Executive Director - Communities, providing an update on complaints closed between 1 April 2023 and 31 March 2024 (performance and information).

Decision

The committee:-

- (1) noted the report detailing complaints received and the complaints responded to in target timescales and the proportionality of Service complaints; and
- (2) requested a briefing note for members on the process for monitoring and responding to complaints submitted on the Council's social media sites.

Councillor Lesley Backhouse joined the meeting during consideration of the above item.

109. INFORMATION REQUESTS ANNUAL REPORT 2023-24

The committee considered a report by the Head of Customer and Online Services providing the annual report detailing requests for information received in terms of the Freedom of Information (Scotland) Act 2002 (FOISA): the Environmental Information (Scotland) Regulations 2004 (EIR) and the GDPR/Data Protection Act 2018 (DPA).

Decision

The committee:-

- (1) noted the workload arising from managing information requests;
- (2) noted the performance detailed in the report; and
- (3) in relation to the review of the Elected Members Enquiries Procedure for Fife Council Staff detailed at Appendix 1 to the report, requested a briefing note on the review process, timescales for completion of the review and route for approval in terms of Governance.

110. DATA PROTECTION OFFICER ANNUAL REPORT

The committee considered a report by the Data Protection Officer, for the period 1 April 2023 – 31 March 2024, highlighting key Data Protection performance statistics for Fife Council, providing an overview of major developments in relation to data protection law and practice and summarising Fife Council's data protection priorities for the next three years.

Decision

The committee:-

- (1) noted the 2023/24 performance detailed in the report;
- (2) noted the overview of major developments in relation to data protection law and practice and the approach planned to meet these within Fife Council;
- (3) noted the data protection priorities outlined for Fife Council for 2024 – 2027; and
- (4) agreed that workshops would be held at all Area Committee meetings for elected members, to raise awareness of data protection considerations when undertaking constituency work and participating in Council and Committee meetings.

Councillor Lynn Mowatt joined the meeting during consideration of the above item.

111. REGULATION OF INVESTIGATORY POWERS SCOTLAND (RIPSA) ACT 2000

The committee considered a verbal update by the Data Protection Officer on the exercise of regulatory powers in compliance with the Regulation of Investigatory Powers (Scotland) (RIPSA) Act 2000. During the period 1 April 2023 to 31 March 2024, one incident had been recorded, where the Council had to request the use of surveillance in terms of RIPSA powers.

Decision

The committee noted the verbal update.

112. STANDARDS, AUDIT AND RISK COMMITTEE WORK PLAN

The committee considered a report by the Executive Director, Finance and Corporate Services for the committee's consideration of the workplan for future meetings of the committee.

Decision

The committee noted:-

- (1) the contents of the report and workplan; and
- (2) that the meeting scheduled for 30 October 2024, would be cancelled if the Fife Council and Charitable Trusts Annual Accounts were submitted to the meeting on 30 September 2024.

30 September 2024

Agenda Item No. 4

BEST VALUE CORPORATE SELF-ASSESSMENT

Report by: Ken Gourlay, Chief Executive

Wards Affected: N/A

Purpose

To bring forward a corporate self-assessment report which demonstrates how Fife Council is delivering on Best Value requirements.

Recommendation(s)

The committee is asked to:-

1. note the first annual self-assessment of how Fife Council is delivering Best Value; and
2. agree to the report being made publicly available via the best value section of the Council's performance pages [Best Value | Fife Council](#)

Resource Implications

None

Legal & Risk Implications

Failure to comply with best value.

Impact Assessment

An EqIA is not required as this report does not propose any changes to policies or services.

Consultation

Council Executive Team, Senior Officers, Cross Party Leaders Group and the Council's External Auditors have been consulted on the development of this report.

1.0 Background

- 1.1 Best Value was introduced on a voluntary basis in 1998 and became a statutory duty following the Local Government in Scotland Act 2003. The Act places a duty on all Councils to secure Best Value, which is about ensuring that there is good governance and effective management of resources, with a focus on continuous improvement, to deliver the best possible outcomes for the public.
- 1.2 Changes were introduced in 2022 to how Best Value is assessed and reported to improve the exchange of ideas and data, as appropriate. Now, external auditors - appointed nationally - review aspects of Best Value and delivery in all councils across Scotland every year
- 1.3 Fife's previous Best Value Review was produced in 2018. Over the period 2022-2027, Audit Scotland will publish Best Value Audit Reports focusing on specific councils.
- 1.4 Fife Council is included in the list of councils that have been identified for review in 2024/25, and will be subject to a Controller of Audit report in February 2025.

2.0 Best Value Corporate Self-assessment

- 2.1 As part of the Annual Audit in 22/23, Azets, our External Auditors, noted that Fife Council could do more to demonstrate compliance with statutory performance reporting requirements around SPI2: Demonstrating Best Value.
- 2.2 In June 2024, CET agreed to the introduction of an annual report which provides a corporate self-assessment across best value themes. This is part of a wider programme of ongoing work to improve planning and performance reporting to respond to audit recommendations.
- 2.3 This report provides an overview of how Fife Council is doing on each of the 7 aspects of best value, including improvement activity that has been undertaken or is planned, and how the council is responding to recommendations from both internal and external audit and assessments.
- 2.4 We've also developed a focused set of Best Value Performance Indicators (BVPIs), to help to assess on an annual basis how well we are doing as an organisation in delivering best value to our communities.
- 2.5 Assessing performance against target for 2023/24, 9 of the core set of 16 best value indicators have a green RAG status, 3 are amber and 4 are red.
- 2.6 These help to demonstrate that Fife is delivering on its duty of best value, with improvements in effective use of resources in financial management and planning and assets, as well as in the themes of fairness and sustainability. It also highlights that budget constraints and increasing cost pressures are putting Council finances and staff under strain which impacts on customer responsiveness.

3.0 Next steps

- 3.1 The report is for internal management purposes and to demonstrate the Council's commitment to continuous improvement in delivering best value to a range of stakeholders, including elected members, the public and our external auditors.
- 3.2 Fife Council will be subject to a Controller of Audit report in February 2025. This will draw on information which has been collected through previous annual audits, including the best value thematic reviews of leadership (22/23) and workforce innovation (23/24), and this corporate self-assessment.
- 3.3 We will report on any improvement activity and how we have responded to recommendations arising from the Annual Audit 23/24 and Audit Scotland's Controller of Audit report (February 2025) in the 24/25 Best Value Corporate self-assessment in September 2025.

REPORT CONTACT:

Coryn Carmichael, Research and Insight Manager

APPENDIX 1

Fife Council Delivering Best Value 2023/24



Delivering Best Value

2023/24

Final Report

September 2024

BEST VALUE

Introduction

Best Value was introduced on a voluntary basis in 1998 and became a statutory duty following the Local Government in Scotland Act 2003.

Best Value is about ensuring that there is good governance and effective management of resources, with a focus on continuous improvement, to deliver the best possible outcomes for the public.

From 2022, the way in which Best Value is reported for Councils changed.

As part of the Annual Audit, external auditors now report annually to the Audit Commission on specific best value themes.

This year, workforce innovation is the focus for the best value thematic audit.

This new national approach is intended to facilitate the exchange of ideas and performance data across councils, as well as offering a detailed analysis of a specific aspects of work.

It also offers us the opportunity to introduce more regular corporate self-assessment to inform that process and, perhaps more importantly, to encourage ongoing dialogue around best value across services at key points in the year.

This report is our first corporate self-assessment report. It considers how we are measuring up against the Best Value Themes and is presented as a prompt and discussion piece to inform service discussions on best value more locally.

This year the assessment has been carried out by the Council's Research and Insight Team and is based on existing data and evaluation already gathered for audit purposes. Next year, the process will expand to draw on wider reviews and involve leaders and partners more directly.

Feedback on this report and the future process is encouraged. Please email

research.enquiries@fife.gov.uk

Purpose of this report

Local councils are under pressure with increasing demand for services, a real-terms reduction in funding, combined with high inflation and rising interest rates. Faced with these pressures and spending constraints it is essential that councils secure best value in procurement and demonstrate they are indeed securing and delivering best value.

Best Value was introduced on a voluntary basis in 1998 but is now a statutory requirement with the Local Government in Scotland Act 2003 placing a duty on all Councils to secure Best Value. This matters because Best Value is about:

- Ensuring good governance
- Managing resources effectively
- Focusing on improvement
- And, most important of all, delivering the best possible outcomes for local people.

This report provides a self-assessment and reflection on Fife Council's practice and progress over the last 12 months in relation to the Best Value Themes: ¹:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

This self-assessment has been informed by a range of sources including:

- audit and inspection,
- committee papers,
- review of the annual code of corporate governance, and
- community feedback.

¹ [Section 2 – Best Value Themes - Best Value: revised statutory guidance 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2020/03/Best-Value-2020-2024.pdf)

1. Council vision and leadership

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- Members and senior managers have a clear vision for their area that is shared with citizens, key partners and other stakeholders.
- Members set strategic priorities that reflect the needs of communities and individual citizens, and that are aligned with the priorities of partners.
- Effective leadership drives continuous improvement and supports the achievement of strategic objectives.

How are we doing?

Leadership was the focus of last year's annual Best Value thematic work, covered in all council Annual Audit reports published in Autumn 2023. Our external auditors, Azets, concluded that Fife Council has appropriate arrangements in place to demonstrate Best Value under each reported area of the [2022/23 Best Value thematic review of Leadership](#).

A number of key leadership developments that were planned for 2023/24 have since been delivered:

1.1 Plan for Fife 2024-27

Following three-year review work in 2023/24, Fife Partnership Board (FPB) agreed the 2024-27 focus would remain on the existing recovery and renewal priorities.



The review was informed by the findings of the Fife Strategic Assessment 2024, and the Our Fife Leadership Summits which helped us develop clearer shared commitments with our partners around strategic change priorities: no wrong door, working for place, community wealth building and health and wellbeing.

In August 2024, Fife Partnership approved some changes to partnership governance arrangements to improve focus and delivery of current priorities. Particular attention will be on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures.

1.2 Elected member training and development

A revised approach to elected members on-going professional development and training which identified and expanded mandatory areas of training was agreed in December 2023. Democratic services are now working with committee chairs and elected members to encourage them to complete the mandatory elements. An elected member working group on training and development has been established.

1.3 Decentralisation

A review of decentralisation and the role of Area Committees focussed on physical place-making services such as green space, street, property, housing, and town centre development. Cabinet Committee agreed a set of actions on 30th November 2023 for improving area-based working and decentralisation. This involves organisational arrangements for greenspace management, development of an improved approach to community asset transfer, identifying process improvements and ownership information, and creating a stronger place focus and leadership for local community plans. These improvements will support the effectiveness of place working and the role and influence of Area Committees.

1.4 Change planning

3-year change planning focuses on delivery against the Plan for Fife strategic priorities and the Council's strategic change agenda for No Wrong Door, place-based delivery and digital enablement. Services have a 3 year vision and annual priorities that also take account of the overall budget assumptions. Change planning is an iterative process and will both inform, and be informed by, the developing business cases for No Wrong Door and digital enablement and supports medium term financial and workforce plans. In recent years our medium-term financial strategy has minimised workforce reductions and we have not had to apply formal Council-wide workforce reduction measures.

Service Change Planning is refreshed annually with Services asked to consider their forward change plans and where they can target performance improvement, manage their budgets more efficiently, or where budget savings need to be met. It considers:

- As is – where the Directorate is now
- To be – what the future will look like and
- Why - the benefits and impacts for services in line with the Plan for Fife.

Support and resource are in place to help managers prepare and develop change planning and it runs concurrently with the budget process and workforce planning.

1.5 Organisational structure

Following the appointment of a new Chief Executive in June 2023, a review of the Council's organisational structure was completed in April 2024.

As a first step, a new Place Directorate was established, the Education and Children's Services Directorate was remodelled to establish a focused Education Directorate and a reset Communities Directorate including Children's Services and Criminal Justice and new leaders were appointed. These changes respond to the strategic change agenda and support the priorities and focus on people and place going forward.

Fife Council Management Structure



What's ahead?

Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all.

The Council is progressing organisational change and reform to support the whole system change and the Plan for Fife points through its four strategic change priorities: 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place. In addition, the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.

A blueprint for a new Greenspace Service has been developed which will see greenspace functions across the Council brought together to form a new Greenspace Service. The new Service will see a more community facing, joined up approach to strategic investment and operational delivery.

From 2024, change themes will be reflected in Annual Service Review Reports and integrated into a revised approach to service planning in 2025.

A three-year programme of public service collaboration, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027. Through the collaborative programme, partnership improvement activity will happen at scale in a number of priority areas: maximising life chances through progressive recruitment, community wealth building through procurement, and sustainable places.

2. Governance and accountability

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- A clear understanding and the application of the principles of good governance and transparency of decision-making at strategic, partnership and operational levels.
- The existence of robust arrangements for scrutiny and performance reporting.
- The existence of strategic service delivery and financial plans that align the allocation of resources with desired outcomes for the short, medium and long terms.

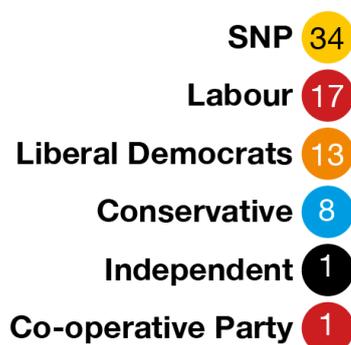
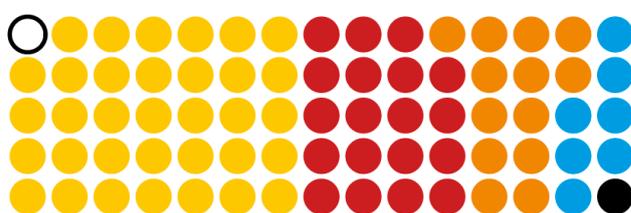
Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Fife Council also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.

In discharging this overall responsibility, Fife Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE² Framework (CIPFA Delivering Good Governance - Guidance for Scottish Councils 2016). The Code summarises how the governance arrangements for Fife Council (and it's group entities) address the requirements of the Code.

The Council is made up of 75 elected members across 22 wards with the Scottish Labour Party forming a minority administration. Cllr David Ross is the Leader of the Council. Six strategic spokespeople cover broad portfolios of Council services, linking with Executive Directors.

Elected members

75
22 wards



The Council's structure of governance is based on a Cabinet Committee and four Council service area themed scrutiny committees. The Cabinet Committee plays a key role in governance and decision making. The function of the Cabinet Committee is to set the strategic and policy direction of the Council and take all major policy and resource decisions on its behalf.

² Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers

The Council also constituted a Standards, Audit and Risk Committee (SARC) which has the delegated authority to support the Council in its responsibilities for risk management, governance, and control. The SARC seeks assurance that an effective system of risk management and internal control is maintained. The SARC also has a role in the application of standards matters across the Council, and the Council's performance in complaints and freedom of information.

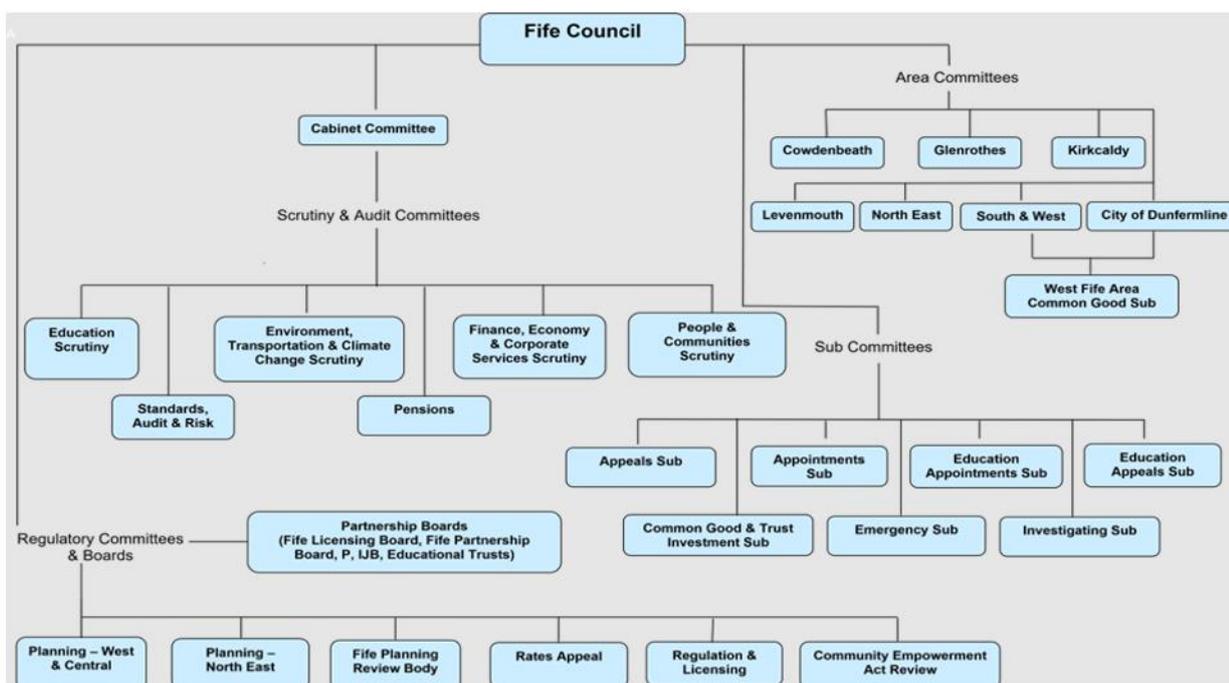
How are we doing?

The Annual Governance Statement, which accompanies the Annual Accounts, demonstrates that Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice, and can greatly mitigate risks to achieving its objectives.

Our annual review of the local code of corporate governance helps us identify areas for improvement on an annual basis through corporate and directorate action plans. In 2023/24, we revised our Corporate Governance Framework to ensure that it is fit for purpose, enhancing the approach with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance.

Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). Good progress has been made in delivering on the improvement actions identified last year, and progress on actions from previous year are picked up in the relevant sections of this report.

In addition to revised standing orders being approved in June 2023, the Council approved a revised List of Committee Powers in May 2024. This document clarified elements of the role and remits of Committees and their membership but did not make substantive changes to the structure. The current Committee structure is as follows:



Elected members work closely with senior officers and partners to develop strategic, thematic and local community delivery plans and monitor progress against them. New training has been introduced for elected members, including mandatory elements. An

elected member working group on training and development has been established. Political leaders meet regularly to discuss issues at the Cross Party Leadership Group and we use cross party groups to develop key strategy and policy. We have an experienced leadership team, strong working relationships and a culture of positive engagement with elected members.

Area committees and Cabinet allocate council resources in line with agreed priorities and performance is regularly reported to the same groups, and to scrutiny committees. Area Committees are an integral part of Fife Council's decision making and governance framework. As part of the Council's commitment to decentralisation, they ensure that policies and services are responsive to the needs and wishes of communities. In addition to specific local decision-making responsibilities, Area Committees can scrutinise local delivery of services and shape wider priorities, policies and programmes.

Our annual review of the local code of corporate governance helps us identify areas for improvement on an annual basis through corporate and directorate action plans. The approach was enhanced during 2023/24, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level).

Progress on actions from previous year are picked up in the relevant sections of this report.

Governance of Trusts and arms length external organisations (ALEOs)

Fife Council is also responsible for confirming effective corporate governance arrangements exist within its other group entities. This includes:

- Business Gateway Fife (BGF)
- Fife Sports and Leisure Trust (FSLT)
- Fife Coast & Countryside Trust (FCCT)
- Fife Golf Trust (FGT)
- Fife Cultural Trust (FCT)

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

The ALEOs have regular performance sessions on Service Level Agreement delivery and have been reviewed and updated. Annual reports have been modified and further changes are being made for coming years to allow more time for scrutiny.

What's ahead?

Following approval of revised committee and officer powers, a draft scrutiny protocol has been developed by an officer working group and in discussion with the chairs of the four strategic scrutiny committees. Financial regulations were also approved in May 2024.

A number of improvements were made to the Council's fraud governance arrangements during 2023/24 - including a new standalone Whistleblowing policy - however further development is planned during 2024-25.

3. Effective use of resources

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- It makes best use of its financial and other resources in all of its activities.
- Decisions on allocating resources are based on an integrated and strategic approach, are risk-aware and evidence-based, and contribute to the achievement of its strategic priorities.
- It has robust procedures and controls in place to ensure that resources are used appropriately and effectively, and are not misused.
- It works with its partners to maximise the use of their respective resources to achieve shared priorities and outcomes.

The Council has in place a number of components for the effective management of its resources.

These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Service People Plans and in development a Corporate People Plan). There are also a range of HR Policies.

The Council’s approach to Digital Services is being developed and delivery of this work is monitored through the Council’s Digital Portfolio Board and there is further oversight via the Reform and Recovery Board.

In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.

3.1 Workforce/Staff

Each year, there is a more detailed focus on a particular aspect of best value. This year the focus for the best value thematic audit is Workforce Innovation. This and previous reports from our external auditors will be available here: [Best Value | Fife Council](#)

How are we doing?



The Council’s workforce strategy, Our People Matter (OPM) 2022 - 2025, sets out our ambitions and our commitment to providing a working environment in which employees can

make an optimized contribution to delivering sustainable services, the Plan for Fife and other agreed priorities. It aims to promote a positive culture, good leadership, inclusive experiences, development opportunities and support for employee wellbeing.

A self-assessment process is undertaken annually both at corporate and directorate level to assess maturity/progress against delivering the strategy and improvement actions are identified. OPM progress and actions are reported annually to the Reform Board and Cabinet, and a mid-term review was conducted to assess strengths and areas for improvement.

Our workforce strategy works in a complimentary way with our workforce planning approach and we are strengthening the links to service change planning to ensure that our workforce capacity and capability meets our organisational needs now and in the future.

Workforce planning is directly influenced by a range of factors including service change planning, transformational change work, service delivery requirements and workforce priorities such as reducing absence, employee development. We have refreshed our approach to workforce planning, accompanied by the launch of real-time data tools around the workforce profile including leavers and new starts information.

Workforce planning at a service level is happening alongside service change planning, to ensure we have staff with the right skills in place to deliver our priorities. The data from the Service People Plans has enabled the development of corporate workforce planning priority themes. These themes direct corporate activities to support strategic workforce planning activities.

A revised approach to managing absence was approved by the Cabinet Committee on 29 June 2023, which included the creation of an Attendance Support Unit to help reduce absence levels Council wide. A recent report to the Scrutiny Committee in June 2024 provided a performance and improvement update on the Attendance Support Unit and the strategy to improve attendance management.

Results of the Health, Safety & Wellbeing survey (January 2024) informs work to address areas for improvement and tackle issues such as work-related stress, physical well-being and health and safety compliance. Since the last survey in 2022, there have been moderate improvements in a range of areas, and we will continue to build on those improvements. Our Heartbeat survey monitors employee engagement and tells us what our employees are thinking and feeling about work. The second survey ran late Spring 2024.

Resourcing challenges have been evident in recent years, impacted by external factors including the pandemic. Recruitment continues to be an area of challenge, however, the ongoing work to address these challenges is leading to improvements.

The approach to blended working is well established, however, there is further work to be done to extend flexible working opportunities for the whole workforce. A strong culture and focus on support for employee wellbeing exists both corporately and within services who have developed their own initiatives to meet the specific health, and wellbeing needs of their teams.

What's ahead?

Engagement will take place later this year on a refreshed OPM (2025-2028) and the development of a Corporate People Plan (for the same period) which will use the key insights from the Service People Plans to set out the actions we will take to address current and future gaps in our workforce capacity and capability.

Work will be progressed to develop the maturity of both our corporate and service approach to workforce planning, including understanding and scoping future workforce needs. We will continue to support the identification and development of leadership development activities within Services, including the First Line Managers Development Programme.

Delivery of our recruitment strategy will continue with a strong focus on innovative approaches to progressive recruitment such as our Life Chances model, which enters its next phase of implementation following the pilot period, to fully embed the model across Fife Council. We will continue to look at our more established initiatives such as our Workforce Youth Investment fund and how we can use this funding to target areas identified in service people plans. We will continue to work closely with our community planning partners and our established employability initiatives.

The Attendance Support Unit's work will continue with the aim of reducing absence. Work will focus on early engagement with employees who are absent from work due to sickness, managerial compliance and manager upskilling. The creation of attendance management induction training for new managers/employees and the provision of attendance data for managers should all help towards increasing managers' confidence to manage absence effectively. The ASU will continue to engage regularly with leadership teams across the Council to identify new innovative ways to reduce absence and drive cultural change.

Results from the 2024 Heartbeat survey show a 12% increase in response rates. There has been an increase in positive responses to the 12 statements which cover self, team, community and organisational leadership. Analysis will be undertaken to identify what Council-wide actions can be taken to enable improvement. Work will also be undertaken at a service/directorate level to identify and action improvement activities.

3.2 Asset Management

We need to ensure that we have the right assets in place to support future needs and priorities. We also need to meet our climate change and net zero obligations. Our asset management strategy is based on the principles of improving efficiency (doing more with less); the effectiveness of our activities (achieving better outcomes); and improving leverage through driving inclusive growth and working in partnership. It supports and aligns with the Plan for Fife and the Scottish Government Infrastructure Investment Plan for Scotland (IIP).

How are we doing?

We have completed the reconfiguration of our office estate for blended (hybrid) working through our Workstyles Programme. This approach combined upgrading facilities, with the provision of technology and terms and conditions. It supported the closure of two major office buildings, with significant revenue savings for the Council.

In supporting the Council's Capital Plan and the Plan for Fife, we work across a number of areas, many of which provide benefits across multiple themes and sectors. This includes targeted action plan to achieve Net Zero. Highlights include:

- **Capital programme** - the new Dunfermline Learning Campus will accommodate two new secondary school buildings, and accommodation for our business and broader communities. It will welcome pupils in August 2024.
- **Care villages** - Methil Care Village opened in September 2023, it typifies our integrated intergenerational approach, with nursery facilities, a care home and housing provision in carbon efficient buildings on a single site.
- **Council Housing** - Our work involves upgrades to our existing housing stock as well as the Affordable Housing Programme (AHP). This work contributes across a wide range of our objectives including net-zero, resilience, and community wealth building.
- **Decentralisation** - We have been working to support our area committees and our communities in the provision of property for community groups through subsidised leases. This has included improvements to the way we interface with the public and improved information flow.

What's ahead?

We will continue the move to a smaller network of integrated community and operational facilities, that contribute to Place and Community Wealth Building. Collaboration and sharing will be fundamental. We will seek to capitalise on opportunities for wider asset rationalisation and service integration with our public sector partners, in support of the Building No Wrong Door agenda. Key projects to support these objectives include:

- NHS Fife staff will be sharing space in our offices. This will support efficiencies in building use as well as Collaboration/No Wrong Door.
- We will seek to implement further improvements to our corporate offices, to build on the benefits being realised through Workstyles.
- Our contribution to the capital programme will continue with work developing Cupar Care Village and a new High School building for South and West Fife.
- The new community hub at Abbeyview is due to open in November 2024 and work is continuing on the new community hub at Templehall.
- We are continuing to support the Affordable Housing Programme and also working on new business units in Levenmouth and at Halbeath Interchange.

3.3 Information / Digital

Our Digital Strategy reflects the change and priorities in the Plan for Fife and responds to service pressures and opportunities. Maximising digital opportunity is a key consideration in the service change planning process.

How are we doing?

The alignment between our Digital Strategy and Our People Matter (OPM) approach has been strengthened, identifying areas of focus for us as a digital council with the need for a digital workforce mindset (culture & behaviours) and practice (leadership, performance and skills).

Our aspirations under mindset and practice support the development of a digital workforce who are confident to operate new, digital ways of working and service delivery. Technology-based solutions are considered early in business change activities and involve architecture

and analysis to ensure fit and benefits. 34 technology projects have been delivered since January 2022 with documented benefits.

The use of digital technology is having a positive impact on workforce productivity, service delivery and outcomes. Care at Home have successfully mobilised their carers enabling 20% productivity gains. Building Services have also achieved significant gains in productivity. There are smaller staff groups also benefiting from the use of mobile solutions.

A key principle of the workforce strategy is to develop digital skills for all, with no employee left behind. Progress has been made in addressing digital exclusion for employees, upskilling and increasing the digital confidence of our workforce through:

- Digital champions programme
- Digital skills survey – gap analysis
- Increasing digital learning resources and opportunities
- Dive into Digital events

The roll out of Microsoft Office 365 has widened the use of digital technology and provides a secure platform that enables working from anywhere and Use Your Own Device (UYOD). The vast majority of the Council has 'signed up' to this - now around 20,000 users.

As buildings started to close in March 2020 and many employees were forced to work from home, the M365 platform moved from a 'nice to have' to a 'must have'. In the first few weeks of lockdown the number of registered users rose from 1,800 to around 12,000. By the end of April 2020, we were running around 5,000 Teams meetings per week.

This gave the council a secure, robust platform with which to continue doing business during the pandemic – something that many other councils and the NHS were unable to do initially. Since then, we have developed a M365 based intranet that is accessible from personal and council mobile devices and PCs.

A number of additional Microsoft applications have been rolled out to users that improve workforce productivity, with more to come. All Council employees have an active account which means they have an email address and can access Oracle our HR system and the intranet on their own smart devices, where they previously had no digital footprint. Viva Engage has been implemented, allowing every employee to join communities and discussions.

The Council continues to replace a number of legacy systems through the Legacy Programme. Key projects have achieved significant milestones.

- The Housing Cx Project went live in June 2022. Work is underway to migrate the solution to the cloud although challenges are causing delays.
- The Social Work/Social Care case system transferred from SWIFT to Liquid Logic. The system is required to provide an accurate record management system for service users across social work children and families, adults, older people and criminal justice. Liquid Logic functionality for Childrens' Social Care went live in May 2023 whilst Adult Social Care and Criminal Justice went live in April 2024.
- The CoMIS Replacement Project for Property and Housing repairs remains a work in progress.

Work is continuing to progress the 1-2-1 Education Device Strategy. While still in a pilot and planning phase, some 8,000 devices are available to Fife's young people on a 1-2-1 basis. Access to the same device 24/7 is supporting a seamless digital learning experience. For

less privileged pupils within this pool, connectivity at home was also provided via mobile hotspots.

What's ahead?

Digital change is being co-ordinated by the Digital Portfolio Board and will further leverage existing strategic solutions and partnerships to deliver benefits and contribute towards the budget shortfall in future years. An approach to identify, quantify, prioritise and then get into delivery is ongoing and will run into mid 2025. Early opportunities will however be progressed where possible, contributing to Service change such as the No Wrong Door approach, 121 devices in Education and optimising the use of existing systems.

No Wrong Door will transform the Communities Directorate and introduce new ways of working that will require innovative technology to underpin the approach. A data warehouse and small app development will enable a 360 view of the citizen of Fife improving the quality of interactions and interventions with the objective of preventing more people from falling into crisis.

Following the 1-2-1 Device pilot in Education, a business case is being prepared for rolling this out to all P6-S6 pupils, subject to funding being identified.

The coming year will see more focus on ensuring that the value of using a more modern system like Liquid Logic is maximised, including improving the integrity of the data from payment recording systems to allow improved financial forecasting processes.

Further opportunities will be identified with Directorates and prioritised via a pipeline approach overseen by the Digital Portfolio Board. From 2025 onwards a forward delivery programme will be introduced with change tracked and managed in a co-ordinated way.

3.4 Risk Management

Risk management is a fundamental element of good governance and decision making in any organisation. The range of vital services delivered by the Council for individuals and businesses in Fife routinely result in a varied and complex risk profile. The Council's risk management arrangements are designed to support, on a continuous basis, the identification, assessment and management of risks as well as the monitoring, reviewing and reporting of them.

How are we doing?

Audit and Risk Management Services provides the internal audit function for Fife Council and operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion in 2023 of a formal External Quality Assurance process.

The Service undertakes a risk-based annual programme of audit work approved by the Standards, Audit and Risk Committee. An annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, provides the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework.

The overall audit opinion for the year to 31 March 2024 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

During 2023/24, a number of improvements were made by management to address the critical recommendation contained within the Safeguarding internal audit report, which related to Scottish Social Services Council (SSSC) registration. A formal follow-up of the report was also carried out by Internal Audit this year and independent assurances were obtained that the recommendation had been fully implemented.

In addition to the improvements made, a small number of limited assurance internal audit reports have been issued since the last Governance Statement, including the Community Equipment Service - Fife Equipment Loan Store, which contains one critical recommendation surrounding the servicing of community equipment, Lone Working, School Transport - Additional Support Needs and Third Sector Funding. Management has agreed to fully implement all of the recommendations within these audit reports and will monitor progress made towards this.

The Council's corporate risk management arrangements continued to mature during 2023/24, driven by the implementation of the Risk Management Improvement Plan and Risk Management Strategy Group, which met regularly as planned. Key improvements included the development of a new Strategic Risk Register; establishing formal horizon scanning, and risk escalation processes; utilisation of the new, approved PESTELO impact assessment matrix; delivery of training and awareness sessions, including awareness session for the extended Council Leadership Team and CPD events; and ongoing development of e-learning solutions, in consultation with HR colleagues.

What's ahead?

Progress has also been made towards implementing the Roll Out Plan, supporting services to develop, implement and embed effective risk management arrangements locally, including development of service-level risk registers. This work will continue. The Risk Management Maturity Model will be reviewed and revised. Risk management advice and guidance will be provided to Council ALEOs.

The Council's 2024/25 Internal Audit Plan contains formal follow-up reviews of the Community Equipment Service - Fife Equipment Loan Store and Lone Working reports, which should provide independent assurance in due course that the areas requiring improvement, and corresponding risks, have been adequately addressed.

The Council is determined to protect itself and the public from fraud and corruption and have developed its existing counter fraud and anti-corruption arrangements in consideration of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. Fraud governance arrangements were enhanced during 2023/24 with the launch of a new mandatory Corporate Fraud e-learning package and new Whistleblowing Policy and supporting working practices and procedures, including new referral routes. Further development is planned during 2024-25.

During the year a review has been taking place in relation to Programme and Project governance and assurance by officers. Major change projects (over £5m or higher risk projects) have specific governance arrangements already in place and have governance boards established which meet regularly to monitor and track progress and risks. However, the review has identified some areas for improvement and the need to strengthen some aspects to ensure effective management of resources associated with Programmes and Projects. These will take place during the coming year.

3.5 Financial Management and planning

Budget setting, asset plans and digital strategy are all aligned to strategic and local priorities. Our medium-term financial strategy outlines the financial challenge over the next three years and proposed strategies for dealing with these challenges, including the implementation of change programmes. The long-term financial plan has been refreshed.

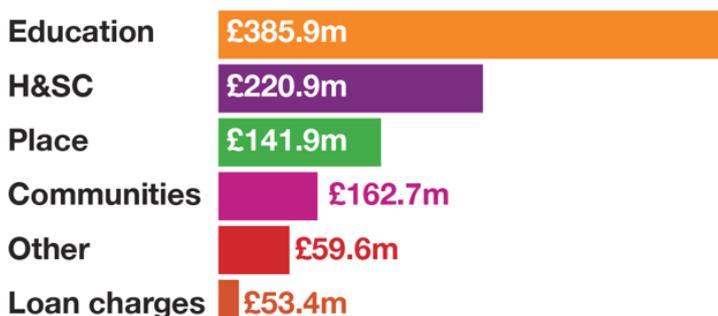
How are we doing?

The last year has been another challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses whilst safeguarding the Council's financial sustainability and maintaining service delivery.

Budget constraints and increasing cost pressures are putting Council finances under severe strain. With a proportion of funding being ringfenced or directed for national policy initiatives there is less scope to properly plan ahead and target resources to local needs. As a result, Councils are being faced with having to make increasingly difficult choices about spending priorities and service provision.

Finance **£1,024.4m**

Govt Grant	£607.1m
Council Tax	£172.1m
Non Domestic Rates	£189.6m
Other	£62.6m
Contribution to Reserves	-£7.0m



Fife will continue to explore all options to close the budget gap. For example, changes to the statutory accounting guidance for the repayment of debt on Service Concessions allowed the repayment term to be extended and generated an annual benefit from 2023/24 of £4m per annum in the near term. In the 2023/24 budget £1.552m of balances were used to close the budget gap and a further £6.448m of balances were used for one-off temporary investment. Balances are not anticipated to be used to close the budget gap in future years.

We've looked at examples of successful reform and delivery from around the UK and beyond. This has helped inform our current redesign work around place-based, people-focused and digitally enabled services. Evidence suggests that adopting a no wrong door approach and rolling out whole family support can achieve better outcomes for people and families. A redesign of People services will support people to take control of their own lives by working with families and households to empower them to build their capacity and resilience through relationship-based, person-centred support.

This year, Internal Audit undertook a high-level review of the Council's funding and governance arrangements in place for third sector organisations. Third sector funding is governed by the Council's Monitoring and Evaluation Framework, which sets out the processes and practices through which organisations are commissioned. It is designed to assist officers working with voluntary organisations and the organisations themselves to understand their respective roles and to ensure consistent systems and practices across the Council. The review found that the Council has a Monitoring and Evaluation Framework (the Framework) for managing third sector funding in line with best practice principles. There is regular reporting of third sector funding activity.

What's ahead?

The Council is facing significant financial challenges now and in the coming financial years. The financial position for 2024/25 is forecast to be a substantial overspend which will impact adversely on balances. Services will need to practice sound financial management in order to bring their budgets back in line. The budget gap for 2025/26 and beyond is also challenging and the opportunities for corporate solutions are no longer available, meaning that difficult decisions will need to be taken in order to retain a balanced budget position.

To mitigate increasing financial risk and service overspend, financial management will be strengthened across the organisation and will include review of financial controls and processes in place. Increased emphasis on budget holder accountability and responsibility will be achieved through enhanced availability of financial information through self-service access to financial information directly from the Council's core financial systems. Where overspends are emerging, mitigating actions will be required and these will be reported within the regular financial reports presented to both Cabinet and Scrutiny Committees.

Initial work has begun to review the Council's Capital Strategy to ensure that it is in line with the refreshed Plan for Fife. The strategy will inform the Capital Investment Plan. The current economic conditions bring significant financial uncertainty and there is significant pressure on projects and resources already contained within the current Capital Investment plan. The plan is reviewed on a biannual basis and work so far has been aimed at reviewing the costs, profiling, likely costs and delivery timescales for current and approved projects already contained in the current plan

The Monitoring & Evaluation Framework will now be fully reviewed and updated, taking into training and development requirements and improvements needed to systems and processes to plan, manage, approve, evaluate and coordinate grant allocations.

The overall financial outlook continues to be extremely challenging and significant change will be needed to safeguard the financial sustainability of the Council.

3.6 Performance management

Through the Statutory Performance Information (SPI) Direction³ the Accounts Commission set out requirements on councils to publicly report their performance to their citizens and communities. Each council is required to report a range of information covering SPI 1: Improving local services and local outcomes and SPI 2: Demonstrating best value. Councils are encouraged to improve such reporting in a way that reflects their local context, while recognising the benefits of reporting benchmarking information to the public.

How are we doing?

All Services report annually to scrutiny committees on their performance. Service scorecards reflect Plan for Fife priorities, LGBF, customer, resources and operational management.

Following recommendations from the 2022/23 annual audit, a number of improvements have been made to our public performance reporting, starting with improved presentation of performance information (use of trends) in service scrutiny reports from November 2023 onwards.

³ [The Publication of Information \(Standards of Performance\) Direction 2021 Statutory Performance Indicators \(audit.scot\)](#)

A Council Planning and Performance Improvement Plan was approved in April 2024 to deliver improvements in the use of research, data and insight; a remodelled approach to Service scrutiny reporting; joined up service planning and change planning processes; self-evaluation in relation to Best Value; updated corporate performance monitoring arrangements; wider use of digital solutions and improvements in public performance reporting. A new approach to annual Service reviews and performance reporting for the scrutiny committee cycle was agreed at CET on 5th June 2024 which will bring Corporate Change Projects and 3 year rolling service plans into alignment.

Improvements have been made to the availability of performance information for both internal management purposes (through the development of Service portals in the Council's performance and risk management system, Ideagen) and in the availability and timeliness of public performance information (through improvements to the Council Performance Page <https://www.fife.gov.uk/performance>).

To strengthen Fife Council's compliance with SPI2: Demonstrating best value, we are introducing this new report: an annual corporate self-assessment of delivery against best value themes. This includes a new set of Best Value Performance indicators which will enable us to track how well we are doing as an organisation in delivery of best value, particularly in relation to effective use of resources. See section 8. Best Value Performance Indicators. As at 2023/24, Fife has improved on 9 of the 16 indicators which we will use to monitor best value.

What's ahead?

The performance framework will be updated for the Council and Partnership into a single approach: setting out the baskets of indicators aligned to the Plan for Fife 2024-27, best value, change plans and service improvement.

New style annual review reports for services will start to be rolled out from Autumn 2024, integrating change and improvement themes that will be developed through new service plans in the Spring of 2025. Stage 2 of the improvements to performance information online will focus on improving the way plans, performance, project delivery, evidence of impact and community news are linked. Analytical and assessment capability will be enhanced through training and development to support leadership teams as they consider policy and budget choices to support the delivery of the 2024-27 plan.

As part of decentralisation work, improvements have been made to how information is reported to Area Committees including introducing a common format for reporting of anti-poverty activity. From September 2024, Area Committees will start to receive Housing Reports in the new format to enable better local scrutiny and dialogue and a basis for informing policy and strategy generally.

Revised performance reporting arrangements will strengthen our approach to continuous improvement and delivery of P4F outcomes through transparent and timely information being available to Members and leaders to scrutinise.

Local Government Benchmarking Framework

The [Local Government Benchmarking Framework \(LGBF\)](#) brings together a wide range of information about how all Scottish councils perform in delivering services to local communities. The national benchmarking overview report for 2022/23 highlights that councils are facing increasingly challenging decisions around service delivery due to deepening fiscal, workforce, and demand pressures. It finds that funding for councils is failing to keep pace with increasing demand for services, growing need, and costs pressures, while workforce recruitment and retention are growing issues across much of the workforce.

An overall comparison of LGBF performance across all 32 councils across Scotland shows year to year fluctuation in the number of indicators where Fife features in the top two quartiles. The current position for 2022/23 shows 57% of indicators in the top two quartiles.

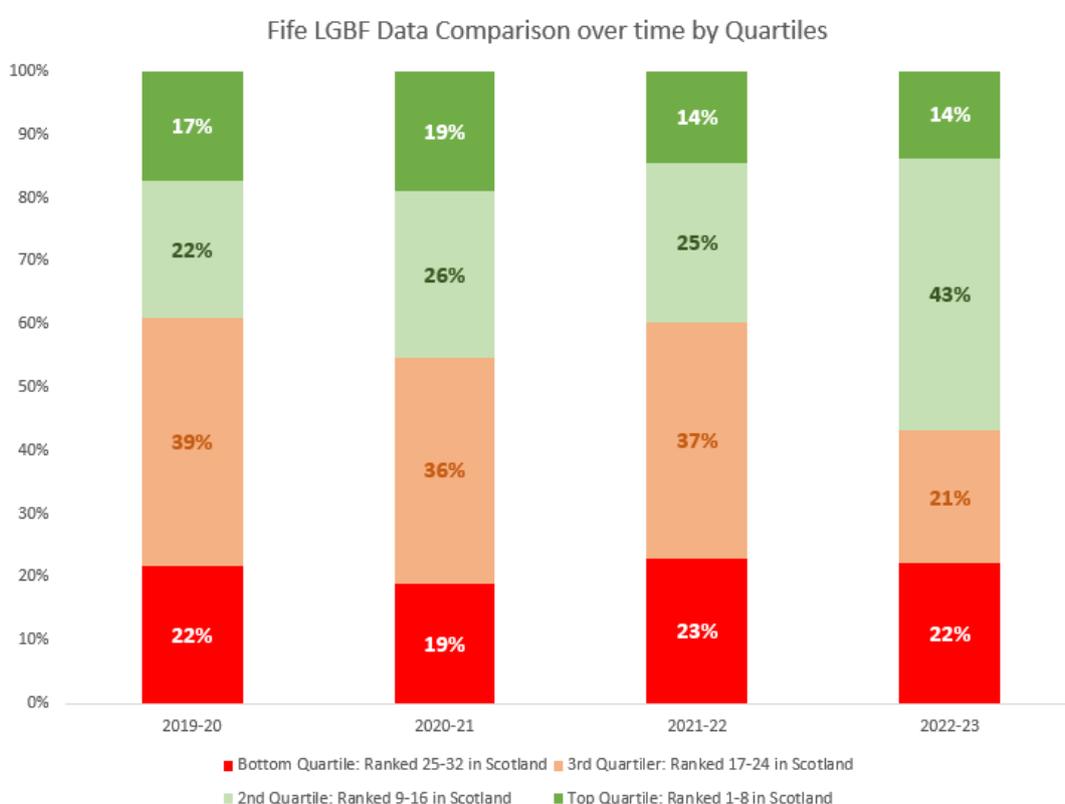


Figure 3.6.1 – LGBF data comparison across all 32 Councils by quartile (note analysis of LGBF data available as at May 2024)

Note - Caution is needed in interpreting performance relating to 2020/21. As at 1 May 2024 there remain 13 of 108 LGBF indicators for which data is still to be published for 2022/23 which may change the overall position.

While Fife has improved its performance over time on 59% of the LGBF indicators, it has only improved on 41% of indicators relative to its Family Group and 42% compared to Scotland, suggesting other Councils are improving their performance to a higher level. As with the national data, there are signs of a slowdown in improvement of performance, with some areas, such as Financial Sustainability; Children's Services and Adult Social Care all declining due at least in part, to the deepening fiscal, workforce and demand pressures facing councils. These challenges are already impacting service performance, and if the current trend persists, the hard-won progress achieved so far may be at risk, potentially leading to a decline in council service performance over the longer term.

Views on Council Services

In February 2024, via a [Fife People’s Panel](#) Survey, we asked people for their views on their local council and the services that it provides.

Around two thirds of people believe that Fife Council provides high quality services. This rating has improved to **65.6%** from **48.1%** in 2022.

Other ratings which are showing improvement since 2022 are that the Council is addressing the key issues that affect the quality of life in local neighbourhoods (44.6% from 27.7%) and it designs its services around the needs of the people who use them (31.9% up from 20.7%).

Just under half agree that the Council does the best it can with money available, and a third believe the Council is good at letting people know about the services that it provides. Both of these ratings are similar to what they were in 2022.

Results which show a slight reduction since 2022 are in relation to how good the council is at letting people know how it is performing (22.4%), listening to local people’s views before it takes decisions (20.4%) and keeping people informed about what is happening in the local area (17.8%). This is consistent with findings on influence and sense of control from the [Our Place survey, 2023](#).

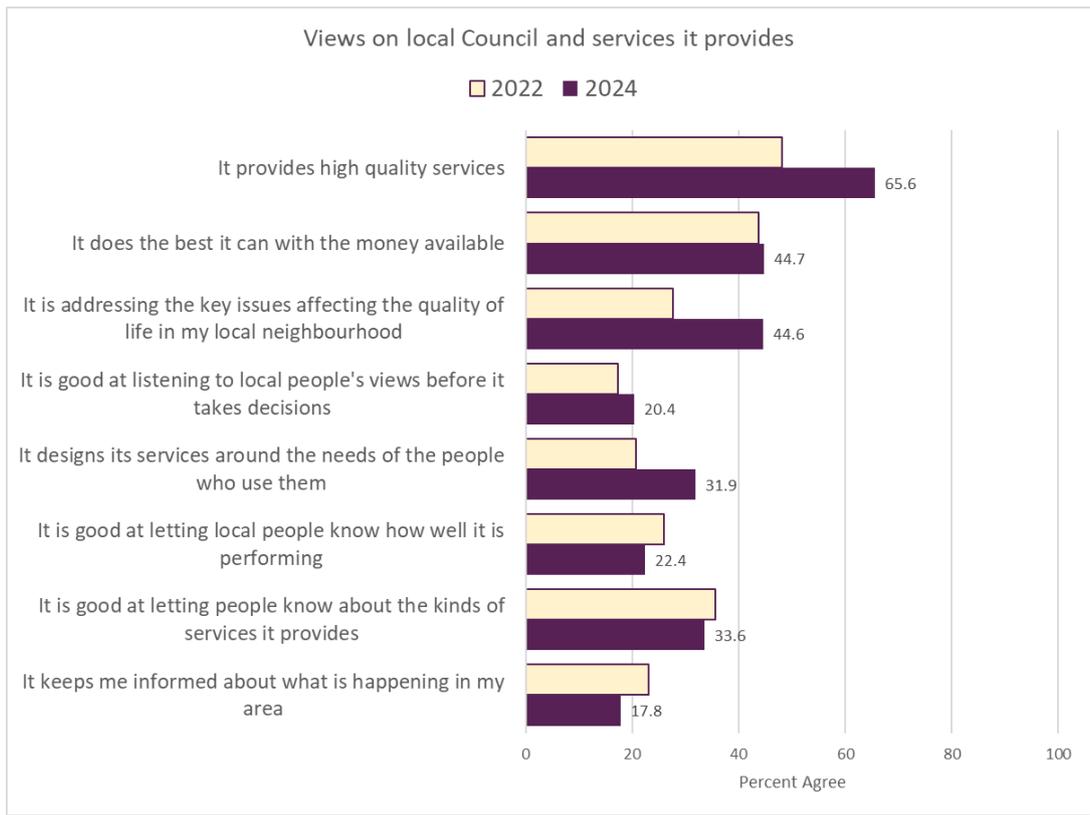


Figure 3.6.2 – Views on local Council and services it provides (Fife People’s Panel, 2024 vs 2022)

4. Partnerships and collaborative working

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- Members and senior managers have established and developed a culture that encourages collaborative working and service provision that will contribute to better and customer-focused outcomes.
- Effective governance arrangements for Community Planning Partnerships and other partnerships and collaborative arrangements are in place, including structures with clear lines of responsibility and accountability, clear roles and responsibilities, and agreement around targets and milestones.



Our overarching vision is for "a fairer Fife". The Plan for Fife is both the Partnership and the Councils' strategic plan, addressing inequalities by focusing on three priorities within an overarching community wealth building approach:

- tackling poverty
- leading economic recovery, and
- addressing the climate emergency

How are we doing?

Partnership groups are taking forward action on 13 ambitions across four themes - opportunities for all, thriving places, inclusive growth and jobs, and developing community-led services, and addressing the climate emergency. Progress is reported through an annual Ambitions report.

The first phase of Fife Partnership Leadership Summits in 2023 sought to broaden the involvement and commitment of leaders from across the Partners and explore opportunities to work together on public service reform. From this four strategic change ambitions and Leadership commitments emerged:

Fife Partnership Strategic Change Ambitions and Leadership Commitments 2023

1. Put **Community Wealth Building (CWB)** at the heart of what we're doing, so we actively engage and work with local business, start-ups and third sector to win more of our work; reach out our recruitment to local communities; prioritise CWB within our key strategies e.g. economy, climate, health.
2. Live up to the **Place Principle**, so we work through a shared approach to how we inform, plan, review and engage locally; adjust our structures and operating arrangements to enable locally responsive teamwork; make resource decisions together.
3. Implement **system change in how we are supporting people and families** to improve their quality of opportunity and life, so we commit to share knowledge, review our referral approaches, and redesign processes; join up our access and information; lead and invest in multi-service team working and skills.
4. **Prioritise health and wellbeing** when we plan our places and services, so we invest in local community groups to facilitate local action; design our workplaces and the services they deliver to improve physical activity and health and wellbeing; work to create community networks and use all our assets to support physical activity and health and wellbeing, especially our green spaces.

A commitment to Community Wealth Building was confirmed by key public and third sector anchor organisations through the implementation of a Fife Anchor Charter in 2021, with partners moving to active delivery across all five pillars of Community Wealth Building.

Every three years, there is an update to the Fife Strategic Assessment to support the Plan for Fife (local outcome improvement plan). This brings, into a single document, a definitive synthesis of the latest research, evidence and assessment about Fife, to highlight the shared challenges facing local communities and partner agencies.

The [2024 assessment](#) provides an evidence-based snapshot of the state of Fife, in the context of many contributing factors. It is intended to provide insight and constructive challenge to encourage us to think about problems and opportunities in new ways. It highlights that there are complex and persistent issues affecting Fife's communities, which can only be addressed through collaborative action across partners.

The evidence in the assessment was a key input to the Plan for Fife review, and informed Fife Partnership Board decision in May 2024 to maintain focus and action against the existing Recovery & Renewal Priorities for 2024-2027.

Fife Partnership Board also agreed to explore building the next Plan on the social determinants of health using the developing approach of Professor Michael Marmot and the Institute of Health Equity. This is being explored further with Public Health Scotland to embed a system wide focus on prevention at community planning level.

Following the Plan for Fife review, improvements to Plan for Fife governance arrangements to sharpen delivery focus were approved by Fife Partnership Board in August 2024. While these changes did not amount to a fundamental change to partnership structure and roles, further changes may be needed in terms of shaping the 2027 Plan for Fife.

What's ahead?

The Plan for Fife review has set the direction for 2024-27. As Partnership focus sharpens on priorities and delivery over the next three years, work needs to start on shaping the next plan.

Two proposals have been discussed at the Leadership Board to develop this work. Firstly, the creation of a leadership group to begin the task of shaping the next Plan for 2027. This could include working alongside Public Health Scotland and the Institute of Health Equity on the approach.

Secondly, a new Collaborative Programme will be developed by Fife Partnership based around projects that could be scaled to enable us to deliver a greater impact against priorities, more quickly. Three initial projects are proposed as tests of change:

1. Accelerating Community Wealth Building benefits through procurement
2. Maximising Life Chances through joint progressive recruitment practices
3. Creating Sustainable Places through whole-system place-based design/delivery

The next Fife Local Development Plan is being created over a similar timeframe as the new community plan. This opens up a new opportunity to align policy, asset and land use more deliberately and ways to better support community wealth building and priority objectives.

The strong and ongoing theme of inequality coming through the Fife Strategic Assessment indicates value in taking a whole system approach to shape investment, redesign opportunities and resource allocations.

5. Working with communities

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services.
- A commitment to reducing inequalities and empowering communities to effect change and deliver better local outcomes.
- That engagement with communities has influenced strategic planning processes, the setting of priorities and the development of locality plans.

Community empowerment is at the heart of the Plan for Fife and underpins our work to develop a no wrong door approach, place-based delivery, decentralisation and local community planning. Councillors and managers work with communities on an ongoing basis through local community planning and area committee arrangements to reflect citizen priorities in planning and decision making.

Our Place

During October and November 2023, we asked Fife People’s Panel and the wider public to rate the need for improvement in 14 different aspects of place (on a scale from 1 to 7, with 1 needing lots of improvement, and 7 needing little improvement). This provides a good overview of community perceptions of the relative need for improvement in places and spaces in Fife, and how this is changing over time.

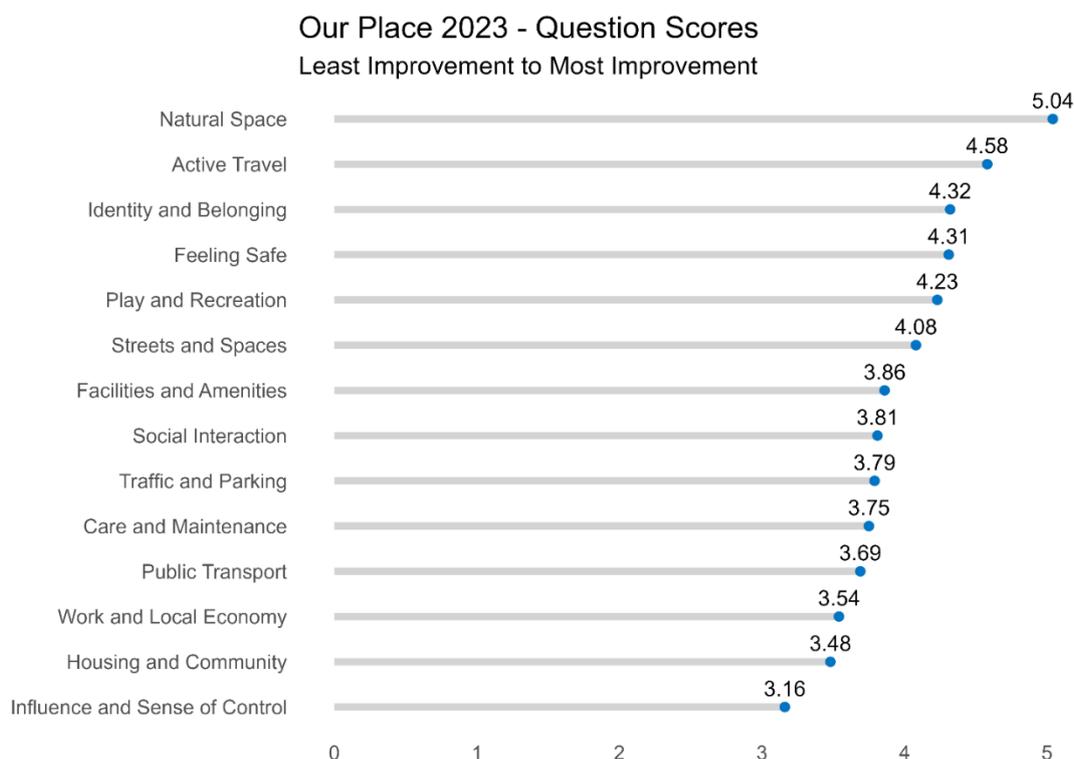


Figure 5.1 - Our Place Survey 2023, Fife scores on different aspects of place

The results from the [Our Place survey 2023](#) show people in Fife generally view where they live as being ok but with room for improvement. On a positive note, Fife is seen as a place with good natural spaces and active travel options, with these consistently rated more highly than other aspects of place over time.

In 2023, the perceived need for improvement was growing, and the gaps focused on work and the local economy, housing and community, and the extent to which people felt they could influence what is going on around them to provide a greater sense of control. There are similarities and differences across Areas.

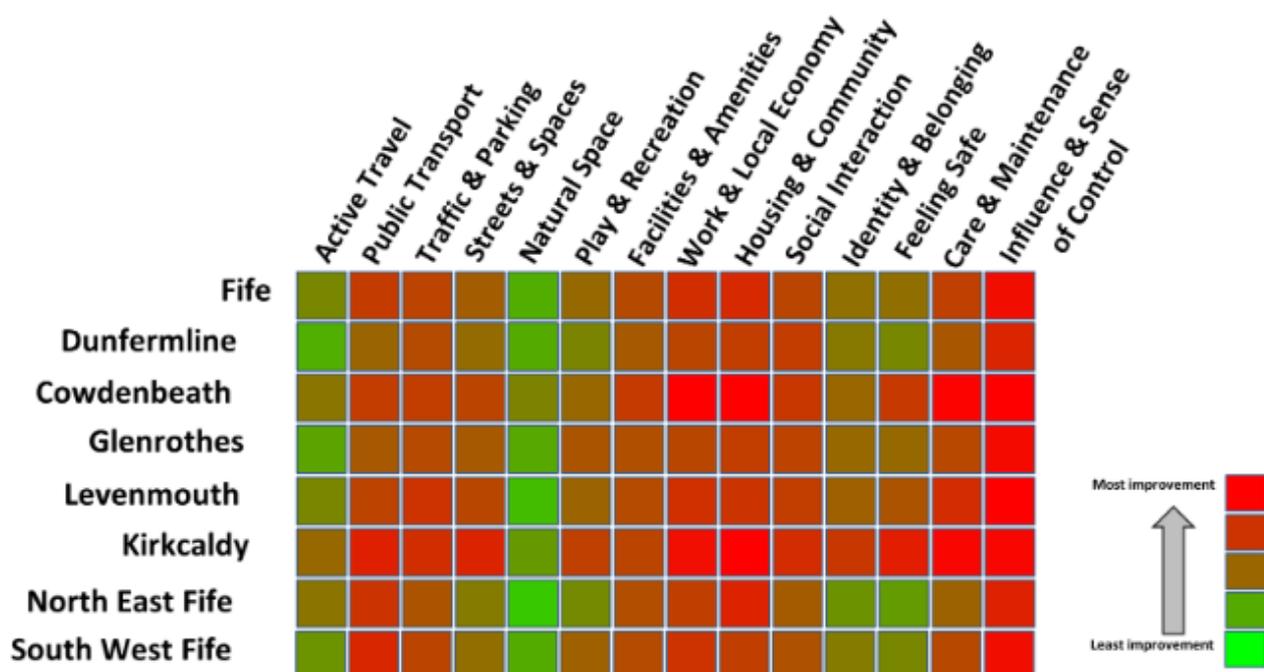


Figure 5.2 – Relative need for improvement in aspects of place by Area, 2023

For the first time, we can start to track the new [Place and wellbeing outcomes](#), which are built up from the place standard tool:

1. [Movement](#) – active travel; public transport; traffic and parking
2. [Spaces](#) – streets and spaces; natural spaces; play and recreation
3. [Resources](#) – services and support; work and economy; housing and community
4. [Civic](#) – identity and belonging; feeling safe
5. [Stewardship](#) – care and maintenance; influence and control

Across place and wellbeing outcomes, our Spaces are ranked the highest (least in need of improvement) and Stewardship the lowest (most in need of improvement).

Table 5.3 – Place and wellbeing outcome scores for Fife 2023 and change from 2021

Outcome	Movement	Space	Resources	Civic	Stewardship
Fife	4.02	4.45	3.67	4.31	3.46
Change	-0.20	-0.26	-0.42	-0.25	-0.26

Note, at the Fife level, all outcomes have decreased in the last two years with Resources showing the biggest drop (-0.42) indicating that the areas in this outcome would benefit most from a focus for collaborative effort.

How are we doing?

We're encouraging communities to play an active role in designing and producing services – from Local Place Plans and regeneration projects that will define whole areas, to participatory budgeting processes, employability projects and facility improvements that meet the specific needs of target groups. We've learned from communities' experiences and actions during the pandemic and are continuing to build community resilience. We are designing more locally responsive services, supporting community-led initiatives and providing funding to local groups so they can use their assets to meet community needs (for example warm places).

Findings from a CLD inspection visit of Fife Council in December 2023⁴ highlighted that CLD Partners in Fife know their communities well, with an improved and shared understanding across professional disciplines of who is best placed to meet individual and community needs. This is helping to address barriers to accessing provision and improving timely access to resources and services for those most in need.

Strategic leadership for community engagement and participatory budgeting is effective. A high number of multi-agency partners network effectively to develop community engagement approaches and provide training for practitioners and community members. This is having a positive impact and increasing ways to engage with communities. The Council are also using effective approaches to support online community engagement.

There are strong examples of community led initiatives making a difference for local communities and increasing participation through the development of community forums. This includes summer programmes and joint work between CLD and Police Scotland to establish detached youth work. As a result, approaches to tackling anti-social behaviour is reducing the numbers of young people entering the youth justice system. Young people who originally developed the concept of a Pump Track in Dalgety Bay are now leading on managing and delivering this project.

Best practice case study of community led initiative making a difference for local communities - highlighted in CLD visit

The Fife Alcohol and Drugs Strategy 2020-2023 highlights the need for a locality-based approach to ensure equity of support for those at risk of drug related death and harm. In response, the Levenmouth project worked with key partners to introduce services within the Sandy Brae Community Education Centre. Partners have increased the presence of drugs and alcohol prevention and pathways provision to the area. For example, Restoration Fife, KY8 Adapt and other relevant services are providing individual and recovery support for those who would benefit most. A drop in café, access to medication assisted treatment and other relevant services is helping reduce stigma associated with problem drug use, which can prevent users and their family from accessing services. As a result, between 2019-2023 there is a decrease in drug related deaths in the area.

The North Queensferry Community Forum have developed a local action plan. They link closely with the Forth Bridges Area Tourism Strategy and other partners, including Scotrail, to improve transfer links between the village and Ferrytoll. Wellbeing ambassadors, in a few secondary schools, are providing social and emotional support to those young people who

⁴ Fife Council Community Learning and Development Progress Visit Report 13/02/24
<https://education.gov.scot/media/2pobetrk/cld-fife-council-pv-130224.pdf>

need it. Skilled, active and committed volunteers are supported well to improve community facilities, such as Kennoway Pump Track. This is improving the health and wellbeing of residents and increasing their social skills and networks of support.

Communities are actively engaged and consulted in the development of community facilities and have had a major influence on the design of buildings. For example, local agencies and groups are actively influencing the design of a new community hub at Abbeyview. This will increase accommodation available for groups being displaced from other community facilities. Together with

In addition to the regular Parentwise and Pupilwise surveys, a Fife Young People's Health and Wellbeing Survey was carried out through schools in March and April 2023. The findings from this are being used to understand the wellbeing needs of children and young people across Fife and to inform the work of organisations in Fife to improve services for children and families.

What's ahead?

Community forums are at different stages of development. There is more to do to further develop learning opportunities and share expertise and knowledge to enhance their work. For example, community food initiatives that are at an early stage could be developed further.

Youth Work Research in 2023 was underpinned by a participatory action research model with young people taking a lead role in the process as part of the overall planning and as young researchers. This approach has been a key strength and this research and other data will be used to inform partnership work on a youth work strategy as part of the overall development of the new Community Learning and Development (CLD) Plan, supporting our commitment to Community Led Services as set out in the Plan for Fife.

Participatory budgeting processes are being planned in Cowdenbeath, City of Dunfermline, Glenrothes and Kirkcaldy Areas where local people will have an active role in allocating Community Recovery Funding.

Services are continuing to be supported to improve their community engagement practice through the development of a new community engagement toolkit and resources, all underpinned by the national standards. The Council will be trialling a new digital platform – Citizen Space - to support improved community engagement. Training on the new platform is currently being rolled out but there are plans to use this for participatory budgeting in Kirkcaldy Area and consulting on the Community Learning and Development Plan.

The council is preparing a new Local Development Plan (LDP) which will be shaped by the views and aspirations of communities across Fife. The plan will replace the current plan approved in 2017 and will set out planning policies and proposals for the use and development of land across Fife. We aim to adopt the plan in 2026 and it will look ahead for 10 years from then.

The success of the LDP depends on the participation of the people who live in Fife as they understand where they live the best. Our new Local Development Plan will consider any registered Local Place Plans, to allow communities to have a more direct role in the decisions that influence their place. Communities have been invited to prepare Local Place Plans so that they can play a proactive role in defining the future of their places.

6. Sustainability

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- Sustainable development is reflected in its vision and strategic priorities.
- Sustainable development considerations are embedded in its governance arrangements.
- Resources are planned and used in a way that contributes to sustainable development.
- Sustainable development is effectively promoted through partnership working.

The Climate Change Act (Scotland) 2009 introduced mandatory duties for local authorities to contribute to climate change mitigation and to climate change adaptation, and to act sustainably. This has been integral to Fife Council's priorities in the Plan for Fife and associated governance, and in previous strategic plans.

The Plan for Fife includes "Addressing the Climate Emergency" as one of the four key objectives. The Addressing the Climate Emergency Board, comprising Heads of Service, Senior Managers and representation of partner organisations, provides an oversight of delivery of the priorities from Climate Fife Strategy to ensure delivery of the Plan for Fife.

How are we doing?

In 2019, Fife Council declared a Climate Emergency, committing to the target of net-zero by 2045. This was closely followed by "Climate Fife" our Sustainable Energy and Climate Action Plan (2020-2030), outlining our ambition and actions to tackle the climate emergency over the long term.

A new Climate Fife strategy⁵ was agreed in 2024 which sets out six themes of climate actions and three big moves. The big moves are key transformations that we need to make over the period of the strategy, including where we need to agree or change policy, develop new delivery models, and adopt a place-based approach.



Energy

where we will begin to transform the energy system in Fife to low carbon



Resilience

where we will transform how we protect Fife from the unavoidable impacts of climate change and biodiversity loss, including through nature-based solutions



Community

where we will transform our approach to supporting community climate action, empowering our communities to transform local food, waste, transport, and energy generation systems to create community wealth and wellbeing

⁵ [Climate Fife 2024 Strategy and Action Plan](#) (Accessed 3rd April 2024)

Supporting communities to make long term changes and building resilience is key to achieving the vision for Climate Fife, with the six action programme themes outlined including buildings, low carbon energy, zero waste, transport and travel, nature and land, and protecting and supporting our communities.

Fife Council footprint reduced by 9% by 2022/23 from 2021/22. This is primarily the result of reduction in emissions from building energy, with electricity being at its lowest figure since the baseline. However, it should be noted that whilst electricity consumption from our estate has decreased through energy efficiency measures and reduction in estate by over 25% between 2014 and 2023, we have also benefitted from the decarbonisation of the National Grid which accounts for around half of the reduction. The total Carbon Footprint has reduced by 49% against the baseline in 2014/15. This is ahead of the current target for 202/23 of 36%. Fife Council's carbon footprint remains on track to achieve target for 2030 of a reduction of least 75%.

The council recognises the need for action around climate change adaptation and, as a result, a range of actions and training have taken place to enhance Fife's ability to adapt to climate change. Fife Council's corporate risk register covers the risks of climate adaptation, which are further progressed through for example, Shoreline Management Plan, Flood Emergency Procedure, Local Flood Risk Management Plans. Fife Council has produced a targeted asset management plan to allow us to meet climate change objectives as we push towards Net-Zero by 2045.

Changes Fife Council itself is making in relation to operating more sustainably include delivering Climate Literacy training to engage officers from throughout the council to identify deliverable climate actions within their Service, and Directorate. Since Climate Literacy training started in 2021, as at March 2024, 221 (of whom 178 completed the pledge and are accredited) Fife Council Staff and Councillors completed the course.

Fife's Local Heat and Energy Efficiency Strategy ⁶ was published in December 2023, setting out Fife's strategic vision and plans for moving all of Fife's energy to net zero. This is being augmented by Local Area Energy Plans, with initial focus in Dunfermline area.

A Property Flood Resilience Grant was introduced on 24th April 2024, This offers home owners and business the opportunity to apply for grant funding up to £5k to install property flood resilience measures to help protect their homes against the risk of flooding. This work complements the work of Housing Services to improve resilience of council owned properties.

What's ahead?

The Big Moves for Energy, Resilience and Community will be progressed, developing collaborative routes to transformational climate actions, including identifying policy changes to support the transformations.

The Delivery Plan for the Local Heat and Energy Efficiency Strategy is being developed throughout 2024/25 and will set out strategic steps to reduce energy demand and decarbonise energy supply throughout Fife.

A Coastal Change Adaptation case study is underway to inform Fife Council's understanding of coastal value in terms of health, wellbeing and economy. This will also inform future communication of coastal adaptation and how Fife Council responds to that. Work continues

⁶ [Local heat & energy efficiency strategy \(LHEES\) and delivery plan | Fife Council](#)

to deliver on the Local and Flood Risk Management Plans and progressing with Surface Water Management Plans, as well as progressing towards a coastal change adaptation plan, all challenged by the increasing impacts of storms and sudden deluges exacerbated by climate impacts.

Throughout 2024/25 efforts are underway to create a trial Reuse Hub to remove usable items from the waste stream and create local community benefits and skills opportunities. Lessons from this will inform deployment from 2025 onwards.

The Fife Climate Forest (FCF) is an initiative to combat climate change and protect nature in the Fife region by planting trees, hedges, and restoring woodlands. It supports Fife Council's Forest & Woodland Strategy and wider climate goals, including enhancing resilience and linking fragmented woodland habitats per Fife's Biodiversity Action Plan. The project aims to improve health, wellbeing, skills development, and community wealth building, offering volunteering opportunities. FCF's framework, 'Connect, Grow, Thrive,' resonates with community partners.

A new Local Development Plan will be prepared to replace the current FIFEplan (adopted in 2017) and will represent the spatial and land use aspects of the Local Outcome Improvement Plan, Plan for Fife.

The publication of the Local Development Plan Evidence Report⁷ is the first stage of this task, the purpose of which is to support the quality and effectiveness of the local development plan. It sets out the information on which the new plan will be founded and what the Council needs to plan for. This sets out the local issues and how these will be addressed.

The next stage is the Proposed Plan which will set out where development could go, how places could change and the policies to support that change. There will be consultation on that with local communities, informed by local place plans.

⁷ [Local Development Plan Evidence Report Fife Council Committee 21 March 2024 \(Item 8\)](#)

7. Fairness and equality

What is required?

In achieving Best Value, a local authority will be able to demonstrate the following:

- That equality and equity considerations lie at the heart of strategic planning and service delivery.
- A commitment to tackling discrimination, advancing equality of opportunity and promoting good relations both within its own organisation and the wider community.
- That equality, diversity and human rights are embedded in its vision and strategic direction and throughout all of its work, including its collaborative and integrated community planning and other partnership arrangements.
- A culture that encourages equal opportunities and is working towards the elimination of discrimination.

Fairness is at the heart of the vision of the Plan for Fife, and reflected in our priorities of tackling poverty, leading economic recovery, and ensuring a just transition as part of addressing the climate emergency. We use equality impact assessments as part of our policy development and committee reporting / decision making process.

How are we doing?

The Fife Strategic Assessment 2024 highlights that Fife continues to face a number of key challenges. These are historic, longstanding issues that take time to turn around. The Plan for Fife has a strong focus on inequalities, and although some areas have shown improvements, inequalities in Fife persist and are widening. Poorer outcomes are firmly grounded in Place, with Mid-Fife continuing to fall behind other areas of Fife.

A range of work is delivering on our focus to reduce inequalities, from preventing homelessness to closing the attainment gap. We report on progress with this in a range of ways including publishing a Tackling poverty annual report, and a Children's services annual report which includes new requirements in relation to children's rights in line with the UNCRC.

What's ahead?

Equality impact assessments on service change plan proposals will inform the next round of budget setting

Fife Council will be reviewing and developing new Equality outcomes in 2025. This will include proactive action to address workforce equality and diversity issues. Action to address equalities issues is through partnership with Fife Centre for Equalities.

Fife Partnership and Public Health Scotland are exploring options to partner with Prof Sir Michael Marmot and team at the Institute of Health Equity⁸ to embed a system of health equity in strategy and delivery to drive partnership action on the social determinants of health.

⁸ [Home - IHE \(instituteofhealthequity.org\)](https://www.instituteofhealthequity.org/)

8. Best Value Performance Indicators (BVPI)

Our Best Value Performance Indicators (BVPIs) are a focused set of organisational performance indicators which help to assess on an annual basis how well we are doing in delivering best value to our communities and are used for both internal management and public accountability. Assessing performance against target for 2023/24, 9 of the core set of 16 best value indicators have a green RAG status, 3 are amber and 4 are red.

Best Value theme	PI code / name	Value	Target	RAG	Trend
Workforce/Staff	Education (Teachers) – Average Working Days Lost per FTE	9.28	8.7		Declining
	Fife Council – Average Working Days Lost per FTE	14.94	14.6		Declining
Asset Management	Proportion of operational buildings that are suitable for current use (%)	83.8%	86.1%		Improving
	Percentage of internal floor area of operational buildings in satisfactory condition	91.1%	89.7%		Improving
Financial Management and Planning	Percentage of income due from Council Tax received by the end of the year	95.8%	95.7%		Improving
	Invoices sampled that were paid within 30 days (%)	96.4%	95.2%		Improving
	Actual Outturn as a % of budgeted expenditure	92.49%	98.3%		Declining
	Uncommitted General Fund Balance as a % of annual budgeted net revenue	3.8%	3.5%		Improving
	Support services as a % of total gross expenditure	3.91%	4.1%		Improving
Fairness & Equalities	Gender Pay Gap	1.13%	3.5%		Improving
	Proportion of highest paid 5% employees who are women	61%	59%		Improving
Customer responsiveness	Stage 1 Complaints actioned < 5 days	86%	90%		Declining
	Stage 2 Complaints actioned < 20 days	75%	85%		Declining
	Call Volume - % of Contacts Answered – Contact Centre	91%	90%		Improving
Digital / information	% Freedom of Information requests completed on time	88%	95%		Improving
Sustainability / Climate	Total Fife Council Carbon Footprint – tCO ₂ e	49106	75848		Improving

Note: this is a new set of indicators which will be used to assess delivery of best value over time.

30 September 2024

Agenda Item No. 5

Fife Council & Charitable Trusts - Annual Audit Report and Audited Accounts

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

Wards Affected: All

Purpose

This report contains the Audited Accounts for Fife Council & Charitable Trusts for 2023-24, as well as the Annual Audit Report. This report also provides a brief response to the External Auditor's report to Fife Council and the Controller of Audit.

Recommendation

It is recommended that Members approve the Audited Accounts for signature and note the report by Azets, the Council's External Auditors and the management responses.

Resource Implications

None.

Legal & Risk Implications

None.

Policy & Impact Assessment

None.

Consultation

None.

1.0 Background

- 1.1. The Local Authority Accounts (Scotland) Regulations 2014 require the audited accounts to be approved for signing by the Committee whose remit includes audit or governance functions. Once the accounts are approved the statements which form part of the Annual Accounts are then signed. In considering the accounts the Committee must consider a report by the appointed auditor.
- 1.2. The Council's External Auditor requires to communicate matters relating to the audit of the Financial Statements to those charged with governance of the organisation. The appropriate committee to consider governance within Fife Council is the Standards, Audit and Risk Committee.

2.0 Issues

- 2.1 Fife Council has a good record of delivering Financial Statements which the Council's External Auditor agrees give a true and fair view of the Council's financial position and this year is no exception.
- 2.2 The auditor's opinion in relation to the financial statements for 2023-24 is unqualified and this means the auditor has concluded that the accounts give a true and fair view of the financial position of Fife Council and its group, its income and expenditure for the year ended 31 March 2024 and that the accounts have been properly prepared in accordance with relevant legislation and accounting regulations.
- 2.3 The auditor has identified 6 recommendations and reported these in the Annual Audit report, these relate to improvements in updating PPP models, valuation reports, valuation methods, procedures for collating and checking information disclosed in the accounts.
- 2.4 The recommendations on PPP models involve ensuring that an estimate of the utilities costs are reflected in the unitary charge. There is no impact on the accounting arrangements as the costs are accurately reflected in the ledger.
- 2.5 Further recommendations relate to the provision of valuers reports in a timely manner and asking the Council to consider updating floor plans for all assets. As part of the year end processes, information is sourced from the District Valuer on the valuation of Council Houses, External Audit have recommended that this information is challenged or checked for reasonableness, processes will be adopted to do so.
- 2.6 External Audit have noted that information collated in relation to impairment reviews and assessment of capital commitments was not consistent with the relevant supporting documentation. Additional checks will be built into the procedures for both items from next year end.
- 2.7 In addition to recommendations following 2023-24 audit, some recommendations have been brought forward from 2022-23. These are complete or partially complete. Details of these recommendations and management responses can be found at Appendix 3 of the Annual Audit Report.

3.0 Conclusions

- 3.1 In overall terms the audit report is positive, and the audit opinion is unqualified. Management have agreed actions in respect of all recommendations and will aim to implement in line with the stated timescales.
- 3.2 Preparation of the Annual Accounts is one of the key outputs for the Finance and Corporate Services Directorate. I wish to record my thanks to staff across the Council who have contributed to this process. My thanks also go to Azets staff for their contribution to the process and for their willingness to work in partnership with Fife Council.

Report Contact

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Fife Council

2023/24 Annual Audit Report to the Council and the Controller of Audit

September 2024



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Key messages

Financial statements audit

Audit opinion	<p>We intend to report unqualified opinions within our independent auditor's report.</p> <p>Our audit work is substantially complete and there are currently no matters which would require modification of our audit report, subject to the outstanding matters detailed below:</p> <ul style="list-style-type: none">• Completion of PPE Testing• Completion of Income and Expenditure Testing• Completion of Testing Pensions• Final checks and review, including for accuracy and consistency• Completion of our internal quality assurance processes.• Consideration of events subsequent to the balance sheet date.
Key audit findings	<p>The Council had appropriate administrative processes in place to prepare the annual accounts and the supporting working papers.</p> <p>Subject to the completion of the outstanding work noted above, we have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.</p>
Audit adjustments	<p>The Council updated the financial statements for all the potential audit adjustments identified during the audit process.</p> <p>We also identified some disclosure and presentational adjustments during our audit, all of which have been reflected in the final set of financial statements.</p>

Accounting systems and internal controls

We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess the Council's processes and internal controls relating to the financial reporting process.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we include these in this report. No material weaknesses or significant deficiencies in accounting and internal control systems during our audit.

Fife Council Charitable Trusts

Our independent auditor's report on the Fife Council Charitable Trusts Annual Report & Financial Statements is unqualified.

We have no matters to report regarding the adoption of the going concern basis.

The Council had appropriate administrative processes in place to prepare the financial statements and the supporting working papers.

We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.

The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.

We identified no audit adjustments or unadjusted audit differences.

No material weaknesses or significant deficiencies were noted.

Wider Scope

<p>Financial Management</p> <p>Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<p>Auditor judgement</p> <p>Risks exist to the achievement of operational objectives</p> 
	<p>The Council has appropriate arrangements in place for financial management and the use of resources.</p>
	<p>The Council reported a surplus outturn position of £7.033million in 2023/24, despite a net overspend being reported on services. The outturn position was primarily driven by underspends on loans charges and corporate budgets.</p>
	<p>The General Fund balance decreased during the year from £216.054million to £157.282million. With all existing commitments taken into consideration the level of uncommitted balances beyond 2025/26 was £13.628million or 1.32% which is in line with the Council's policy is to retain a minimum of 2% of annual turnover over a rolling three year period.</p>
<p>The financial position for HRA for the year was a deficit of £2.065million due to a planned contribution from balance. As a result of increased costs, the level of CFCR was reduced by £2.831m. If this situation continues over the coming years, this will have an impact on the affordability of the HRA capital programme.</p>	
<p>The Council reported slippage of approximately 27% on its capital programme, after incurring c.£242million of capital spend.</p>	

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services and the way in which they should be delivered.

Auditor judgement

Risks exist to the achievement of operational objectives



In recent years, the Council has managed its budget without needing to make significant cuts to service but the financial outlook continues to be extremely challenging. The scale of financial pressures linked with considerable cost pressures and service overspends going forward remain substantial and uncertain. Significant change and difficult decisions will need to be made to safeguard the financial sustainability of the Council.

The Council recognises there is an opportunity to bring forward change proposals that can be delivered in a staged way to help address the financial challenge.

The most recent revenue monitoring report for 2024/25 (presented in September 2024) noted that the current forecast presents an overspend of £16.672million. This is a combined result of service overspends (£18.605million) and underspends in contingencies. Executive Directors have been tasked to plan and implement corrective / mitigating actions to bring costs down to a more sustainable level.

This forecast is detrimental to the balances position, bringing the forecast level of balances to an over committed position unless corrective action is taken. A proposal to de-commit balances was presented to Cabinet in September 2024. Allowing for this proposal, the uncommitted level of balances is estimated at £0.782million in future years which is below the policy minimum. This will be closely monitored over the year and a critical review of committed and earmarked balances will be undertaken to ensure the Council operates within the agreed policy.

The Council has recognised that the HRA budget continues to be under considerable financial pressure with increased costs due to high inflation, staff salary increases, increasing stock figures, and other pressures and faces a high level of financial risk.

Initial work has commenced to review the Council's Capital Strategy, which will inform the capital investment plan. This plan will be assessed for affordability as part of the review process where the Council has recognised that challenges may arise in future years given reduced funding and the challenge of affordability beyond the level of investment proposed.

Vision, Leadership and Governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Auditor judgement

Effective and appropriate arrangements are in place



Fife Council sets out its vision and ambitions in its ten-year local outcomes improvement plan (LOIP), 'Plan4Fife'. A three-year update, 'Plan4Fife Recovery and Renewal', was agreed in August 2021. Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-2027, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures.

Governance arrangements throughout the year were found to be satisfactory and appropriate. We are satisfied that the Council and Committees continued to receive sufficient and appropriate information throughout the period to support effective and timely scrutiny and challenge.

Use of Resources to Improve Outcomes

Audited 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. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Auditor judgement

Risks exist to the achievement of operational objectives



Appropriate arrangements are in place to oversee the delivery of the Plan4Fife. Internal audit has committed to undertake a review of the governance arrangements in place to support the development of the new Plan4Fife from 2027, including performance management and reporting arrangements

Change activity has progressed throughout 2023/24 with a focus on a 3 year planning horizon. In addition, a Corporate Change programme is being developed that will cover three themes, namely, No Wrong Door, Place and Digital. The Council is aiming to have agreed and settled change plans in place by the end of March 2025.

The Council has an already established performance framework and is now working on developing improvements to allow for a better connection between people, plans and outcomes.

A significant amount of activity has been undertaken by the Council in 2023/24 and to date to develop its planning, performance and reporting framework. However, further work is required to implement and monitor the effectiveness of the identified developments.

Best Value



The pace and depth of improvement in the performance of the Council in meeting its best value duties is adequate.

<p>Follow up</p>	<p>The Council has made good progress in implementing previous improvement actions.</p>
<p>Effectiveness of performance reporting</p>	<p>Significant work has been undertaken by the Council in 2023/24 and to date to improve and strengthen its performance reporting.</p> <p>Improvements have been made to the presentation of performance information, including use of trends, along with the availability of performance information for both internal management purposes and the availability and timeliness of public performance information.</p> <p>The Council recognises however that the success of these changes cannot be fully evaluated until a full cycle of service annual reporting has been completed.</p> <p>Looking forward, the Council intends to further develop the performance information made available online with a focus on improving the way plans, performance, project delivery, evidence of impact and community news are linked.</p> <p>The Fife Strategic Assessment shows that Fife continues to face key challenges. Based on evidence, the Council and Fife Partnership will retain focus on existing priorities for the 2024 to 2027 period.</p> <p>Fife Council has improved its performance over time on 59% of the Local Government Benchmarking Framework (LGBF) indicators. It has however only improved on 41% of indicators relative to its family group and 42% compared to Scotland.</p> <p>Overall, we are satisfied that the Council has made proper arrangements for preparing and publishing Statutory Performance Information (SPI) in accordance with the 2021 Direction.</p> <p>The Council has developed an annual corporate self-assessment of delivery against best value themes, which includes a set of best value performance indicators. In 2023/24, Fife has improved on 9 of the 16 indicators which it will use to monitor best value.</p>

<p>Thematic review – Workforce Innovation – how Councils are responding to workforce challenges</p>	<p>The Council has appropriate arrangements in place for building future capacity and has developed a range of innovative schemes and initiatives used across services to produce a resilient workforce.</p> <p>Appropriate arrangements are in place to enable the delivery of the Council’s digital strategy. However, work is still required in developing the leadership and culture of the organisation which will drive digital change and progress. A key challenge for the Council is the creation of capacity within its workforce to enable the review, exploration and development of digital opportunities.</p> <p>Resource and capacity challenges are also limiting progress being made for a number of flexible working initiatives including exploration of flexible working opportunities for front line working groups and development of productivity measures for each of the Council’s workstyles.</p>
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Introduction

The annual audit comprises the audit of the annual accounts, and the wider-scope and Best Value audit responsibilities set out in the Code of Audit Practice.

We outlined the scope of our audit in our External Audit Plan, which we presented to the Standards, Audit and Risk Committee at the outset of our audit. We have not made any subsequent changes to the risks outlined in that plan.

Responsibilities

The Council is responsible for preparing its annual accounts, including financial statements which show a true and fair view, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on, the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward

looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team or Audit Scotland.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Annual accounts audit

Our audit opinion

Opinion	Basis for opinion	Conclusions
<p>Financial statements</p>	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusions to inform our opinion are set out in this section of our annual report.</p>	<p>The annual accounts are due to be considered and approved by the Standards, Audit and Risk Committee on 30 September 2024.</p> <p>Subject to the satisfactory conclusion of our outstanding work on our identified significant risks, we intend to issue unqualified opinions in our independent auditor’s report.</p> <p>Pending completion of work set out earlier in this report there are currently no matters which would require modification of our audit report.</p>
<p>Going concern basis of accounting</p>	<p>When assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>We assess whether there are plans to discontinue or privatise the Council’s functions.</p> <p>Our wider scope audit work considers the financial sustainability of the Council.</p>	<p>We reviewed the financial forecasts for 2024/25. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Council will continue to operate for at least 12 months from the signing date. Our audit opinion is unqualified in this respect.</p>

Opinion	Basis for opinion	Conclusions
<p>Opinions prescribed by the Accounts Commission:</p> <ul style="list-style-type: none"> • Management Commentary • Corporate Governance Statement • Remuneration Report 	<p>We plan and perform audit procedures to gain assurance that the Management Commentary, Corporate Governance Statement and the audited part of the remuneration report are prepared in accordance with the relevant legislation and guidance.</p>	<p>We have concluded that:</p> <ul style="list-style-type: none"> • the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with relevant statutory guidance. • the information given in the Corporate Governance Statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework. • the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.
<p>Matters reported by exception</p>	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit. 	<p>We have no matters to report.</p>

An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Standards, Audit and Risk Committee in March 2024. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Council. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

Our risk assessment remained unchanged during the course of our audit however we refined our approach to testing the following significant risk areas:

- Fraud in revenue recognition risk was narrowed to the occurrence of grants and other contributions
- Risk of fraud in non-pay expenditure and accruals was narrowed to the completeness of expenditure.

During the course of our audit we discussed this with management.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. This includes:

- An evaluation of the Council internal control environment, including the IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including procedures outlined in this report in relation to our key audit risks.

Quality indicators

We have applied a suite of quality indicators to assess the reliability of the Council's financial reporting and response to the audit.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of draft financial statements	Mature	We received the unaudited annual accounts of a good standard in line with our audit timetable.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality of working papers provided and adherence to timetable	Mature	We received the supporting working papers of a good standard in line with our audit timetable. Further information was provided promptly where required.
Timing and quality of key accounting judgements	Mature	We did not identify any issues with the timing and quality of key accounting judgements.
Access to finance team and other key personnel	Mature	We received full access to the finance team and other key personnel. All audit queries and requests were responded to in a timely manner.
<p>Quality and timeliness of the</p> <ul style="list-style-type: none"> • Management Commentary • Corporate Governance Statement • Remuneration Report <p>As well as the quality and timeliness of supporting working papers for those statements.</p>	Mature	We did not identify any issues with the timing and quality of these areas.
Volume and magnitude of identified errors	Mature	Subject to the resolution of our outstanding work, we identified three audit adjustments and no unadjusted misstatements in year. The level of adjustments identified is less than in

Metric	Grading (Mature / developing / significant improvement required)	Commentary
		the prior year but is broadly in line with our expectations.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Significant risks are those risks that have a higher risk of material misstatement.

Audit procedures were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures.

Subject to the completion of our outstanding work, our opinion on the financial statements is not modified with respect to any of the risks described below.

The table below summarises each significant risk. Detail behind each risk and the work undertaken is set out on the following pages.

Risk area	Fraud risk	Planned approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Yes	Assess design & implementation	Low	No adjustment
Fraud in revenue recognition	Yes	Assess design & implementation	Low	Subject to the completion of our audit work, no adjustments

Risk area	Fraud risk	Planned approach to controls	Level of judgement / estimation uncertainty	Outcome of work
				have been identified.
Fraud in non-pay expenditure recognition	Yes	Assess design & implementation	Low	Subject to the completion of our audit work, no adjustments have been identified.
Valuation of land and buildings	No	Assess design & implementation	High	Subject to the completion of our audit work, we have identified one audit adjustment to correct an error in calculation of the DRC asset uplift.
Pension asset/liability	No	Assess design & implementation	High	Adjustment of £436million to limiting the recorded pension asset to £nil.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Risk area	Management override of controls
Significant risk description	Management of any entity is in a unique position to perpetrate fraud because of their ability to manipulate

Risk area	Management override of controls
	<p>accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk will vary from entity to entity, this risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p> <p>Inherent risk of material misstatement: Very High</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgement</p> <p>There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Documented our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals. • Analysed the journals listing and determined criteria for selecting high risk and / or unusual journals. • Tested high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness, corroboration and ensured approval has been undertaken in line with the Council’s journals policy. • Gained an understanding of the accounting estimates and critical judgements made by management. We challenged key assumptions and considered the reasonableness and indicators of management bias which could result in material misstatement due to fraud. • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Risk area	Management override of controls
Key observations	<p>We did not identify any indication of management override of controls from our audit work.</p> <p>We did not identify any areas of bias in key judgements made by management from our audit work completed to date.</p> <p>Key judgements were consistent with prior years.</p>

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area	Fraud in revenue recognition
<p>Significant risk description</p>	<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed, inherent risk on every audit unless it can be rebutted.</p> <p>The presumption is that the Council could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>In respect of council tax income, non-domestic rates, housing rents and non-ring fenced government grants, however, we do not consider the revenue recognition risk to be significant due to a lack of incentive and opportunity to manipulate these revenue streams. The risk of fraud in relation to revenue recognition is however present in all other revenue streams.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p> <p>Revisions made to our risk assessment during the audit:</p> <p>Our initial risk assessment set out that we considered the risk of fraud in revenue recognition to be both through the occurrence and completeness of income in the financial statements. During the course of our audit we considered the risk is in relation to occurrence of income and in particular in respect of grants and other contributions.</p> <p>Inherent risk of material misstatement:</p> <p>Revenue (occurrence): High</p>

Key risk area	Fraud in revenue recognition
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Evaluated the significant income streams and reviewed the controls in place over accounting for revenue. • Considered key areas of income and obtained evidence that income is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.
<p>Key observations</p>	<p>Based on the audit work performed to date, we have gained reasonable assurance on the occurrence of income related to grants and other contributions and we are satisfied that this income is fairly stated in the financial statements.</p>

Key risk area	Fraud in non-pay expenditure recognition
<p>Significant risk description</p>	<p>As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p> <p>Revisions made to our risk assessment during the audit:</p> <p>Our initial risk assessment set out that we considered the risk of fraud in expenditure recognition to be both through the occurrence and completeness of non-pay expenditure and accruals in the financial statements. During the course of our audit we considered the risk is in relation to completeness of expenditure.</p> <p>Inherent risk of material misstatement:</p> <p>Non-pay expenditure (completeness): High</p>

Key risk area	Fraud in non-pay expenditure recognition
	Accruals (completeness): High
How the scope of our audit responded to the significant risk	<p>Key judgements</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals and expenditure around the year end.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Evaluated the significant non-pay expenditure streams and reviewed the controls in place over accounting for expenditure. • Considered the Council’s key areas of expenditure and obtained evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Tested accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.
Key observations	Based on the audit work performed to date, we have gained reasonable assurance on the completeness of expenditure and we are satisfied that expenditure is fairly stated in the financial statements.

Key risk area	Valuation of land and buildings (key accounting estimate)
Significant risk description	<p>The Council carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every five years.</p> <p>The Council held council dwellings with a net book value of £1,109million and other land and buildings with a net book value of £2,149million at 31 March 2023.</p> <p>Council dwellings are valued by the District Valuer using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A full revaluation exercise is completed every five years. In interim years the</p>

Key risk area	Valuation of land and buildings (key accounting estimate)
	<p>values of beacon properties are updated to reflect key factors including changes in rental prices.</p> <p>Other land and buildings are held at fair value and revalued as part of the five-year rolling programme. In addition, indices are applied to all assets held at Depreciated Replacement Cost (DRC) to reflect market changes within the year. Assets valued on an existing use value (EUV) and fair value (FV) basis are also revalued on a five year rolling programme unless there are significant changes made to the asset. There is a risk that these assets may be materially misstated if markets have moved significantly in a five year period.</p> <p>There is a significant degree of subjectivity in the measurement and valuation of property, plant and equipment. This subjectivity and the material nature of the Council’s asset base represents an increased risk of misstatement in the annual accounts.</p> <p>We further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <p>Land & Buildings (valuation): Very High</p>

Key risk area	Valuation of land and buildings (key accounting estimate)
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>Councils are required to revalue property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ materially from the current value at 31 March.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Evaluated management processes and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work. • Evaluated the competence, capabilities and objectivity of the valuation expert. • Considered the basis on which the valuation is carried out and challenged the key assumptions applied. • Tested the information and inputs used by the valuer to ensure it is complete and consistent with our understanding. If there had been any specific changes to the assets in the year, we ensured these had been communicated to the valuer. • For unusual or unexpected valuation movements, tested the information used by the valuer to ensure it is complete and consistent with our understanding. • Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct. • Evaluated the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.
<p>Key observations</p>	<p>The key work preventing us from fully concluding on this significant risk is:</p> <ul style="list-style-type: none"> • Testing over inputs of the valuations • Testing over surplus assets that should be classified as other land and buildings

Key risk area	Valuation of land and buildings (key accounting estimate)
	<ul style="list-style-type: none"> • Testing the reasonableness of the indices used <p>Valuers</p> <p>Valuations are carried out by internal and external valuers and formally communicated to the Council through valuation reports. We have gained assurance that the carrying value of assets in the audited annual accounts is in line with the valuation reports. Through our testing we noted that no formal Revaluation Report had been provided from the internal valuer on commencement of our audit work. This provides information over how the valuer has carried out the valuations. We recommend that the formal valuation report is provided in a more timely manner going forward (Refer to recommendation 1 at appendix 2).</p> <p>We have considered the instructions and information provided to the valuer and performed procedures to confirm the accuracy and completeness of the information. All property, plant and equipment required to be carried at fair value has been appropriately revalued as part of the five-year rolling programme.</p> <p>In accordance with ISA (UK) 500 - Audit Evidence we have considered the competence, capability and objectivity of the professional valuers and did not identify any areas which gave us cause for concern over the suitability of those valuers.</p> <p>Other Land and Buildings: Internal valuers valued a proportion of all other asset classifications held at fair value (approximately 20% on a rolling basis) as at 1 April 2023 and 31 March 2024, with an uplift being applied to all depreciated replacement cost (DRC) properties to reflect market movements as at 31 March 2024.</p> <p>Council Dwellings: External valuers valued the Council's full portfolio of council dwellings as at 31 March 2023. For the year ended 31 March 2024 the external valuers have undertaken an annual review to advise whether there has been a change in the value of housing stock since the last full revaluation.</p>

Key risk area	Valuation of land and buildings (key accounting estimate)
	<p>Review of assumptions</p> <p>Other Land and Buildings: Assets valued on a DRC basis are revalued on a five year rolling programme, with an uplift applied yearly at 31 March to reflect market movements.</p> <p>Through our review of the inputs used in the DRC calculations, we noted that the Council do not hold formal floor plans that document the Gross Internal Area (GIA) for all assets. These are instead based on information recorded in the Council’s systems. We encourage the Council to formally document the GIA for all assets through formal floor plans (Refer to recommendation 2 at appendix 2).</p> <p>For all DRC assets that had an uplift applied, we reviewed the percentage increase to ensure it had been applied correctly to the asset cost. Through this work we noted an error in the calculation of this increase which resulted in an audit adjustment to correct the error in the annual accounts.</p> <p>Assets valued on an existing use value (EUV) and fair value (FV) basis are revalued on a five year rolling programme unless there are significant changes made to the asset. As the assets are valued at 1 April, there is the risk that the value of these assets could have materially changed at the year end. The valuers provide an assurance report to the finance team at the year-end detailing any significant movements and changes to these assets which require reflecting in the year end asset values. This is then used by management to gain assurance that the value is appropriate at the year end.</p> <p>The Council applies component accounting to land and buildings. The Council’s accounting policies reflect that the building component of an asset is separated into further components primarily to those with a carrying value of over £10million. This methodology is deemed to be reasonable.</p> <p>Council Dwellings: Council dwellings are valued using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. An adjustment factor is applied to the asset’s unrestricted value to reflect the lower rent</p>

Key risk area	Valuation of land and buildings (key accounting estimate)
	<p>yield from social housing compared to market rates. A full revaluation exercise is completed every five years, with the last exercise undertaken in 2022/23. Annual reviews are undertaken in between the full revaluation exercises to establish whether the value of the housing stock has changed since the last full revaluation. For 2023/24 the external valuer advised that the value of the HRA stock is likely to have increased in the region of 1%.</p> <p>As part of our audit work, we challenged the appropriateness of the uplift factor. The increase applied by the Council is in the region of 1% which we deem to be reasonable based on the market evidence available and through discussions with the valuer. We have also confirmed that the Council has applied this uplift appropriately. Through our audit work however we noted that there is little challenge by management on the uplift provided by the valuer and how this should be applied. We recommend that there is more challenge of the outputs provided by the valuer including the Council Dwellings uplift and improved procedures to check the reasonableness of the information provided are built into management's year end procedures (Refer to recommendation 3 at appendix 2).</p> <p>Impairment</p> <p>The Council has developed appropriate procedures for assessing whether there has been an impairment which takes cognisance of a range of sources of information. This includes:</p> <ul style="list-style-type: none"> • Any changes in condition per the condition surveys performed as part of the five year rolling programme. • Confirmation from finance business partners, through template working papers, of asset ownership, existence and whether there is any indication of impairment. <p>No indication of material impairment was identified, which is consistent with our audit work.</p> <p>Our audit work however identified a number of instances indicated assets were either disposed, no longer in use, scrapped, written off or stolen. However, these assets</p>

Key risk area	Valuation of land and buildings (key accounting estimate)
	<p>remained on the fixed asset register at 31 March 2024 with positive net book values. We are satisfied that the total net book value of these assets is below our reporting threshold but encourage the finance team to further investigate assets on the returned impairment assessment template working papers, specifically those assets which appear to no longer exist or to be in use by services(Refer to recommendation 4 at appendix 2).</p> <p>Disclosure of Estimation Uncertainty</p> <p>IAS 1 'Presentation of Financial Statements' requires entities to disclose assumptions made about the future and other major sources of estimation uncertainty, specifically those that present a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. Disclosures should include the nature of the assumption or estimation uncertainty and the sensitivity of the carrying amounts to the methods, assumptions and estimates underlying their calculation.</p> <p>The Council has identified the valuation of property, plant and equipment as a major source of estimation uncertainty. At our request, management have included further disclosures within the annual accounts on the methodology used in 2023/24 when determining the valuation of all assets held at fair value.</p>

Key risk area	Pension asset / liability (key accounting estimate)
<p>Significant risk description</p>	<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation, and mortality rates) can have a material impact on the pension asset/liability.</p> <p>There is a risk that the assumptions used are not appropriate.</p> <p>Inherent risk of material misstatement:</p> <p>Pensions (valuation): High</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation and mortality rates) can have a material impact on the pension asset/liability.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Reviewed the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate. • Reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. • Agreed the disclosures in the financial statements to information provided by the actuary.

Key risk area	Pension asset / liability (key accounting estimate)
	<ul style="list-style-type: none"> • Considered the competence, capability and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence.
<p>Key observations</p>	<p>The IAS 19 actuarial report for the Council identifies a pension surplus (or pension asset) of £49.218million. Actuaries calculate the year end position based on a number of assumptions and, in recent years, increases in the discount rate assumption is the main factor in the pension asset calculation outcome following many years where a pension liability outcome was expected.</p> <p>Accounting standards require the Council to review the pension surplus and only recognise the lower of the surplus or an ‘asset ceiling’. The pension asset ceiling for this year limited the asset value to £148.555million.</p> <p>An adjustment has been made in both the current year and prior year to identify the unfunded pension liability which should be separated from the funded position. In the current year the unfunded pension liability was £99.337million and in the prior year £102.468million.</p> <p>We are satisfied that we have obtained reasonable assurance over the disclosures in the financial statements relating to the reported financial position.</p> <p>We reviewed the reasonableness of those assumptions used in the calculation against other local government pension fund actuaries and other observable data, with no issues identified. In addition, we reviewed the information in the actuarial report for completeness and accuracy against the published pension fund data.</p> <p>We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 - <i>Audit Evidence</i>. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.</p>

Common Good

Local Authorities are required to administer common good funds under section 15 of the Local Government (Scotland) Act 1994. The purpose of common good funds is to provide benefit to the population of the area either through the disbursement of funds, securing assets for on-going use for the population or contributing to specific local projects/initiatives.

The Common Good Fund stands separately from the Council's annual accounts and has been described as "the ancient patrimony of the community".

During our 2023/24 audit of the Common Good fund annual accounts, we noted the following:

Common Good Asset Registers

Local Authorities have a statutory responsibility, per Part 8 of the Community Empowerment (Scotland) Act 2015, to establish, maintain and publish a register of all property held by them for the common good. The Council has met all statutory deadlines set by this act in the establishment, consultation and publication of a common good register.

The Council's common good register was published for consultation in July 2019 and members of the public were able to provide feedback on the register until September 2019.

The guidance required the Council to publish a first draft of the register within 6 months of the consultation period closing. The first post-consultation draft of the register was published on the Council's Common Good Webpage in March 2020.

The common good register at 31 March 2024 is publicly available on the Council's website.

We reviewed the requirements of the Community Empowerment (Scotland) Act 2015 along with related Scottish Ministerial guidance. As part of this work, we identified a number of art and artefact assets which were included in the published common good register but not the fixed asset register used to populate the accounts. We recommend that going forward, the Council regularly reconciles the published common good asset register to the fixed asset register used to populate the accounts to ensure the published register remains up to date. This should include consideration of art and artefacts assets.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor’s report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the Council and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality for the group financial statements was £35.3million and the Council’s financial statements was £34.6 million. On receipt of the 2023/24 unaudited financial statements, we reassessed materiality and updated as set out in the table below based on the reduced gross expenditure incurred in year. This change is the result of the Councils results for the year, rather than a change in our judgements around the materiality threshold as this remains set as 2% gross expenditure.

We have undertaken procedures to confirm this reduction in materiality, when applied retrospectively to our planning risk assessment, did not identify any new material risks which, under the old materiality, would have not been material.

	Group £million	Council £million
Overall materiality for the financial statements	33.5	33.03
Performance materiality	25.13	24.77
Trivial threshold	1.675	1.65

Materiality

Our assessment is made with reference to the group and Council’s gross expenditure. We consider this to be the principal consideration for users of the annual accounts when assessing financial performance of the Council and its group.

Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2023/24 unaudited annual accounts.

	<p>In performing our audit, we apply a lower level of materiality to the audit of the Remuneration Report and Related Parties disclosures.</p> <p>For the Remuneration Report our materiality is set at £5,000.</p> <p>For Related Party transactions, in line with the standards, we consider the significance of the transaction with regard to both Fife Council and the Counter party, the smaller of which drives materiality considerations on a transaction by transaction basis.</p> <p>We apply separate materiality levels to Common Good (£11.96million) and the Non-Domestic Rate Income Account (£4.31million).</p>
<p>Performance materiality</p>	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
<p>Trivial misstatements</p>	<p>Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>

Group audit

The Council has group arrangements which requires consolidation of a range of subsidiaries, associates and joint ventures. The group structure is detailed within the Council’s annual accounts.

The Council prepares group financial statements in addition to its own financial statements, as required by the CIPFA Code, as there are material differences between the Council and group figures.

As group auditors under ISA (UK) 600 we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and regarding the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the

applicable financial reporting framework. The table below sets out the components within the group.

As set out in our External Audit Plan we did not identify any components to be significant in the context of the group audit: We revisited our assessment, following receipt of the unaudited financial statements and our assessment remained the same.

Component	Significant	Level of response required
Fife Integration Joint Board	No	Analytical
Fife Coast & Countryside Trust	No	Analytical
Fife Cultural Trust	No	Analytical
Fife Golf Trust	No	Analytical
Fife Sports & Leisure Trust	No	Analytical
Cireco (Scotland) LLP	No	Analytical
Fife Resource Solutions LLP	No	Analytical
Business Gateway Fife	No	Analytical
Fife Council Charitable Trusts	No	Analytical
Fife Council Other Trusts	No	Analytical
Common Good	No	Analytical

Analytical - the component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level.

As part of our audit, we reviewed the consolidation entries made within the group accounts, confirmed those entries back to the financial statements of the group bodies and evaluated any significant adjustments made to align the accounting policies. No issues were noted from this work.

Audit differences

The Council updated the annual accounts for all potential audit adjustments identified during the audit process.

We also identified disclosure and presentational adjustments during our audit, which have been reflected in the final set of annual accounts.

Internal controls

As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these at Appendix 2. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

Follow up of prior year recommendations

We followed up on progress in implementing actions raised in the prior year as they relate to the audit of the financial statements. Full details of our findings are included in Appendix 3.

Other communications

Other areas of focus

Area of focus	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management.
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	Subject to completion, we have not identified any other significant management judgements which required additional audit work, where there was disagreement over the judgement or where the judgement is significant enough that requires reporting, in addition to those reflected in this report.
Prior year adjustments identified	An adjustment has been made in the prior year to identify the unfunded pension liability which should be separated from the funded position. In the prior year the unfunded pension liability was £102.468million.
<p>Concerns identified in the following:</p> <ul style="list-style-type: none"> • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to 	No concerns were identified in relation to these areas.

Area of focus	Audit findings and conclusion
meet an agreed system position / target	

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the Council.

The accounting policies, which are disclosed in the financial statements, are considered appropriate.

There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.

Key judgements and estimates

As part of the planning stages of the audit we identified all accounting estimates made by management and determined which of those are key to the overall financial statements.

Consideration was given to asset valuations, impairment and depreciation rates, pension valuations, provisions for legal obligations and doubtful debts. Other than asset and pensions valuations, we have not determined the accounting estimates to be significant. See the section above on “Significant risks at the assertion level for classes of transaction, account balances and disclosures” for detailed findings in relation to key accounting estimates.

We reviewed the key estimates and judgements that management made in respect to the identified key accounting estimates for indication of bias and assessed whether the judgements used by management are reasonable. Overall, we concluded that for those key accounting estimates they were balanced and appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Standards, Audit and Risk Committee. We have not been made aware of any incidents in the period nor have any incidents come to our attention from our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the Council. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

The Local Authority Accounts (Scotland) Regulations 2014

As part of our audit we reviewed the Council's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 101 as they relate to the annual accounts.

Overall, we concluded that appropriate arrangements were in place to comply with these Regulations.

Written representations

We will issue the letter of representation to the Executive Director of Finance and Corporate Services to sign at the same time as the annual accounts are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested third party confirmations have been received.

¹ Regulations 8 to 10 relate to the preparation and publication of unaudited accounts, notice of public right to inspect and object to the accounts and consideration and signing of the audited accounts.

Fife Council Charitable Trusts

The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment.

The Council's charitable trusts are covered by the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently require a full audit. Each registered charitable trust has required a full audit since 2013/14.

There are 43 Charitable Trusts, 30 of which are Settlement Trust Funds. Financial statements are all 43 registered charities have been prepared using the connected charities provision.

Audit opinion

Our independent auditor's report on the Fife Council Charitable Trusts Annual Report & Financial Statements is unqualified.

We have no matters to report regarding the adoption of the going concern basis.

The Council had appropriate administrative processes in place to prepare the financial statements and the supporting working papers.

Significant risks at the financial statement level

We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Other communications

On receipt of the 2023/24 unaudited financial statements, we reassessed materiality and updated as set out in the table below. We consider that our updated assessment has remained appropriate throughout our audit.

	Overall materiality (£)	Performance Materiality (£)	Trivial threshold (£)
Settlement Trusts			
Ladybank	£471	£353	£24
Kingskettle	£119	£90	£6
Kilconquhar	£348	£261	£17
Freuchie and Area	£371	£278	£19
Falkland	£176	£132	£9
Crail	£5,307	£3,980	£265
Cupar	£3,289	£2,467	£164
Auchtermuchty	£706	£530	£35
St Monans	£2,685	£2,014	£134
Elie	£890	£667	£44
Newburgh	£4,280	£3,210	£214
Anstruther & Cellardyke	£9,320	£6,990	£466
St Andrews	£6,729	£5,047	£336
Dunfermline	£4,644	£3,483	£232
Leslie	£126	£95	£6

	Overall materiality (£)	Performance Materiality (£)	Trivial threshold (£)
Collessie	£136	£102	£7
Tayport	£661	£496	£33
Pittenweem	£1,121	£841	£56
Leven	£559	£419	£28
Kennoway	£67	£50	£3
Buckhaven and Methil	£78	£58	£4
Burrtisland	£1,289	£967	£64
Kirkcaldy	£10,672	£8,004	£534
Kinghorn	£1,546	£1,160	£77
Auchtertool	£47	£36	£2
Culross	£232	£174	£12
Limekilns	£229	£171	£11
Kincardine	£1,619	£1,214	£81
Lochgelly	£1,086	£815	£54
Ballingry	£604	£453	£30
Other Trusts			
Wagh & Wharrie Bequest	£133	£100	£7
Adam Smith / Gow / Beveridge Bequest	£546	£410	£27
A. A. Wilkie Trust - Children	£6	£5	£0

	Overall materiality (£)	Performance Materiality (£)	Trivial threshold (£)
Fl. Lawsons Executry	£47	£36	£2
Raemore Mort. K/L	£157	£118	£8
Frances Lawson's Bequest	£68	£51	£3
Ogilvy Dalgleish Mortification	£113	£85	£6
Macintosh Bequest	£49	£37	£2
B.F. Nisbet's Trust & Garden	£378	£283	£19
Thomas S. Greig's Bequest	£971	£728	£49
Thomson Bequest and Laing Library	£1,220	£915	£61
Bell Fund / Good Templars Fund	£14,519	£10,889	£726
Thomas Ireland's Trust	£209	£157	£10

The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.

We identified no audit adjustments or unadjusted audit differences.

No material weaknesses or significant deficiencies in controls operating were noted.

Wider Scope

Financial Management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Auditor judgement

Risks exist to the achievement of operational objectives



The Council has appropriate arrangements in place for financial management and the use of resources.

The Council reported a surplus outturn position of £7.033million in 2023/24, despite a net overspend being reported on services. The outturn position was primarily driven by underspends on loans charges and corporate budgets.

The General Fund balance decreased during the year from £216.054million to £157.282million. With all existing commitments taken into consideration the level of uncommitted balances beyond 2025/26 was £13.628million or 1.32% which is in line with the Council's policy is to retain a minimum of 2% of annual turnover over a rolling three year period.

The financial position for HRA for the year was a deficit of £2.065million due to a planned contribution from balance. As a result of increased costs, the level of CFCR was reduced by £2.831m. If this situation continues over the coming years, this will have an impact on the affordability of the HRA capital programme.

The Council reported slippage of approximately 27% on its capital programme, after incurring c.£242million of capital spend.

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services and the way in which they should be delivered.

Auditor judgement

Risks exist to the achievement of operational objectives



In recent years, the Council has managed its budget without needing to make significant cuts to service but the financial outlook continues to be extremely challenging. The scale of financial pressures linked with considerable cost pressures and service overspends going forward remain substantial and uncertain. Significant change and difficult decisions will need to be made to safeguard the financial sustainability of the Council.

The Council recognises there is an opportunity to bring forward change proposals that can be delivered in a staged way to help address the financial challenge.

The most recent revenue monitoring report for 2024/25 (presented in September 2024) noted that the current forecast presents an overspend of £16.672million. This is a combined result of service overspends (£18.605million) and underspends in contingencies. Executive Directors have been tasked to plan and implement corrective / mitigating actions to bring costs down to a more sustainable level.

This forecast is detrimental to the balances position, bringing the forecast level of balances to an over committed position unless corrective action is taken. A proposal to de-commit balances was presented to Cabinet in September 2024. Allowing for this proposal, the uncommitted level of balances is estimated at £0.782million in future years which is below the policy minimum. This will be closely monitored over the year and a critical review of committed and earmarked balances will be undertaken to ensure the Council operates within the agreed policy.

The Council has recognised that the HRA budget continues to be under considerable financial pressure with increased costs due to high inflation, staff salary increases, increasing stock figures, and other pressures and faces a high level of financial risk.

Initial work has commenced to review the Council's Capital Strategy, which will inform the capital investment plan. This plan will be assessed for affordability as part of the review process where the Council has recognised that challenges may arise in future years given reduced funding and the challenge of affordability beyond the level of investment proposed.

Vision, Leadership and Governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Auditor judgement

Effective and appropriate arrangements are in place



Fife Council sets out its vision and ambitions in its ten-year local outcomes improvement plan (LOIP), 'Plan4Fife'. A three-year update, 'Plan4Fife Recovery and Renewal', was agreed in August 2021. Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-2027, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures.

Governance arrangements throughout the year were found to be satisfactory and appropriate. We are satisfied that the Council and Committees continued to receive sufficient and appropriate information throughout the period to support effective and timely scrutiny and challenge.

Use of Resources to Improve Outcomes

Audited 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. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Auditor judgement

Risks exist to the achievement of operational objectives



Appropriate arrangements are in place to oversee the delivery of the Plan4Fife. Internal audit has committed to undertake a review of the governance arrangements in place to support the development of the new Plan4Fife from 2027, including performance management and reporting arrangements

Change activity has progressed throughout 2023/24 with a focus on a 3 year planning horizon. In addition, a Corporate Change programme is being developed that will cover three themes, namely, No Wrong Door, Place and Digital. The Council is aiming to have agreed and settled change plans in place by the end of March 2025.

The Council has an already established performance framework and is now working on developing improvements to allow for a better connection between people, plans and outcomes.

A significant amount of activity has been undertaken by the Council in 2023/24 and to date to develop its planning, performance and reporting framework. However, further work is required to implement and monitor the effectiveness of the identified developments.

Financial management

Financial performance

The 2023/24 Comprehensive Income and Expenditure Statement shows that the Council spent a total of over £1billion on the provision of public services and recorded an accounting deficit on the provision of services of £1.685million. The accounting deficit is partly technical as it includes elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting (the Code), and which are subsequently adjusted to show their impact on statutory Council reserves.

The key measure of performance in the year is the movement in the Council's general fund balance. Following the required adjustments, the net impact on the general fund is a decrease of £58.772million to £157.282million. In total, cash backed (useable) reserves held by the Council decreased by £57.402million in the year to £181.314million.

Movement in the Council's useable reserves per the Annual Accounts 2023/24

	2023/24 £million	2022/23 £million	Movement £million
General Fund	157.282	216.054	(58.772)
Housing Revenue Account (HRA)	5.315	7.380	(2.065)
Insurance Fund	17.583	14.423	3.160
Capital Fund	0	0	0
Capital Grants and Receipts Unapplied	1.134	0.859	0.275
Total useable reserves	181.314	238.716	(57.402)

Source: Fife Council Annual Accounts 2023-24

The decrease in general fund balance comprises:

- An overall surplus of £7.033million against the 2023/24 budget (this comprises an overspend of £6.211million against budget within Service Expenditure, an underspend of £1.934million on loan charges, an underspend on obligation/contingencies of £13.279million and Council tax being £1.968million under recovered).
- Less transfers from other statutory reserves of £3.181million.

- Less £62.624million of budgets transferred from balances brought forward and used in year

The unallocated General Fund was £13.628million as at 31 March 2024, a decrease of £23.379million from the previous year. This equates to 1.3% of budgeted net revenue expenditure (2022/23: 3.7%). The Council's policy minimum is to maintain a level of 2% balances over a rolling three year period which means that the level can dip below 2% level provided it returns to 2% within three years. This presents a risk going forward of the Council breaching its reserves policy minimum which we have considered further in the financial sustainability section of our report.

The remaining balance of £143.654million is either earmarked or committed for specific purposes including:

- Earmarked balances (£108.577million): includes significant commitments which underpin the investment in the capital plan (£66.780million), financial consequences of COVID-19 (£18.930million) and council tax- second homes (£8.926million).
- Commitments (£35.077million): includes £13.330million for changing demographics, £9.906million for Change Programmes and £6.123million for workforce change.

Details of the make-up of these balances are shown in note 6 to the annual accounts.

Revenue performance against budget

The final outturn position on the General Fund for 2023/24 shows a surplus of £7.033million compared to the balanced budget set at the outset. This surplus has been set aside in reserves.

The main contributory factors to the year end outturn position are:

1. Services overspends (£6.211million)

The revenue budget for 2023/24 was set using a different approach from previous years. As prior years' outturn positions had been favourable, a short-term strategy was considered and the budget gap reduced by realigning budgets with recurring underspends, substituting some funding streams for core funding and the approach to budgeting for vacancy management was changed to take account of the actual vacancy level being experienced over recent years. In doing so, no savings proposals from services were required but this has contributed to the overspend position across services (excluding Health & Social Care) during 2023/24.

The service experiencing the most significant level of overspend was Health and Social Care, presenting an overspend of £14.717million. This position primarily related to a £10.880million shortfall in income as a result of income not being received from NHS Fife in line with IJB directions. The remaining overspend is

mainly due to an increase in care placements and packages commissioned above budget. Reserves of £12.173million were drawn down leaving an overspend of £2.480million in the Council. However, the overall IJB overspend was £5.578million with Fife Council being responsible for 38%, in line with the risk share agreement, which equates to £2.120million. A transfer of £0.360million was therefore required from the NHS Fife to meet the remaining overspend per the risk share agreement.

Due to the significance of the year end outturn movement, the IJB conducted a lessons learned exercise. The lessons learned exercise involved examining the key areas contributing to the significant movement in the year end forecast position, reviewing controls currently in place and developing an associated action plan. A report outlining corrective actions identified was presented to the IJB's Finance, Performance and Scrutiny Committee in July 2024.

The Council has recognised within its Annual Governance Statement that a partnership approach is required to mitigate the level of financial risk emerging within the health and social care partnership. Monthly meetings with senior finance staff across the partnership have been implemented to allow for greater scrutiny of financial controls, financial management and significant movements in budget.

Other services which experienced overspend positions are Education and Children's Services (£1.843million), Place (£2.198million) and Communities (£2.525million).

2. Loan charges underspend (£1.934million)

The Loan Charges underspend results from lower borrowing from the loans fund in previous financial years due to the level of cash held by the Council.

The Council are expecting that there will likely be an increase in the cost of borrowing in future given the significant level of planned capital costs over the lifetime of the capital investment plan, and interest rates being higher than anticipated.

3. Obligations/Contingencies underspend (£13.279million)

The underspend position reflects that the funding provision for all pay awards was higher than the costs of the pay settlement by £9.562million. This results in a one-off underspend in the current year which has been used to reduce the budget gap position in 2024/25.

Housing revenue account (HRA)

During the year, the Council underspent on its CFCR by £2.831m as a result of overspends across the HRA. Overall, there was a planned use of HRA balances of £2.064million which is being used to cover the planned expenditure.

As a result of significant pressures across the HRA, planned revenue contribution to the HRA capital plan was reduced by £2.831million to £24.497million (reduced by

£8.067million in 2022/23). If this situation continues over the coming years, there is a risk that this will have an impact on the affordability of the HRA capital programme.

The most significant area of overspend on the HRA was repairs and maintenance costs which continue to be impacted by high inflation on materials and employee costs, alongside an increase in the volume of Change of Tenancies. A recent Temporary Accommodation Court Judgement awarded a number of Homelessness tenants a secure tenancy which resulted in an increase in Change of Tenancies.

After taking into account the planned use of commitments in the year of £2.064million and further current commitments totalling £5.316million the level of uncommitted HRA Fund balances is £2.594million. This is in line with the Council's policy to maintain uncommitted balances at around 2% of Net Rental Income.

Capital expenditure

Capital Expenditure for 2023/24 was £242.073million, a variance of £89.099million (26.9%) against budget. This represents an increase in capital investment compared to previous financial years (2022/23: £189.362million).

The slippage related to a variety of themes including HRA, which represents 48% of the Council's total slippage for 2023/24 (£43million). Slippage is being experienced particularly in relation to Affordable Housing Programmes, due to inflation and cost increases, resulting in delays in project start dates. The remaining slippage is across all themes and relates to a variety of factors including decisions on the allocation of additional investment, delays in supply chains, as well as delays in tenders, funding packages, contracts and acquisitions.

Full detail of material capital expenditure variances continues to be regularly reported to the Cabinet Committee and the relevant Scrutiny Committees.

Treasury management

Treasury management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code.

The Council has a treasury management strategy which ensures that all decisions taken on treasury management give primary importance to minimising and managing potential risk. The revised treasury management strategy 2024-27 was approved by the Cabinet Committee in April 2024.

The 2022/23 Treasury Annual Report and 2023/24 mid-year report were presented to the Cabinet Committee in November 2023. Performance against the approved 2022/23 Prudential and Treasury Indicators was within agreed limits for the financial year. The 2023/24 Annual Report is due to be presented to the Cabinet Committee in November 2024.

During the last quarter on 2023/24, debt rescheduling was undertaken in relation to some of the Council's Lender Option Borrower Option (LOBO) loans which resulted in discounts and interest rate savings. This has resulted in lower than anticipated loan charges in the current and future financial years.

Systems of internal control

We have evaluated the Council's key financial systems and internal financial controls to ensure internal controls are operating effectively to safeguard public assets.

We did not identify any significant weaknesses in the Council's accounting and internal control systems during our audit.

Prevention and detection of fraud and irregularity

The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption.

We have reviewed the arrangements and concluded that there are appropriate arrangements for the prevention and detection of fraud, error and irregularities.

National fraud initiative

The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error. The most recent NFI exercise commenced in 2022, with matches received for investigation from January 2023. Most matches required to be investigated by 30 September 2023 and the results recorded on the NFI system.

Fife Council engaged well with the NFI exercise and we have concluded that its arrangements with respect to NFI follow up activity are satisfactory. There was a good level of timely follow up activity, meaning that matches were appropriately closed down. In addition, Fife Council has strong governance arrangements in relation to communication and transparency of NFI including presenting the results of the self-appraisal checklist and regular NFI progress updates and outcomes to the Standards, Audit and Risk Committee.

Financial sustainability

Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Extract from External Audit Plan - Financial sustainability

The Council's financial planning is underpinned by its Medium-Term Financial Strategy (MTFS). The latest MTFS, to be reported in February 2024, is projecting provisional cumulative budget gaps of £8.212million, £24.370million, and £42.522million for 2024/25, 2025/26, and 2026/27 respectively.

The Council has identified several initiatives to close the remaining general fund revenue budget gap and present a balanced budget for 2024/25. These include:

- Proposal to allow services to raise discretionary fees and charges for council services by up to 5% (anticipated gap reduction of £0.755million).
- Fife Council's indicative funding allocation to freeze Council Tax (anticipated gap reduction of £9.337million). Management has acknowledged that this is a political decision but they are currently proposing to agree to the freeze due to no financial benefit above the value of the additional funding being received unless council tax was raised by at least 4.9%.

Implementing these initiatives would result in a small general fund revenue surplus of £1.880million for 2024/25. In order to achieve a balanced budget, the Council are anticipating using this balance to support investment in educational psychologists, mid Fife subsidised bus contracts and street cleaning and grounds maintenance.

After revising the medium term financial plan to incorporate the same assumptions as for 2024/25, the Council continue to forecast funding gaps of £16.158million and £34.310million respectively for 2025/26 and 2026/27.

The Council continues to hold a significant reserves balance (£26million uncommitted balance at January 2024) but has acknowledged that these cannot be utilised as a sustainable solution to close the medium term budget gap. The Council recognises that bridging gaps of this magnitude will require major changes to services and how they are delivered and have committed to focus on a longer-term change planning process to address the financial challenge from 2025/26 onwards.

The Council has recognised that the HRA budget is also under considerable financial pressure and faces a high level of financial risk. The estimated 2024/25 funding gap on the HRA budget is £7.020million. Rent increase options of 5%, 6%

Extract from External Audit Plan - Financial sustainability

and 7% have been presented to tenants and the results from the consultations will be presented to the Council in February 2024 alongside the HRA budget proposals for 2024/25. The Council has acknowledged that increasing rent during the current cost of living crisis presents a challenge due to the risk of unaffordability to tenants.

Our detailed findings on the Council's financial framework for achieving long term financial sustainability are set out below.

Financial landscape

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

The level of funding that the Council will receive from the Scottish Government for its core activities is likely to reduce given the commitments that are in place and the financial challenge that exists nationally. Higher inflation continues to exacerbate the challenge as any increase in costs will need to be managed internally within the Council with the scope to also increase council tax, fees and charges. The Council is actively developing change plans to address the financial challenge. The medium-term financial strategy and the budget assumptions used in February 2024 have been updated based on all known intelligence and an updated budget gap was reported to Cabinet Committee in September 2024.

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

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

Consideration is also being given to other pressures the Council is facing, for example, equal pay claims, achieving savings, and strategic growth. The core budget is where the main concern and risk exists going forward. The level of reserves that the Council holds provides a means to address financial pressures on a one-off basis but there is a risk of over reliance being placed on using these

for recurring expenditure, so exit strategies will need to be clear at the time of any commitments.

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

Source: Fife Council 2023/24 Annual Accounts, Management Commentary

2024/25 revenue budget

In February 2024 the Council set a balanced revenue budget for 2024/25 based on the following:

- Council's provisional grant funding allocation
- 5% increase in all discretionary fees and charges; and
- Indicative Council Tax Freeze Funding

This represents the second year where no savings proposals from services were required to set a balanced revenue budget.

In October 2023, the First Minister announced a Council Tax freeze for 2024/25 which provided £147million additional funding within the Scottish Government budget to fund the freeze. Fife Council's indicative share of £9.3million equates approximately to a 4.9% increase which compares favourably to the 3% assumed in the Medium-Term Financial Strategy. The Council Tax freeze was approved as part of the Council's budget in February 2024.

As part of the process for setting the 2024/25 revenue budget, a full review of the commitments made against balances was carried out. Funds remain earmarked as Capital Funding from Current Revenue (CFCR) contributions agreed during Capital Plan Review, recovery from the COVID-19 pandemic and provision for inflationary pressures.

2024/25 revenue budget forecast outturn

The most recent revenue monitoring report for 2024/25 (September 2024) noted that the current forecast presents an overspend of £16.672million. This is a combined result of service overspends (£18.605million) and underspends in contingencies where over half of the forecast service overspends is attributable to Health and Social Care. Executive Directors have been tasked to plan and implement corrective / mitigating actions to bring costs down to a more sustainable level.

This forecast is detrimental to the balances position, bringing the level of balances to an over committed position unless corrective action is taken. A proposal to de-commit balances was presented to Cabinet in September 2024. Allowing for this proposal, the uncommitted level of balances is estimated at £0.782million in future

years which is below the policy minimum. This will be closely monitored over the year and a critical review of committed and earmarked balances will be undertaken.

Medium term financial outlook

The Council has a Medium-Term Financial Strategy (MTFS) which is regularly reviewed and is relied upon when planning for the future.

Since the approval of the budget in February 2024, the Council reported an indicative budget gap of £16.158million for 2025/26, rising to £34.310million for 2026/27 and using the same assumption the budget gap would rise further to £51.278million for 2027/28. The assumptions and baseline figures were reviewed with consideration to the Scottish Government's Resource Spending Review, Medium Term Financial Strategy and the Public Sector Pay Policy 2024-25.

The Council reported to the Cabinet Committee in September 2024 that there are no changes to planning assumptions required from those used in setting the budget in February 2024.

Recognising the difficulty in accurately forecasting the future, the Council presented three scenarios to Cabinet Committee:

1. Positive scenario – 1% increase in government grant
2. Central scenario – assumes flat cash
3. Least positive scenario – 1% decrease in government grant

For planning purposes, the Council presented the impact based on the central scenario, and in line with the MTFS, plan for a 3% council tax increase.

	2025/26	2026/27	2027/28
	£m	£m	£m
Central scenario – assumes flat cash government grant	22.6	42.5	64.6
Annual 3% council tax increase	(5.8)	(11.9)	(18.1)
Revised budget gap	16.8	30.6	46.5
Indicative budget gap following approval of budget in February 2024	16.2	34.3	51.3

Source: Budget 2025-28 Update; Cabinet Committee – September 2024

Change planning

In recent years, the Council has managed its budget without needing to make significant cuts to service expenditure but the position going forward is now much more challenging. The Council has recognised that it is crucial that its approach to change planning and bridging budget gaps has a medium term focus to be able to deal with those future challenges.

The financial outlook continues to be extremely challenging, and the Council has recognised that significant change and difficult decisions will need to be made to safeguard the financial sustainability of the Council.

Capital plans

The Council has developed a Capital Strategy and a 10-year rolling capital programme that is reviewed every two years. The Capital Investment Plan 2023-33 was approved by the Council in June 2023.

Initial work has begun to review the Council's Capital Strategy to ensure that the strategy is in line with the refreshed Plan4Fife. The strategy will inform the Capital Investment Plan. Members will have an opportunity to contribute to the development of the strategy which is due to be presented to the Council in February 2025 alongside the budget.

The capital investment plan will be assessed for affordability as part of the review process where the Council has recognised that challenges may arise in future years given reduced funding and the challenge of affordability beyond the level of investment proposed.

Housing Revenue Account

The Council has recognised that the HRA budget is also under considerable financial pressure and faces a high level of financial risk. This is primarily due to high inflation, staff salary increases, increasing stock figures, and other pressures. To meet these rising costs and achieve a balanced HRA budget, the Council is required to either generate income from increased rents or generate recurring savings (or a combination of both) annually.

In setting the 2024/25 budget; the HRA faced a £7.020million budget gap which was represented by the following pressures:

- £3.154million from increased operational costs which are a result of high levels of inflation, increasing materials and supplies costs and increasing stock numbers.
- £2.989million from general inflationary increases which includes increasing salary costs and Central Support Services Charges as a result of both settled and anticipated pay rises and increments.

- £0.877million increase in funding for Capital Investment to maintain an investment level consistent with prior years.

To allow the Council to set a balanced HRA budget, with the forecast budget gap of £7.020million, the approved budget proposed a 5% rental increase, reduction in tenant support funding and the use of HRA reserve balances.

In line with previous years, it was agreed to consult with tenants on rental increases of between 5% and 7% for 2024/25. The feedback provided was that a 5% increase was the only affordable option presented to tenants. Due to the considerable financial risk around the HRA budget, this meant it was not possible to close the budget gap based on the rental increases which had been consulted on.

The level of rental income impacts on the capacity of the HRA to borrow to fund investment into future policy decisions, maintain the ability to continue to build new council houses as part of the Affordable Housing Programme and improve houses to the current energy efficiency standard in future years. As outlined in the HRA budget, a rental increase of 6% or above was required in 2024/25 to keep the baseline plan in a position of medium risk and support future policy decisions. The approved 5% rental increase therefore increases the Council’s exposure to risk and impacts the affordability of the HRA baseline business plan.

In February 2024 the Council reported an HRA budget gap for the next two years as follows:

	2025/26	2026/27	Cumulative impact
	£m	£m	£m
Budget gap	6.806	7.588	14.394

The Council will need to make difficult decisions over the medium-term to balance the financial sustainability of the HRA and the affordability of future rental increases for tenants.

Vision, leadership and governance

Vision

Fife Council sets out its vision and ambitions in its ten-year local outcomes improvement plan (LOIP), 'Plan4Fife', which was first published in November 2017. The Plan4Fife 2017 - 2027 was developed through the Fife Partnership and is its first combined partnership and council plan. A LOIP Development Group was established to oversee the development of the Plan4Fife and partners were involved in agreeing outcomes, actions and performance measures.

The Plan was reviewed and a three-year update, 'Plan4Fife Recovery and Renewal', was agreed in August 2021. As well as being the three-year update of the Plan4Fife, the updated Plan is also Fife's recovery and renewal plan following the COVID-19 pandemic.

As part of an overall community wealth building approach, the Plan sets out three recovery and renewal priorities:

1. tackling poverty and preventing crisis;
2. leading economic recovery, and
3. addressing the climate emergency.

Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-2027, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures.

Leadership

The Council's senior leadership team (CLT) is a mature team comprising officers with many years' experience, who are skilled leaders and professionals. Each Council Directorate is headed by an Executive Director who, together with the Chief Executive and the Director of Health and Social Care, collectively form the Council Executive Team (CET). The CET is supported by the CLT.

The Council has committed within its Annual Governance Statement to further develop the leadership skills and capacity of officers during 2024/25 to ensure there is effective leadership to respond successfully to changing demands and risks.

The Council's No Wrong Door approach focuses on all partner services working together to make sure that processes and systems are better joined up, so that no matter where or how people reach out, they receive the services they need. In November 2023, the Cabinet Committee agreed organisational changes to the leadership model in the Education and Children's Services and Communities

directorates to support the Council's No Wrong Door approach. The organisational changes included:

- To alter the role and remit of the post of the Executive Director (Education and Children's Services and Communities)
- To relocate the post of Head of Service (Children and Families and Criminal Justice)

In our 2022/23 Annual Audit Report, we reported that work was ongoing for the Council to identify and expand on mandatory areas of training to provide to elected members. In November 2023, as part of the Cross-Party Leader's Group (CPLG) a revised approach to member development, including mandatory training was agreed. This focused on extending requirements to complete relevant training before sitting on relevant Board/Committees and the scope of training areas designated as mandatory.

An elected member working group on training and development has been established to support elected members in their roles and to meet collective and individual development needs.

From review of the changes to the member development process, including to mandatory training, we have concluded that it provides elected members with the information and platform to continue to discharge their responsibilities effectively.

Effective working relationships continue to exist between senior officers and elected members with positions of responsibility. The Chief Executive meets regularly with the Leader of the Council and the leaders of other political parties. The Chief Executive, Executive Directors and service managers also meet regularly with Cabinet spokespeople about their portfolios.

Various structures promote collaborative working between elected members and officers. These include the formal area committee work programme, ward meetings (including mega ward meetings in City of Dunfermline and Kirkcaldy Areas), elected member workshops, development of Local Community Plans and directing spend of decentralised budgets on priorities such as community recovery fund, anti-poverty, roads and transportation.

Outside of formal committee meetings, elected members are regularly briefed on major projects, developments or issues that arise. Services run workshops to raise awareness of important pieces of work or to engage local members at the early stages of a project, for example on decentralisation work.

Governance arrangements

The Council's system of governance is based on a Cabinet structure. The Cabinet Committee is responsible for strategic policy decisions and membership of the Cabinet comprises the Leader of the Council (Chair), six strategic spokespersons

and ordinary members up to a total of 21 members. To drive forward the strategic direction of the Council, ensuring the governance framework is operating as intended, the governance structure is also supported by the Standards, Audit & Risk Committee and four Council service area themed scrutiny committees:

- Education Scrutiny;
- Environment, Transportation & Climate Change Scrutiny;
- Finance, Economy & Corporate Services Scrutiny; and
- People & Communities Scrutiny.

The Council also operates a decentralised structure based around seven Area Committees. This type of governance structure allows the Area Committees to focus on specific local area issues and opportunities and have delegated responsibility for some revenue and capital budgets.

The Cabinet Committee meeting in November 2023 agreed a set of actions for improving area-based working and decentralisation. This involves organisational arrangements for greenspace management, development of a different operating model for asset and facilities management, removal where possible of internal charging barriers, identifying process improvements and responsibility, and creating a stronger place focus and leadership for local community plans.

The Council has recognised that these improvements will support the effectiveness of place working and the role and influence of Area Committees.

Cabinet and Committee meetings

During 2023/24, the Council and Committee meetings have continued to adopt a blended approach and meetings have continued to be live streamed and available to the public in the archive. The Council has been able to maintain its regular schedule of Council and Committee meetings.

Through our review of committee papers we are satisfied that there continues to be effective scrutiny, challenge and informed decision making through the financial period.

Risk management

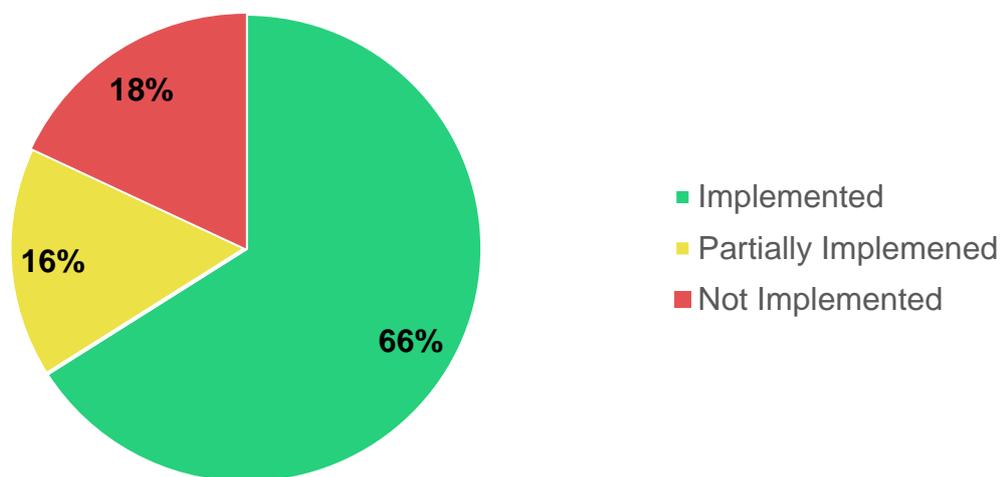
Well-developed risk management arrangements help councils to make effective decisions and secure better use of resources. The Council's Standards, Audit and Risk Committee is responsible for monitoring the effectiveness of the risk management arrangements in place with updates on the Strategic Risk Register and information surrounding further developments to the Council's risk management arrangements being presented on a six-monthly basis.

The Standards, Audit and Risk Committee in this role is supported by the Risk Management Strategy Group (RMSG) which continued to meet quarterly during

2023/24 to provide oversight of the Council's risk management arrangements. Activities undertaken by the RMSG in 2023/24 to further strengthen the Council's risk management arrangements have included involvement in the development of a new Strategic Risk Register and defining risk appetite levels for each risk.

A Risk Management Improvement Plan (RMIP) continues to be managed and monitored by the RMSG, CET and Standards, Audit and Risk Committee. The most recent progress report, which is due to be presented to the September 2024 Standards, Audit and Risk Committee meeting, highlights that good progress is being made in addressing the improvement plan recommendations. As detailed in the exhibit below, 66% of recommendations were fully implemented, 16% partially implemented and 18% were not implemented.

Progress against Risk Management Improvement Plan



Source: Risk Management Update – September 2024

Action 18 on the RMIP requires the Risk Management Team to work alongside directorates and services to support development and embed effective risk management arrangements locally. To support implementation of this action, a Roll Out Plan, containing an engagement schedule was compiled by the Risk Management Team and agreed by RMSG. The plan was piloted by Finance and Corporate Services where feedback and lessons learned from the services in the pilot were used to shape and improve delivery of the Roll Out Plan going forward. The Roll Out Plan is due to be completed by 31 March 2025.

The Council has acknowledged that significant improvements have been made to risk management arrangements over the last two years. However, further developments to risk management activity are planned for 2024/25 to allow for a focus on continuous improvement, these include:

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

Internal audit

The Council's internal audit service is an independent assurance function that provides an opinion on the Council's framework of governance, risk management and control. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. To avoid duplication of effort and to ensure an efficient audit process we have taken cognisance of the work of internal audit.

The Chief Internal Auditor's Annual Opinion for the year ended 31 March 2024 stated that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

Following the Public Pound

The Council uses a number of arm's-length external organisations (ALEOs) to provide services on its behalf. While the ALEOs are responsible for the delivery of services, the Council remains responsible for the public money it provides to the ALEOs and the quality of services the ALEOs provide. The Council needs to hold ALEOs to account for their use of public funds and should have sufficient governance arrangements in place to do so.

The ALEOs have regular performance sessions on Service Level Agreement delivery. During the year, work has been carried out to modify annual reporting and further changes are being made for coming years to allow more time for scrutiny.

The Council has several ALEOs delivering a range of functions. These have been in operation for several years. The Council has recognised that there is a risk that the operating arrangements may no longer reflect how the relationship between the Council and the ALEO has developed over time. Work is ongoing to review the operating agreements with the ALEOs to ensure that they continue to reflect current arrangements.

Use of resources to improve outcomes

Plan4Fife refresh

The Fife Partnership Board met in August 2024 and agreed the approach for the Plan4Fife 2024-27 collaborative work programme and a range of governance improvements to help simplify and focus activity. Further work will be undertaken in the next couple of months to create a coordinators forum for shared improvement and to develop the metrics and performance management around the Plan4Fife 2024-27.

The Council has acknowledged that the current focus sharpens on priorities and delivery over the next three years, which supports the required work to commence on shaping the next plan.

We are satisfied that appropriate arrangements are in place to oversee the delivery of the Plan4Fife and plan ahead for future iterations of the plan. Internal audit has committed to undertake a review of the governance arrangements in place to support the development of the new Plan4Fife for 2027, including performance management and reporting arrangements. This is now included in their 2024/25 internal audit plan.

Organisational change

The Council is progressing organisational change and reform to support a whole system change and the Plan4Fife points through four strategic change priorities; 'no wrong door' for people and family support services, building community wealth, health and wellbeing and working for place. In addition the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.

Change activity has progressed throughout 2023/24 with a focus on a 3 year planning horizon. Directorate and Service visions have been developed with a future "to be" state defined referenced against the current "as is" position. Change required to achieve the shift continues to be identified and developed where this process runs alongside workforce and financial planning.

The Council are aiming to have agreed and settled change plans in place by the end of March 2025.

Community Asset Transfers

The Community Empowerment (Scotland) Act enables requests to the local authority from community organisations and groups to acquire, lease or take over management of a publicly owned building or land. This request is known under the Act as a Community Asset Transfer (CAT).

The Council has a robust and well-established policy framework in place where 12 assets to date have been transferred. In addition, the Council has developed processes to support organisations that are not successful through the CAT process including community managers working closely with the organisations to look at alternative solutions including, for example, more suitable assets or rooms within an asset.

The Council has published annual reports on CATs on the Community Asset Transfer section of its website to meet its requirements under the Community Empowerment (Scotland). The 2023/24 annual report showed that two community asset transfers were successful which is an increase from the previous two years where no community asset transfers were successful.

The Council has recognised that further work is required to encourage and support community groups to manage and own assets through CATs. The Council are currently developing a revised approach to community engagement where integrating CATs into this process will be crucial to allow communities to become more empowered.

Performance Management Arrangements

The Council has an already established performance framework and is now working on developing improvements to allow for a better connection between people, plans and outcomes.

The Council's performance framework is used to support delivery of 'Plan4Fife'. The key components of the performance framework are outlined below:



Both Fife Council and Plan4Fife planning and performance frameworks have been brought together as one where the key components of the framework above are also reported at a partnership level to the Fife Partnership Board.

2023/24 Performance Framework Developments

The Council's current priority in developing its performance framework is to create solid foundations for integrated planning and performance management practice and a culture of continuous improvement. This includes consideration of policy-led approaches, quality measures, in-year reporting, data and digital development and the remodelling of reports to support scrutiny and public engagement.

The period from September to December 2023 represented a development phase for the Council's performance framework improvements which included initial discussions with leadership around the scope of change activity required.

The Council has recognised that the extent of the change required will take a few years to shape. A comprehensive timetable has been developed which supports the planned performance framework improvements up to May 2025.

Performance development activities which the Council has undertaken in 2023/24 include:

- Remodelled Annual Review Reports for scrutiny which integrate change themes, finance and workforce data.
- New Annual Corporate Best Value Self-assessment.
- Introduction of quarterly Performance and Improvement Tracker to CET which has been agreed in principle and further development work is underway.
- Local Government Benchmarking Framework (LGBF) integrated into wider framework with in-year review via CET tracker.
- Development of locally focused thematic/service reports to Area Committees.
- Introduction of performance indicators being published in advance of scrutiny Committees.

A significant amount of activity has been undertaken by the Council in 2023/24 and to date to develop its performance management framework. However, further work is required to implement and monitor the effectiveness of the identified developments.

Best Value



The pace and depth of improvement in the performance of the Council in meeting its best value duties is adequate.

<p>Follow up</p>	<p>The Council has made good progress in implementing previous improvement actions.</p>
<p>Effectiveness of performance reporting</p>	<p>Significant work has been undertaken by the Council in 2023/24 and to date to improve and strengthen its performance reporting.</p> <p>Improvements have been made to the presentation of performance information, including use of trends, along with the availability of performance information for both internal management purposes and the availability and timeliness of public performance information.</p> <p>The Council recognises however that the success of these changes cannot be fully evaluated until a full cycle of service annual reporting has been completed.</p> <p>Looking forward, the Council intends to further develop the performance information made available online with a focus on improving the way plans, performance, project delivery, evidence of impact and community news are linked.</p> <p>The Fife Strategic Assessment shows that Fife continues to face key challenges. Based on evidence, the Council and Fife Partnership will retain focus on existing priorities for the 2024 to 2027 period.</p> <p>Fife Council has improved its performance over time on 59% of the Local Government Benchmarking Framework (LGBF) indicators. It has however only improved on 41% of indicators relative to its family group and 42% compared to Scotland.</p> <p>Overall, we are satisfied that the Council has made proper arrangements for preparing and publishing Statutory Performance Information (SPI) in accordance with the 2021 Direction.</p> <p>The Council has developed an annual corporate self-assessment of delivery against best value themes, which includes a set of best value performance indicators. In 2023/24, Fife has improved on 9 of the 16 indicators which it will use to monitor best value.</p>

<p>Thematic review – Workforce Innovation – how Councils are responding to workforce challenges</p>	<p>The Council has appropriate arrangements in place for building future capacity and has developed a range of innovative schemes and initiatives used across services to produce a resilient workforce.</p> <p>Appropriate arrangements are in place to enable the delivery of the Council’s digital strategy. However, work is still required in developing the leadership and culture of the organisation which will drive digital change and progress. A key challenge for the Council is the creation of capacity within its workforce to enable the review, exploration and development of digital opportunities.</p> <p>Resource and capacity challenges are also limiting progress being made for a number of flexible working initiatives including exploration of flexible working opportunities for front line working groups and development of productivity measures for each of the Council’s workstyles.</p>
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Best Value

Overall based on the work performed we have concluded that pace and depth of improvement in the performance of the Council in meeting its best value duties is adequate.

We are required to evaluate and report on the performance of the Council in meeting its Best Value duties.

Our work in 2023/24 included the following:

- A follow up on previous improvement actions; including outstanding improvement actions reported in the Council's Best Value Assurance Report (2018), our 2022/23 Annual Audit Report as they relate to performance reporting and the 2022/23 Best Value thematic report.
- Assessing the effectiveness of the Council's performance reporting.
- A thematic review on workforce innovation.

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 respect of our wider scope responsibilities.

Follow up on previous improvement actions



The Council has made good progress in implementing previous improvement actions.

Best Value Assurance Report

A Best Value review was undertaken on Fife Council in 2018. The Best Value Assurance Report (BVAR) included recommendations to help the Council address the improvement areas identified during the audit. We have considered progress made by the Council in implementing the recommendations made in the BVAR. Of the three improvement actions which were outstanding in 2022/23, one has been fully implemented and two remain ongoing. The findings are detailed in the table below.

The Council consider those recommendations to still be relevant to delivering its overall strategic priorities and as such these have been integrated into “business as usual” monitoring through the Recovery and Renewal Leadership Board, Change Boards, service improvement planning and performance reporting to relevant scrutiny committees.

Action	Audit observation
<p><i>The Council should develop a range of delivery plans to support the identified actions and wider ambitions outlined in the Plan4Fife. These actions should be measurable with clear deadlines</i></p> <p>Status: Complete</p>	<p>Four strategic boards oversee the progress against the ambitions: Leading Economic Recovery, Tackling Poverty and Preventing Crisis, Addressing Climate Emergency and Community Wealth Building. Delivery Board plans are in place covering all of the Plan4Fife recovery and renewal priorities and ambitions.</p> <p>Delivery plan actions are being progressed and monitored by the Plan4Fife Delivery Boards and the relevant strategic partnerships. Delivery Boards report to the Fife Partnership Board and Recovery and Reform Leadership Group. Progress reports on delivery priorities on climate, poverty, economy and community wealth building have been considered by Cabinet over the course of 2023/24.</p> <p>The Plan4Fife Governance review approved by the Fife Partnership Board in August 2024 including a new proposal to reset the Economic Recovery Board and Community Wealth Building Group to better integrate and align strategy and delivery across priorities.</p>

Action	Audit observation
<p><i>The Council should work with Fife Health and Social Care Partnership and NHS Fife to accelerate the redesign of adult health and social care services and mitigate medium-term financial pressures.</i></p> <p>Status: Ongoing</p>	<p>All Fife partner agencies have an important role in redesigning the health and social care partnership services, including internal services such as Business Technology Solutions, Housing Services and external partners in the third and independent sector.</p> <p>The Partnership's Medium Term Financial Strategy and Workforce strategy provides a framework for delivery of the Strategic Plan, which will be challenging and will rely on support from Fife Council and NHS Fife.</p> <p>The 2023/24 financial position for the health and social care partnership was challenging. The Council has acknowledged that a partnership approach is required to mitigate the level of financial risk emerging within the health and social care partnership. Monthly meetings with senior finance staff across the partnership have been implemented to allow for greater scrutiny of financial controls and significant movements in budget.</p>
<p><i>The Council's new programme board should ensure alignment between the aims of the Plan4Fife and service change plans. It should develop a focus on outcomes rather than being led by budget-changes</i></p> <p>Status: Ongoing</p>	<p>The development and implementation of Fife Council's change plans were re-introduced during 2022/23 with a shift of focus to a three-year planning horizon. Fife Council has acknowledged that the change in approach is to ensure change programme initiatives move away from 'salami slicing' and focus on service redesign and transformation in line with the Plan4Fife priorities, the Medium-Term Financial Strategy and workforce plans.</p> <p>Change planning activity has progressed throughout 2023/24. Directorate and Service visions have been developed with a future "to be" state defined referenced against the current "as is" position. Change required to achieve the shift continues to be identified and developed.</p> <p>The Council are aiming to have agreed and settled change plans in place by the end of March 2025.</p>

Effectiveness of performance reporting

In our 2022/23 Annual Report on the Audit, we noted that improvement work underway by the Council needed to extend further to fully demonstrate compliance with the Accounts Commission Statutory Performance Information Direction, in particular, the timeliness in public performance reporting and demonstrating best value.

We recognise that a significant amount of work has been undertaken by the Council to address our prior year recommendations in this area. All three recommendations have been actioned.

Action	Audit observation
<p>Balanced Scorecard Templates</p> <p><i>We would encourage the Council to further develop the structure of its Balanced Scorecard templates to include ‘RAG’ ratings for each performance indicator to clarify trends in performance compared to previous periods.</i></p> <p>Status: Complete</p>	<p>RAG monitoring was introduced to all Annual Scrutiny Performance Reports from September 2023.</p> <p>Information online has been improved to include RAG reports for services. A new planning and performance area has been developed online to provide clearer, more accessible information that can be added to regularly as new performance / data becomes available.</p>
<p>Statutory Performance Indicator 1: Improving local services and local outcomes</p> <p><i>The Council should consider the timing of public performance information and ensure timely reporting as close to the period under review as possible.</i></p> <p>Status: Complete</p>	<p>A new approach to annual service performance reporting for the scrutiny committee cycle was agreed by Council Executive Team in June 2024. The first report become publicly available in August 2024 as part of the best value planning and performance improvement plan.</p>

Action	Audit observation
<p>Statutory Performance Indicator 2: Demonstrating Best Value</p> <p><i>The Council should consider the following and further develop its response to compliance with SPI2: Demonstrating Best Value.</i></p> <p><i>Publication of information on how the Council has responded to audit assessment and assessment from other scrutiny and inspection bodies of its performance against its Best Value Duty</i></p> <p><i>Publication of an assessment of the Council's performance against Best Value responsibilities. Performance should be aligned to the 7 Best Value themes.</i></p> <p>Status: Complete</p>	<p>The Council has developed an annual report which provides a corporate self-assessment of delivery against the best value themes.</p> <p>The first annual report on best value was presented to Council Executive Team in August 2024 and is due to be presented to the Standards, Audit and Risk Committee for approval in September 2024.</p>

Thematic review: Leadership of the development of new local strategic priorities

A thematic review on leadership of the development of new local strategic priorities was undertaken in 2022/23. At the time, we acknowledged the Council was undergoing development of several key arrangements to demonstrate best value and we were unable to conclude on our judgements in relation to the effectiveness of the pace and depth of improvement. We have reviewed the Council's progress in implementing those key developments during 2023/24.

Overall the Council has made good progress in implementing those key developments it had identified, with all but one being completed.

Key development	Audit observation
<p><i>Review of the Council's organisational structure to ensure it is fit for purpose to deliver the key priorities and ambitions as set out in the Plan4Fife</i></p> <p>Timeline: April 2024</p> <p>Status: Complete</p>	<p>A report focused on the Council's approach to change planning and organisational design was presented to the Cabinet Committee in November 2023. The case for change for a No Wrong door approach to service development as set out in the Outline Business Case was agreed at this meeting.</p> <p>At the same meeting in November 2023, the Cabinet Committee agreed immediate implementation of organisational changes to the leadership model in the Education and Children's Services and Communities directorates to support the Council's No Wrong Door approach. The changes included:</p> <ul style="list-style-type: none"> • To alter the role and remit of the post of the Executive Director (Education and Children's Services). • To relocate the post of Head of Service (Children and Families and Criminal Justice).
<p><i>Plan4Fife refresh 2024</i></p> <p>Timeline: August 2024</p> <p>Status: Complete</p>	<p>Following three-year review work in 2023/24, it was agreed that the 2024-27 Plan4Fife focus would remain on the existing recovery and renewal priorities. This is to reflect that the Council continues to be going through a period of recovery.</p> <p>The Fife Partnership Board met in August 2024 and agreed the approach for the Plan4Fife 2024-27 including a new collaborative work programme and a range of governance improvements to help simplify and focus activity. Further work will be undertaken in the next couple of months to create a coordinators forum for shared improvement and to develop the metrics and approach to performance management around the Plan4Fife 2024-27.</p>

Key development	Audit observation
<p><i>Development of 3 year change plans which support the wider ambitions outlined in the Plan4Fife.</i></p> <p>Timeline: April 2024</p> <p>Status: Ongoing</p>	<p>Change activity has progressed throughout 2023/24 with a focus on a 3 year planning horizon. Directorate and Service visions have been developed with a future "to be" state defined referenced against the current "as is" position. Change required to achieve the shift continues to be identified and developed and the process runs concurrently with workforce and financial planning.</p> <p>The Council are aiming to have agreed and settled change plans in place by the end of March 2025.</p>
<p><i>Review of areas where the Council's decentralised structure could be expanded</i></p> <p>Timeline: December 2023</p> <p>Status: Complete</p>	<p>A review of decentralisation and the role of Area Committees focussed on physical place-making services such as green space, street, property, housing, and town centre development.</p> <p>The Cabinet Committee meeting in November 2023 agreed a set of actions for improving area-based working and decentralisation. This involves organisational arrangements for greenspace management, development of a different operating model for asset and facilities management, removal where possible of internal charging barriers, identifying process improvements and responsibility, and creating a stronger place focus and leadership for local community plans.</p> <p>These improvements will support the effectiveness of place working and the role and influence of Area Committees.</p>

Key development	Audit observation
<p><i>Development of a revised approach to elected members on-going professional development and training. This includes consideration of the identification and expansion of mandatory areas of training.</i></p> <p>Timeline: December 2023</p> <p>Status: Complete</p>	<p>In November 2023, a paper was presented to the Cross Party Leader’s Group (CPLG) which set out a revised approach to member development and consideration of how the approach is to be achieved, including mandatory training.</p> <p>CPLG agreed to extend the requirement to complete relevant training before being eligible to sit on relevant Board/Committee from Licensing Board to now also include:</p> <ul style="list-style-type: none"> • Regulation & Licensing Committee • Pensions Committee • Fife Pension Board • North East and West and Central Planning Committees. <p>It was also recommended that the following induction training activities were made mandatory for all elected members:</p> <ul style="list-style-type: none"> • Equalities and Diversity Awareness • Code of Conduct training • Declaration of Interests and Register of Interests • How to claim expenses • Role-specific training prior to commencing certain roles. <p>An elected member working group on training and development has been established to support elected members in their roles and to meet collective and individual development needs.</p>

Effectiveness of performance reporting

Significant work has been undertaken by the Council in 2023/24 and to date to improve and strengthen its performance reporting.

Improvements have been made to the presentation of performance information, including use of trends, along with the availability of performance information for both internal management purposes and the availability and timeliness of public performance information.

The Council recognises however that the success of these changes cannot be fully evaluated until a full cycle of service annual reporting has been completed.

Looking forward, the Council intends to further develop the performance information made available online with a focus on improving the way plans, performance, project delivery, evidence of impact and community news are linked.



The Fife Strategic Assessment shows that Fife continues to face key challenges. Based on evidence, the Council and Fife Partnership will retain focus on existing priorities for the 2024 to 2027 period. Fife Council has improved its performance over time on 59% of the Local Government Benchmarking Framework (LGBF) indicators. It has however only improved on 41% of indicators relative to its family group and 42% compared to Scotland.

Overall, we are satisfied that the Council has made proper arrangements for preparing and publishing Statutory Performance Information (SPI) in accordance with the 2021 Direction.

The Council has developed an annual corporate self-assessment of delivery against best value themes, which includes a set of best value performance indicators. In 2023/24, Fife has improved on 9 of the 16 indicators which it will use to monitor best value.

Significant audit risk

Our audit plan identified a significant risk in relation to performance reporting under our wider scope responsibilities:

Extract from External Audit Plan – Use of resources to improve outcomes

The Council's revised performance framework and approach to performance reporting was published in December 2022, following a reset post-pandemic. The focus of the revised framework was to reinstate and improve the accessibility, regularity and comparability of performance information available to the public.

As part of our review of the Council's revised performance framework in 2022/23, we noted that while the framework provides an improved approach to performance reporting, more time is needed for that to be fully implemented. In addition, improvement work underway needs to extend further to fully demonstrate compliance with the Accounts Commission Statutory Performance Information Direction; in particular, the timeliness in public performance reporting and demonstrating best value.

Significant work has been undertaken by the Council in 2023/24 and to date to improve and strengthen its processes for the reporting and scrutiny of performance.

Over the course of 2023/24 a number of improvements have been made to the Council's performance reporting including:

- Revised presentation of performance information (use of trends) in service scrutiny reports
- The availability of performance information for both internal management purposes (through the development of Service portals in the Council's performance and risk management system) and in the availability and timeliness of public performance information (through improvements to the Council's Performance Page)
- Publication of performance indicator data and outcomes for each service in advance to support scrutiny preparation. This has enabled more timely information to be available online and for elected members to review in advance of the formal service reporting cycle. Work is currently ongoing to develop a training programme for elected members to support them in scrutinising performance information.
- As part of the Council's decentralisation work, improvements have been made to how information is reported to Area Committees including introducing a common format for reporting of anti-poverty activity. From September 2024, Area

Committees will start to receive Housing Reports in a new format to enable better local scrutiny and dialogue and a basis for informing policy and strategy more generally.

The Council has recognised that the success of these changes cannot be fully evaluated until the full cycle of service annual reporting has been completed.

Looking forward, the Council intends to further develop the performance information made available online with a focus on improving the way plans, performance, project delivery, evidence of impact and community news are linked.

The Council reports on performance information in line with its performance framework including Plan4Fife Ambitions Reporting and annual service performance reports. The most recent performance information published is detailed in the following table:

Performance Information	Detail of performance information reported during 2023/24 and to date
Plan4Fife: Annual Review of Priorities and Ambitions	<p>The 2023 annual public performance report was published in November 2023. The report highlighted mixed performance in the delivery of the Plan4Fife ambitions with progress being made which is being offset against the significant challenges which Fife faces, particularly around economic recovery.</p> <p>The 2024 annual report is due to be published in November 2024. The Council intends to further develop this report into a more robust public performance report.</p>
Fife Strategic Assessment	<p>The Council committed to producing a Fife Strategic Assessment every three years, to support the ongoing development of the Plan4Fife.</p> <p>The most recent report, presented to the Fife Partnership Board in August 2024, shows that Fife continues to face key challenges. Based on evidence, the Council and Fife Partnership will retain focus on existing priorities for the 2024 to 2027 period.</p>

Performance Information	Detail of performance information reported during 2023/24 and to date
Service annual review reports	<p>All Services report annually to scrutiny committees on their performance. During 2023/24, the Council remodelled its annual service performance reports for scrutiny into a new-style annual service review. The new reports focus on what the service set out to do, what was achieved, how it knows and evidences that, and what is ahead. It confirms the 3-year direction of travel, change and improvement themes and priorities for the following year. It is intended that those priorities inform service planning and provide a baseline for the next year’s annual review.</p> <p>The first annual review reports became publicly available from August 2024.</p>
Local Government Benchmarking Framework (LGBF)	<p>Reporting corporately on LGBF was reintroduced by Council’s Executive Team in 2023. The first report focused on the detail of the LGBF process and results at a national and Fife level. In 2024, the approach has been developed to consider LGBF findings in the wider context of the 2024 Strategic Assessment.</p> <p>Going forward, in addition to a more Fife-focused annual report, key LGBF indicators will be considered more routinely throughout the year as part of a new quarterly Council Executive Team Tracker.</p>

How well is the Council is performing?

The Fife Strategic Assessment shows that Fife continues to face key challenges. The Council committed to producing a Fife Strategic Assessment, every three years, to support the Plan4Fife and whether the plan is having the desired strategic impact it aims to achieve. The most recent assessment was presented to the Fife Partnership Board in August 2024.

Nine State of Fife indicators are tracked based on the following criteria: strategic importance, availability of data, availability of benchmarking and availability of trend information (forwards and backwards). The indicators are intended to provoke discussion on whether the Council is doing the right things, approaching them in the right way and achieving the right level of impact.

Latest data, trends and the gap between most and least deprived areas, reveal a worsening picture for almost all outcomes. There are significant inequalities in outcomes between most and least deprived communities. The gap is widening over time in relation to key outcomes such as life expectancy and school attainment.

The assessment is designed to inform the next phase of strategic planning and prioritisation of resources across Fife Partnership. Based on evidence, the Council and Fife Partnership will retain focus on existing priorities for the 2024 to 2027 period, including the development of a collaborative programme for Fife Partnership Board.

Assessment of progress with State of Fife Indicators for most and least deprived areas, Fife and Scotland

			Most deprived	Least deprived	Fife	Fife Trend	Scotland
1	Life expectancy in years	Females	76.9	85.1	80.9		80.7
		Males	71.5	82.4	76.6		76.5
2	Healthy life expectancy in years	Females	not available		54.5		61.1
		Males	not available		58.6		60.4
3	Early child development concerns		27.1%	15.2%	19.1%		17.9%
4	School attainment (One or more Higher at S5)		27.4%	70.1%	47.8%		55.3%
5	Employment rate		not available		75.2%		74.9%
6	Income deprivation		26.4%	2.2%	11.9%	N/A	12.1%
7	Influence over decisions		18%	19%	24%	N/A	18%
8	Mental health (prescriptions for anxiety and depression)		27.1%	15.3%	21.3%		20.1%
9	Mental wellbeing (WEMWBS)		46.5	51.2	48.8		48.9

Source: Fife Strategic Assessment 2024, Final Report, July 2024

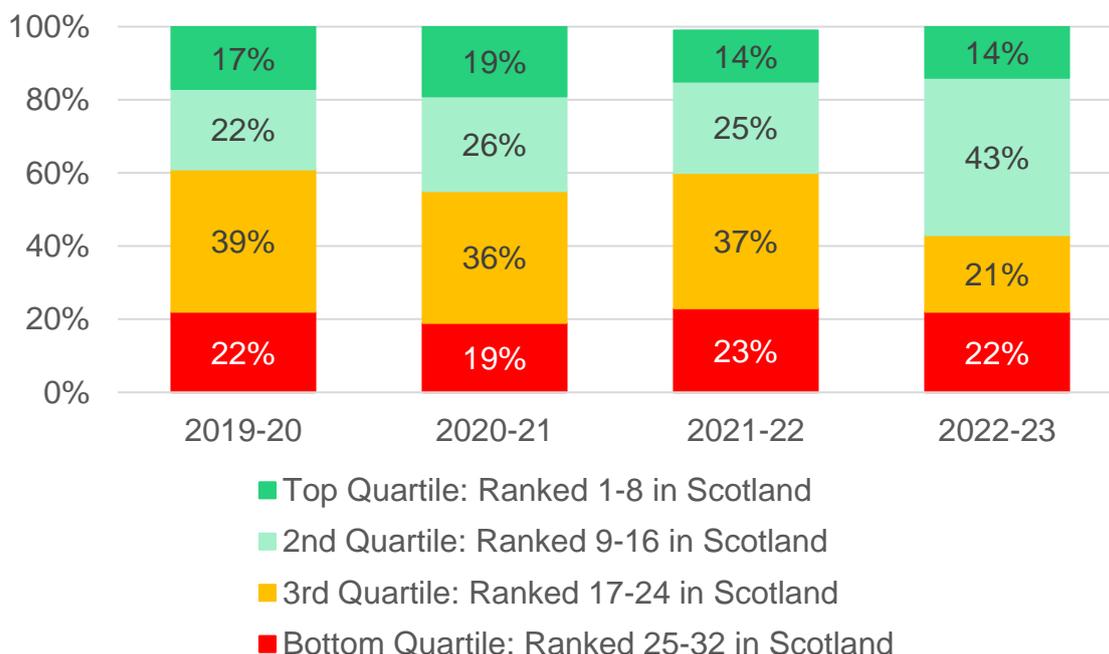
Fife Council has improved its performance over time on 59% of the Local Government Benchmarking Framework (LGBF) indicators. It has however only improved on 41% of indicators relative to its family group and 42% compared to Scotland.

Performance	Better	Worse	Unchanged
Fife over time	59%	40%	1%
Fife vs Family Group	41%	59%	0%
Fife vs Scotland	42%	58%	0%

Source: Local Government Benchmarking (LGBF) Report 2024: Council Executive Team

An overall comparison of LGBF performance across all 32 councils across Scotland shows year to year fluctuation in the number of indicators where Fife features in the top two quartiles. The current position for 2022/23 shows 57% of indicators in the top two quartiles.

Fife LGBF Data Comparison over time by Quartiles



Source: Local Government Benchmarking (LGBF) Report 2024: Council Executive Team (Data as at 1 May 2024. At that time data was still to be published for 13 of 108 LGBF indicators)

The Council has identified signs of slowing improvement in aspects of finance, children's services and adult social care but that these are in line with national trends and increased pressure / demand. Other declines in relation to child poverty, education, business start-ups and recycling, for example are being explored further alongside other data / assessments.

In terms of alignment of performance to policy priorities, the Council has identified aspects of financial sustainability, economic development, procurement, housing management, climate change have improved and / or are performing better than elsewhere in Scotland.

Statutory Performance Information

Overall, we are satisfied that the Council has made proper arrangements for preparing and publishing Statutory Performance Information (SPI) in accordance with the 2021 Direction.

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. This responsibility links with the Commission's best value audit responsibilities. In turn, councils have their own responsibilities, under their best value duty, to report performance to the public. The Accounts Commission issued a Statutory Performance Information Direction ('2021 Direction') in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

1. performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI1)
2. 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 (SPI2).

The information reported on the Council's performance page of its website, and in line with its performance framework, is the Council's response to meeting the requirements of SPI1. This includes links to:

- Strategic documents and plans
- Plan4Fife performance reports
- Service annual review reports
- Links to the LGBF on the Improvement Service website, Audit and Inspection reports, Best Value reports (as they relate to Fife Council and the wider sector)

During the year, the Council’s developed its first corporate self-assessment report. The report considers how it is measuring up against the Best Value themes and is presented as a prompt and discussion piece to inform service discussions on best value more locally. It incorporates a set of Best Value Performance Indicators which will enable the Council to assess on an annual basis how it is doing in delivering best value to its communities.

In 2023/24, Fife has improved on 9 of the 16 indicators which it intends to use to monitor best value

Best Value theme	Performance Indicator	Value	Target	RAG	Trend
Workforce / Staff	Education (Teachers) – Average Working Days Lost per FTE	9.28	8.7		Declining
	Fife Council – Average Working Days Lost per FTE	14.94	14.6		Declining
Asset Management	Proportion of operational buildings that are suitable for current use (%)	83.8%	86.1%		Improving
	Percentage of internal floor area of operational buildings in satisfactory condition	91.1%	89.7%		Improving
Financial Management and Planning	Percentage of income due from Council Tax received by the end of the year	95.8%	95.7%		Improving
	Invoices sampled that were paid within 30 days (%)	96.4%	95.2%		Improving
	Actual Outturn as a % of budgeted expenditure	92.49%	98.3%		Declining
	Uncommitted General Fund Balance as a % of annual budgeted net revenue	3.8%	3.5%		Improving
	Support services as a % of total gross expenditure	3.91%	4.1%		Improving
Fairness & Equalities	Gender Pay Gap	1.13%	3.5%		Improving
	Proportion of highest paid 5% employees who are women	61%	59%		Improving
Customer responsiveness	Stage 1 Complaints actioned < 5 days	86%	90%		Declining
	Stage 2 Complaints actioned < 20 days	75%	85%		Declining
	Call Volume - % of Contacts Answered – Contact Centre	91%	90%		Improving
Digital / information	% Freedom of Information requests completed on time	88%	95%		Improving

Best Value theme	Performance Indicator	Value	Target	RAG	Trend
Sustainability / Climate	Total Fife Council Carbon Footprint – tCO2e	49106	75848		Improving

Source: Delivering Best Value 2023/24 (draft report July 2024)

Thematic review: Workforce Innovation – how councils are responding to workforce challenges

The thematic work for 2023/24 was on workforce innovation and how councils are responding to the current workforce challenge through building capacity, increasing productivity and innovation. We reported our conclusions in a separate report and the key findings are detailed below. We raised one improvement action point in our report in relation to the timeliness of performance reporting against the Council’s workforce strategy which management has accepted.

<p>How effectively are the council’s workforce plans integrated with its strategic plans and priorities?</p>	<p>Auditor judgement</p> <p>Effective and appropriate arrangements are in place </p>
	<p>Fife Council has a clear and comprehensive workforce strategy, Our People Matter (OPM), which is integrated with the Reform Agenda and the Digital Strategy, to deliver the Plan for Fife. There has been positive uptake and engagement with the current iteration of the OPM throughout the Council and with trade union representatives.</p> <p>The Council is looking ahead towards preparations for development of the OPM 2025-2028. The refreshed OPM will include development of a Corporate People Plan to clearly set out the actions that are required to be taken at a corporate level to address the current and future gaps in workforce capacity and capability.</p> <p>Planned engagement and consultation on the refreshed OPM 2025-2028 is due to begin in Autumn 2024.</p>

How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?

Auditor judgement

Risks exist to the achievement of operational objectives



Appropriate arrangements are in place to enable the delivery of the Council's digital strategy. However, work is still required in developing the leadership and culture of the organisation which will drive digital change and progress. A key challenge for the Council is the creation of capacity within its workforce to enable the review, exploration and development of digital opportunities.

The Council continues to develop and implement its use of digital technologies. Specific actions have been taken to address digital exclusion including, for example, use your own device policies and the roll out of digital champions.

How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?

Auditor judgement

Risks exist to the achievement of operational objectives



Fife Council has a well-established blended working approach which 94% of eligible employees have chosen to opt into. However, the Council has recognised that only 13% of the workforce are eligible to opt in for their blended working approach and that the majority of services operate through front line workers.

Resource and capacity challenges are limiting progress of developing flexible working initiatives including exploration of flexible working opportunities for front line working groups and development of productivity measures for each of the Council's workstyles.

The Council has recognised the challenges which a blended working approach can have on the wellbeing of its employees and has produced an appropriate range of guidance and tools to support the health and wellbeing of its employees. A strong culture and focus on support for employee wellbeing exists within services which has encouraged development of their own initiatives to meet the specific health and wellbeing needs of their teams.

Maintaining a sense of team culture under the blended working approach is a challenge that does not impact solely on Fife Council. Services have implemented well established methods to mitigate the risk of this challenge including through requesting that all team members are working in the office on the same days to increase collaborative working alongside maintaining weekly virtual team huddles and weekly team emails.

<p>What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?</p>	<p>Auditor judgement</p> <p>Risks exist to the achievement of operational objectives </p> <hr/> <p>The Council has appropriate arrangements in place for building future capacity and has developed a range of innovative schemes and initiatives used across services to produce a resilient workforce.</p> <p>The Revenue Budget 2024-27 approved by the Council in February 2024, however, reflects a much more challenging financial landscape over the next three years than in previous years. It is essential that the Council is well prepared for the impact of future budget challenges on the workforce.</p>
<p>What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?</p>	<p>Auditor judgement</p> <p>Effective and appropriate arrangements are in place </p> <hr/> <p>The Council works collaboratively with its partners and continues to explore opportunities. Through collaborative working, the Council shares knowledge and learns from partners, leading to enhanced service delivery and outcomes.</p>

How effectively is the council measuring the impact of its workforce planning approach?

Auditor judgement

Risks exist to the achievement of operational objectives



The Council has received positive uptake and feedback on the two workforce planning data tools that they have offered to services, HR and OD practitioners. We are satisfied that performance information and workforce data is being used effectively by services to populate Service People Plans and to identify and respond to workforce challenges.

Annual reports on the OPM are presented to the Reform Board and the Cabinet Committee. The December 2023 report to the Cabinet Committee however was delayed meaning that performance against the OPM has not been presented or scrutinised at a Committee level in nearly two years. We recommend that the Council reviews the timeliness of workforce performance reporting to ensure it allows for effective challenge and scrutiny of workforce planning at a Committee level.

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Appendix 1: Responsibilities of the Council and the Auditor

Responsibilities of the Council

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Executive Director Finance and Corporate Services has been designated as that officer. The Executive Director Finance and Corporate Services is responsible for the preparation of the Council’s annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Area	The Council’s responsibilities
<p>Corporate governance</p>	<p>The Council is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
<p>Financial statements and related reports</p>	<p>The Council has responsibility for:</p> <ul style="list-style-type: none"> • preparing financial statements which give a true and fair view of the financial position of the Council and its group and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; • preparing and publishing, along with the financial statements, an annual governance statement, governance compliance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements. The management commentary should be fair, balanced and understandable and address the longer-term financial sustainability of the Council. <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the Council and its financial performance, including providing</p>

Area	The Council's responsibilities
	<p>adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The Council is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Council is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
<p>Standards of conduct for prevention and detection of fraud and error</p>	<p>The Council is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p>
<p>Financial position</p>	<p>The Council is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
<p>Best value</p>	<p>The Council has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among:</p>

Area	The Council's responsibilities
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- The quality of its performance of its functions
- The cost to the body of that performance
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the Council shall have regard to:

- Efficiency
- Effectiveness
- Economy
- The need to meet the equal opportunity requirements.

The Council should discharge its duties in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality.

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Area	The Council's responsibilities
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Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code of Audit Practice outlines the responsibilities of external auditors and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the Council and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

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.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance



Audited 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.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes



Audited 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. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Council's best value arrangements is integrated into our audit approach, including our work on the wider scope areas as set out in this report.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2023/24](#)

Independence

The Ethical Standards and ISA (UK) 260 require us to give the Council full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements we do not have any matters to not in that regard.

An Azets' employee's father is a senior employee at NHS Fife and has a Non-Executive Director role at Fife Coast & Countryside Trust. We confirm that we have implemented internal safeguards to ensure this employee has no involvement in our audit work and that no members of staff working on the audit discuss any aspects of the audit with them.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In particular:

Non-audit services: There are no non-audit services provided to the Council.

Contingent fees: No contingent fee arrangements are in place for any services provided.

Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff.

Relationships: Other than the disclosure noted above, we have no other relationships with the Council, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Our period of total uninterrupted appointment as at the end of 31 March 2024 was two years.

Audit and non-audit services

The total fees charged to the Council for the provision of services in 2022/23 were as follows. Prior year charges for the predecessor auditor are also shown for comparative purposes:

	2023/24	2022/23
Auditor remuneration	£416,110	£392,180
Pooled costs	£13,800	-
Contribution to PABV costs	£125,160	£123,150
Audit support costs	£0	£13,540

Sectoral cap adjustment	£132,700	£119,620
Total Council audit fee	£687,770	£648,490
Audit of the Fife Council Charitable Trusts	£12,720	£12,000
Non-audit services	£0	£5,000
Total fees	£700,490	£665,490

The FRC’s Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. In 2022/23, we provided grant certification work to the Council, there has been no additional work completed in 2023/24.

Appendix 2: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our audit.

The recommendations are categorised into three risk ratings:

Key:

- 1. Significant deficiency**
- 2. Other deficiency**
- 3. Other observation**

1. Timeliness of receipt of revaluation report		Significant deficiency
Observation	Through our audit work we noted that no formal Valuation Report had been provided on commencement of our audit work from the internal valuer.	
Implication	There is a risk that the valuation workings provided to management do not agree to the figures in the valuation report. There is also a requirement in the CIPFA Property Asset Valuation Handbook 2016 for valuers to provide a valuation report.	
Recommendation	We recommend that the formal valuation report is provided in a timelier manner, ideally at the same time that the of valuer's revaluation workings are provided to management.	
Management response	<p>There has been some change in staff due to retirement so responsibilities across the team changed in year. Monthly meetings are held with Estates/Finance Team where discussion included the approach to valuations.</p> <p>The teams discussed that there were unlikely to be notable changes and it was agreed that the report would be provided retrospectively to allow work to focus on the shift from carrying out valuations as at 01/04 to 31/03. The timing of the valuation report will be adjusted in future years.</p> <p>Responsible officer: Head of Property Services</p> <p>Implementation date: 31 March 2025</p>	

2. Documentation of asset floor plans		Other deficiency
Observation	Through our audit testing over the inputs used in the asset valuation calculations, we noted that the Council does not hold formal floor plans that document the Gross Internal Area (GIA) for all assets. These are instead based on information recorded in the Council's systems.	
Implication	There is a risk that the GIA information used in the valuations and the values recorded in the systems are not in line with actual floor areas recorded in floor plans.	
Recommendation	We encourage the Council to formally document the GIA for all assets through the use of floor plans.	
Management response	<p>The Council has a mature and established process for valuing properties using established methods. Valuers have the ability to draw on the extensive information that is held about our assets to include floorplans that have been updated for significant changes such as extensions or the demolition of buildings.</p> <p>Consideration will be given as appropriate to updating valuation files to include more explicit information on GIAs.</p> <p>Responsible officer: Head of Property Services</p> <p>Implementation date: 31 March 2025</p>	

3. Challenge of external valuer outputs		Other observation
Observation	Through our audit work we noted that there is little challenge by management of the uplift provided by the external valuer and how this should be applied to the Council Dwellings portfolio.	
Implication	There is a risk that the information provided by the valuer is not in line with the Council's expectations of the movements in the Council Dwellings asset values in the year and if these are not challenged then the values recorded in the annual accounts could be misstated.	
Recommendation	We recommend that there is more challenge of the outputs provided by the external valuer including the Council Dwellings uplift and improved procedures to check the reasonableness of the information provided are built into management's year end procedures.	
Management response	<p>Procedures will be improved and processed will be built into the year-end process to ensure that reasonableness checks of the information provided are carried out.</p> <p>Responsible officer: Finance Operations Manager</p> <p>Implementation date: 30 June 2025</p>	

4. Impairment Review	Other observation
<p>Observation</p>	<p>As part of the Council’s impairment assessment, the finance team sends round a template working paper to each Business Support Area asking them to confirm ownership, existence and whether there is any indication of impairment.</p> <p>Our audit procedures identified several instances as part of the returned template working papers which indicated assets were either disposed, no longer in use, scrapped, written off or stolen. However, these assets remained on the fixed asset register at 31 March 2024 with positive net book values.</p>
<p>Implication</p>	<p>There is a risk that the net book value contained within the fixed asset register and accounts is overstated through inclusion of assets which no longer exist or are no longer used by services.</p>
<p>Recommendation</p>	<p>We recommend that the finance team further investigate assets on the returned impairment assessment template working papers, specifically those assets which appear to no longer exist or to be in use by services.</p>
<p>Management response</p>	<p>This is a procedural issue that will be reviewed and updated to address this specific point with an enhanced process going forward.</p> <p>Responsible officer: Finance Operations Manager</p> <p>Implementation date: 30 June 2025</p>

5. Capital Commitments	Other deficiency
<p>Observation</p>	<p>As part of our audit work, we selected a sample of capital commitments to verify the values to supporting documentation. Through this work, it was identified that the amounts for a number of our sample items did not agree back to the supporting documentation provided and the capital commitments figures provided by the services were not in line with the supporting documentation.</p>
<p>Implication</p>	<p>By not challenging or checking the amounts provided by services used to populate the capital commitments note, there is a risk that the amount included in the capital commitments disclosure is materially misstated within the annual accounts.</p>
<p>Recommendation</p>	<p>We recommend that the Council challenges and checks the figures returned from services going forward on receipt of the information used to populate the capital commitments disclosure note.</p>
<p>Management response</p>	<p>Procedures will be enhanced and a checking/review process will be built in to future years. This will include a cross reference to supporting documentation, including contract documentation.</p> <p>Responsible officer: Finance Operations Manager</p> <p>Implementation date: 30 June 2025</p>

6. PPP1 Unitary Charge		Other deficiency
Observation	<p>Our audit procedures highlighted a difference of £0.720million between the paid unitary charge and unitary charge in the financial model for PPP1.</p> <p>On discussion with the finance team and management, the difference is due to utilities bills which are paid by the provider and included in the unitary charge, being excluded from the financial model.</p>	
Implication	<p>There is a risk that the financial model for PPP1, which is used to populate the annual accounts, does not reflect the correct unitary charge.</p>	
Recommendation	<p>We recommend that going forward, the utilities payments which form part of the unitary charge for PPP1 are incorporated into the financial model.</p>	
Management response	<p>The Council is satisfied that there is a mature approach to the reconciliation of utility costs for PPP1 schools and that the payments made were correct. The Council's financial cashflow model will be updated to provide for an estimate of utility costs going forward.</p> <p>Responsible officer: Finance Operations Manager</p> <p>Implementation date: 31 March 2025</p>	

Appendix 3: Follow up of prior year recommendations

We have followed up on the progress the Council has made in implementing the recommendations raised in previous years

1. Asset valuation dates	
Recommendation	We encourage the Council to review their valuation cycle dates, in line with the Audit Scotland roundtable recommended actions, to reduce the risk of the carrying amount of assets in the balance sheet at the year-end differing materially from the current value at that date.
Implementation date	31 March 2028
Ongoing	This process is still in progress. The Council did undertake an asset valuation exercise at 31 March 2024, however, in 2023/24 did they also still undertake an asset valuation at 1 April 2023 for a proportion of their asset base. This is because a rolling programme approach has been undertaken and all assets due for valuation per the rolling programme were valued at 31 March 2024. The process will take time for full implementation as it is a 5 year rolling programme for valuations in line with the Accounting Code of Practice.

2. Common Good Asset Register	
Recommendation	We recommend that going forward, the Council regularly reconciles the published common good asset register to the fixed asset register used to populate the accounts to ensure the published register remains up to date.
Implementation date	30 June 2025
Ongoing	As part of our 2023/24 audit work, we identified several art and artefact assets which were included in the published common good register but not the fixed asset register used to populate the accounts. This will be addressed going forward.

3. Transfers and valuation of Assets Under Construction to operational land and buildings	
Recommendation	Management review of assets under construction and of completed asset transfers should be improved.
Implementation date	30 June 2025
Ongoing	As part of our audit work, management identified three assets which should have been transferred out of assets under construction to the other land and buildings asset category. An audit adjustment was made to correct this error.

4. Bank reconciliations of the main General Fund account	
Recommendation	The Council needs to implement a sound system of internal control over the Adelante Smart Pay system and prepare frequent and timely reconciliations.
Implementation date	31 December 2024
Ongoing	The automated bank reconciliation has been tested and is due to be promoted to the live system.

5. Dormant charities	
Recommendation	Trustees should consider reorganising the charities through merging or winding them up, particularly when they appear to be failing to meet their charitable aims (e.g. by not disbursing funds).
Implementation date	31 December 2025
Ongoing	A review of the Charitable Trusts is ongoing and potential Trusts which could be merged or wound up have been identified, however the process of actioning this has not yet been initiated. Given the charity law requirements and engagement associated this is anticipated to run over the next 12-24 months.

6. Charities – Key Controls	
Recommendation	Trustees should make arrangements to perform sample checks each year to ensure that monies have been appropriately granted and have been used for the purposes intended.
Implementation date	31 March 2023
Complete	Testing performed did not identify any issues in the grants awarded being used for purposes other than those they were granted for.

7. Completeness of payments recorded in the ledger and Fife Council Charitable Trust accounts	
Recommendation	A central record of applications should be maintained and reconciled to the ledger on an annual basis to provide assurance over the completeness of payments recorded in the ledger
Implementation date	31 March 2025
Ongoing	<p>All Charitable Trust applications now come through the <u>Fife Grants</u> page and are stored in compliance with the document retention requirements. These records can therefore be used for reconciliation purposes.</p> <p>A reconciliation process still needs to be put in place and discussions will start on that asap.</p> <p>All approved applications are held by the 7 area administrators – these will be collated into a single point at the financial year end.</p>

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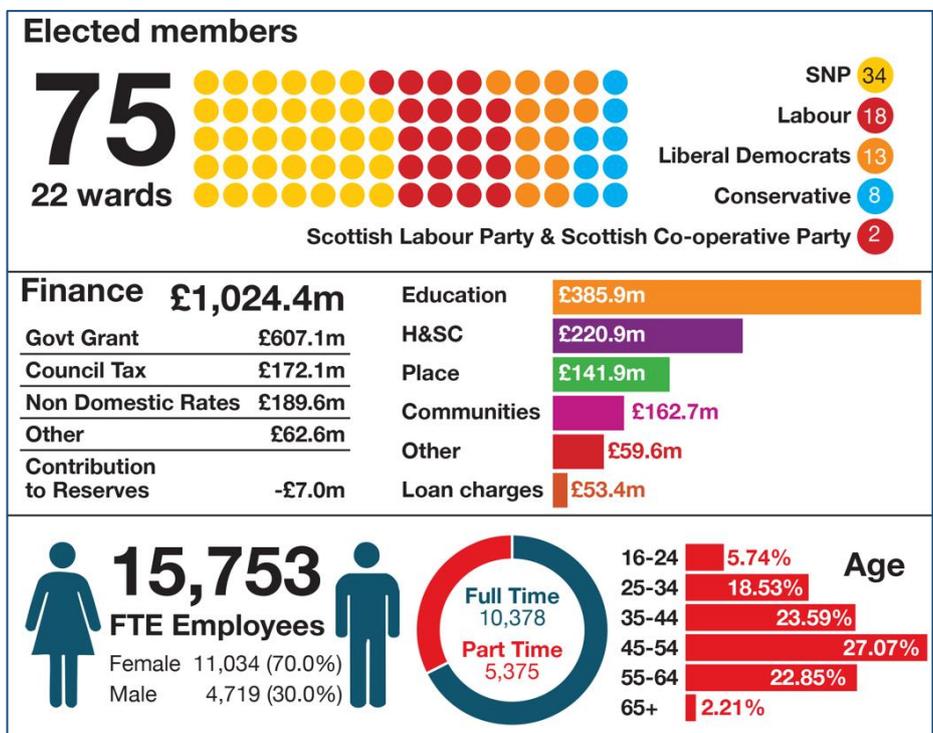
1. Introduction

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

2. Profile of Fife Council

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

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



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

DIRECTORATES



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

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

3. Objectives and Strategy of the Council

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

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

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



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

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

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

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

4. Finance and Performance

Performance Reporting

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

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

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

2023-24 Financial Year	General Fund Outturn				Annual Accounts			
	Outturn	Budget	Variance		General Fund	HRA Transfers		Total
	£m	£m	£m	%	£m	£m	£m	£m
Education	385.901	384.058	1.843	0.48%	385.901		30.355	416.256
Health & Social Care	220.914	218.730	2.184	1.00%	220.914		3.789	224.703
Place	141.891	139.693	2.198	1.57%	141.891		26.960	168.851
Communities	162.646	160.121	2.525	1.58%	162.646	(28.519)	17.724	151.851
Finance & Corporate	59.259	61.778	(2.519)	(4.08%)	59.259		10.274	69.533
Chief Executive	0.302	0.322	(0.020)	(6.21%)	0.302		0.004	0.306
Service Expenditure	970.913	964.702	6.211	0.64%	970.913	(28.519)	89.106	1,031.500
Loan Charges & CFR	53.441	55.375	(1.934)	(3.49%)	53.441	30.605	(84.046)	0.000
Contingencies	0.000	13.279	(13.279)					
Total Expenditure	1,024.354	1,033.356	(9.002)	(0.87%)	1,024.354	2.086	5.060	1,031.500
General Revenue Grant	(607.050)	(607.050)	0.000	0.00%	(607.050)			(607.050)
Non-Domestic Rates	(172.122)	(172.123)	0.001	(0.00%)	(172.122)			(172.122)
Council Tax Income	(189.591)	(191.559)	1.968	(1.03%)	(189.591)			(189.591)
Other Inc & Exp							(61.052)	(61.052)
Transfer of Balances	(62.624)	(62.624)	0.000					
Movement in Balances	(7.033)	0.000	(7.033)		55.591	2.086	(55.992)	1.685
Reserve Transfers							55.717	55.717
- Unusable Reserves								
- Usable Reserves	65.805				3.181	(0.021)	0.275	3.435
(Increase) / Decrease in Reserves	58.772				58.772	2.065	0.000	60.837

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

General Fund Revenue

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

2023-24 Provisional Outturn

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

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

Pay Award

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

Other pressures – Economic Conditions

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

Turning to specific commentary in relation to directorates:

Education reported an overall overspend of £1.843m.

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

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

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

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

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

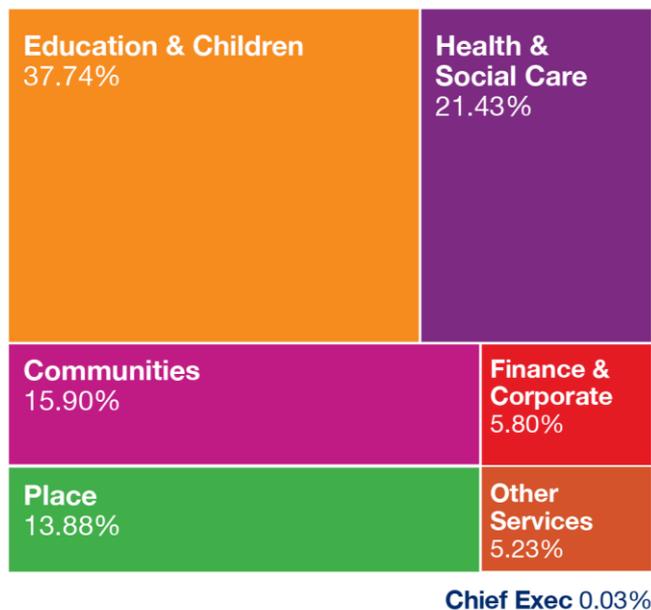
Children and Families reported an overspend of £0.575m. There are several areas of overspend including Purchased Placements (£4.062m) and Kinship care (£1.593m). These are offset by areas of underspend on Whole Family Wellbeing, In-house foster care and staffing vacancies (£6.005m).

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

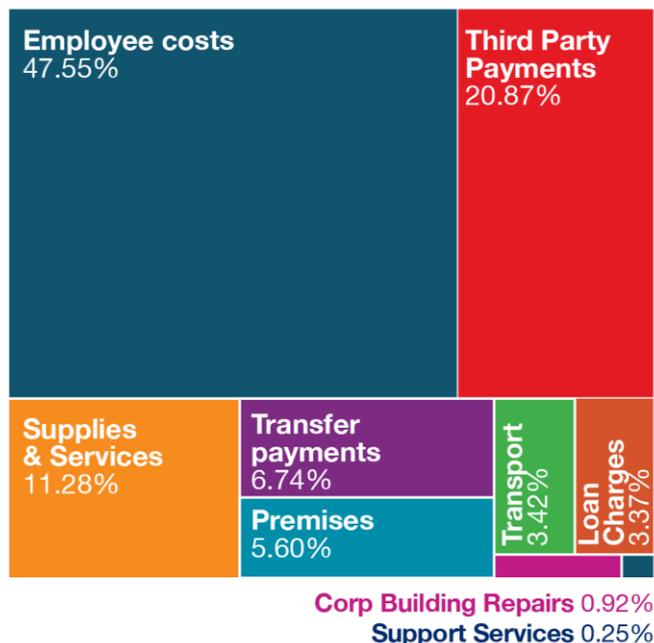
Corporate Budgets reported a total underspend of £15.213m of which includes additional funding and budgetary provision for pay awards which is a one-off for 2023-24, there was an underspend on Loan Charges as a result of less borrowing than anticipated which resulted in reduced principal repayments.

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

Expenditure by Directorate



Expenditure by Type



Reserves

The General Fund balance decreased during the year from £216.054m to £157.282m. This net movement of £58.772m was a combination of a contribution to balances of £7.033m plus transfers to other statutory reserves of £3.181m less £62.624m of budgets transferred from balances brought forward and used by Services in year, as shown on Note 6 page 42.

During 2023-24 budgets of £62.624m were transferred from balances and used to augment service budgets. These mainly included honouring commitments in respect of funding financial impacts related to COVID-19 (£15.217m), Capital Investment Plan (£18.344m), contribution from balances for items approved during the budget process (£10.100m) specific Scottish Government funding (£8.664m) and Devolved School Management (£3.666m) and secondary school rolls (£4.670m).

The General Fund balance as at 31st March 2024 was £157.282m. Of this, a total of £108.577m is earmarked and includes significant amounts which underpin the investment in the capital plan, principally Service Concessions totalling £32.537m, CFCR contributions £17.243m and Capital Plan Review funding £17.000m. There are also additional earmarked amounts of £18.930m, and Scottish Government specific funding of £5.750m. In addition, there are commitments totalling £35.077m and include £13.330m for changing demographics, £9.906m for Change Programmes and £3.900m investment agreed in the 2024-25 Revenue Budget. Further information on all earmarked balances and commitments is provided on Page 42.

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

Housing Revenue Account

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

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

Capital Expenditure

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

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

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

Assets and Liabilities

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2024 and explanatory notes are provided. Net assets have increased by £239.445m to £2,932.160m as detailed in the following table;

	2023-24 £m	2022-23 £m	Movement £m
Long Term Assets	4,041.994	3,832.586	209.408
Current Assets	198.069	181.973	16.096
Current Liabilities	(292.605)	(249.903)	(42.702)
Long Term Liabilities	(1,064.516)	(969.473)	(95.043)
Defined Benefit Pension Asset/Liabilities	49.218	(102.468)	151.686
Net Assets/(Liabilities)	2,932.160	2,692.715	239.445
Usable Reserves			
-General Fund	(157.282)	(216.054)	58.772
-Housing Revenue Account (HRA)	(5.315)	(7.380)	2.065
-Capital Grants & Receipts Unapplied	(1.134)	(0.859)	(0.275)
-Insurance Fund	(17.583)	(14.423)	(3.160)
Unusable Reserves			
-Defined Benefit Pension Reserve	(49.218)	102.468	(151.686)
-Other Unusable Reserves	(2,701.628)	(2,556.467)	(145.161)
Total Reserves	(2,932.160)	(2,692.715)	(239.445)

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

The actuary has calculated that the Council has a Defined Benefit Pension Asset of £452.690m (2022-23, £538.461m). Accounting Standards however do make provision for employers who are part of the LGPS scheme to apply an asset ceiling and effectively “cap” the amount of asset recorded on the balance sheet. Following additional calculations it was determined that the application of the asset ceiling for Fife Council reduces the Defined Benefit Pension Asset to £49,218m, and this is the value which has been recognised in the Council’s Balance Sheet.

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

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

Treasury Management Activity

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

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

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

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

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

Going Concern

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

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

Key Financial Ratios

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

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

Fife Council Group Accounts

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

Subsidiary bodies

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

Other Subsidiaries

- Common Good Funds
- Charities & Trusts

Joint Venture

- Fife Integration Joint Board

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

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

Subsidiary	Operating (Surplus) / Deficit to 31 March 2024 £m	Net Assets / (Liabilities) at 31 March 2024 £m
Fife Sports and Leisure Trust	(0.230)	0.634
Fife Coast and Countryside Trust	(0.194)	1.454
Fife Cultural Trust	(0.579)	3.142
Fife Golf Trust	(0.293)	0.735
Fife Resource Solutions	0.036	2.945
CIRECO (Scotland) Ltd	0.000	0.000
Business Gateway Fife	(0.068)	0.551
Common Good Fund	0.015	212.838
Charities & Trusts	(0.014)	4.569
Fife Integration Joint Board	16.495	2.365
Total	15.168	229.233

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

Our Plans for the Future: Principal Risks and Uncertainties

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

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

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

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

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

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

4. Acknowledgements

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

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

Councillor David Ross
Leader of Council

Ken Gourlay
Chief Executive

Eileen Rowand MBA CPFA
Executive Director Finance
and Corporate Services

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

Scope of Responsibility

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

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

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

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

Fife Council's Group Accounts

Fife Council operates several ALEOs.



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

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

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

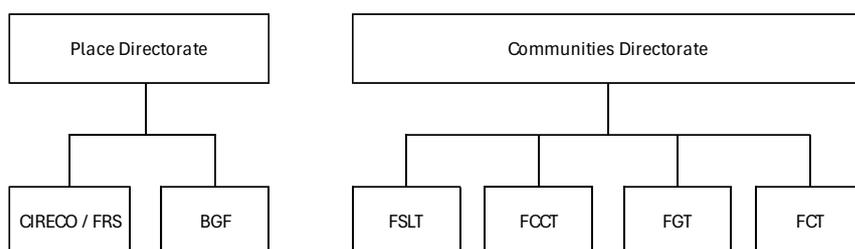
Fife Golf Trust (FGT) started trading on 1 April 2011. OSCR granted charitable status on 30 March 2011 and Fife Council is the sole member of the company.

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

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

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

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



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

Maintaining effectiveness of governance arrangements

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

2.0 Fife Council's Governance Framework

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

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

Governance

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

Planning

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

Performance

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

Financial Governance

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

Risk Management

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

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

- 2.4 All internal audit reports are issued to the:

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

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

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

2.5 During 2023/24, a number of improvements were made by management to address the critical recommendation contained within the Safeguarding internal audit report which related to Scottish Social Services Council (SSSC) registration [SARC papers](#) (pages 34 & 35 refer). A formal follow-up of the report was also carried out by Internal Audit this year and independent assurances were obtained that the recommendation had been fully implemented. In addition to the improvements made, a small number of limited assurance internal audit reports have been issued since the last Governance Statement, including:

- the Community Equipment Service - Fife Equipment Loan Store, which contains one critical recommendation surrounding the servicing of community equipment [SARC papers](#) (pages 12 & 13 refer)
- Lone Working [SARC papers](#) (pages 8 & 9 refer)
- School Transport - Additional Support Needs [SARC papers](#) (pages 10 & 11 refer)
- Third Sector Funding [SARC papers](#) (pages 10 - 12 refer)

Management has agreed to fully implement all of the recommendations within these audit reports and will monitor progress made towards this. The Council's 2024/25 Internal Audit Plan also contains formal follow-up reviews of the Community Equipment Service - Fife Equipment Loan Store and Lone Working reports, which should provide independent assurance in due course that the areas requiring improvement, and corresponding risks, have been adequately addressed.

2.6 The Council is determined to protect itself and the public from fraud and corruption and have developed its existing counter fraud and anti-corruption arrangements in consideration of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Council is committed to the rigorous maintenance of a strategy, and supporting policies and procedures, for the prevention and detection of fraud and corruption, including participation in the National Fraud Initiative, a biennial data matching exercise co-ordinated at a national level by the Cabinet Office, which provides a framework for:

- encouraging fraud deterrence and prevention
- raising awareness of fraud and corruption and promoting their detection
- performing investigations and facilitating recovery
- invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
- monitoring, publicising, and updating the policy and its related procedures and performance
- appropriate action consistent with the Serious Organised Crime Taskforce objectives.

2.7 Fraud governance arrangements were enhanced during 2023/24 (see update on previously agreed actions at section 4.1 below) with the launch of a new mandatory Corporate Fraud e-learning package and new Whistleblowing Policy and supporting working practices and procedures, including new referral routes.

3.0 Review of Effectiveness

3.1 Fife Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including risk management and the system of internal control. This review of effectiveness is informed by:

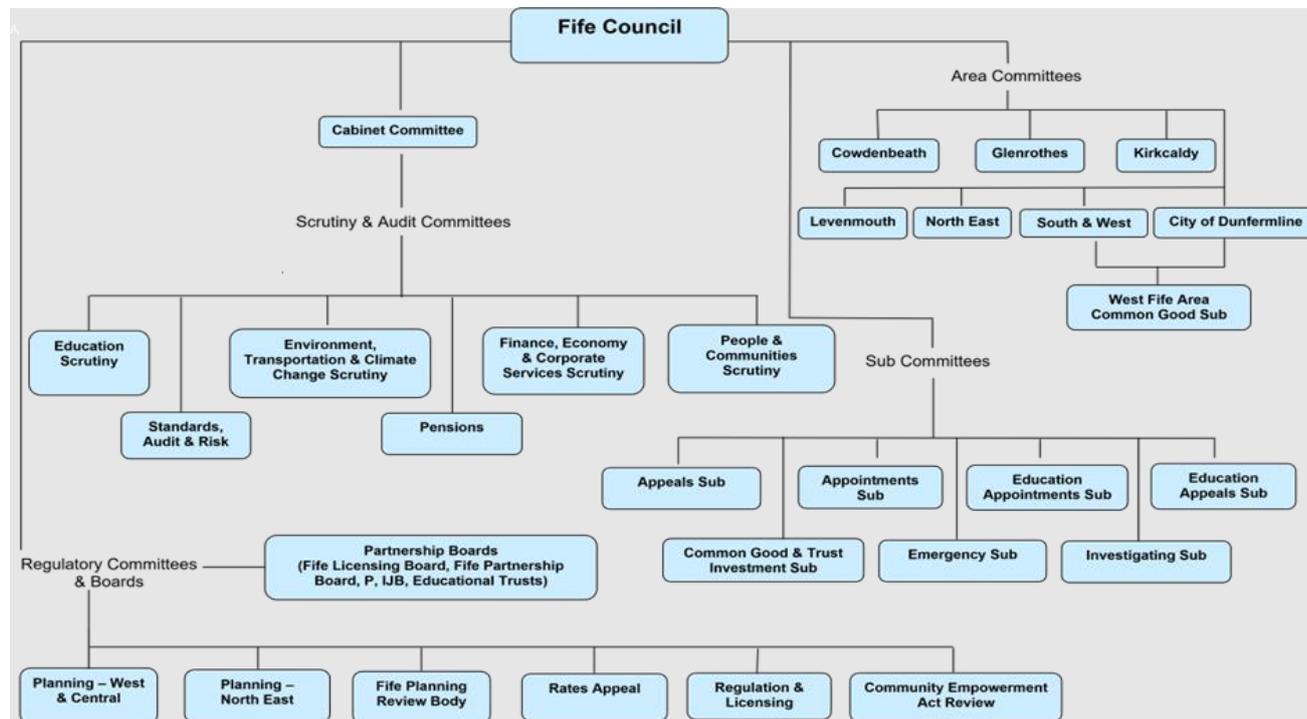
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements.
- the Trust Assurance Framework has been enhanced and is now the same as the Councils
- the Service Manager, Audit & Risk Management Services' Annual Internal Audit Report and Opinion. In this regard, the most recent Opinion concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024. This is the same Annual Opinion as provided in the 2022/23 Annual Audit Report.
- comments made by the external auditors and other review agencies and external scrutiny bodies.
- feedback from elected members and committees carrying out their scrutiny role.
- issues considered by the Standards, Audit and Risk Committee.
- the review of various forms of customer and stakeholder feedback.

3.2 The current approach to the Council's Local Code of Corporate Governance was agreed by the Standards and Audit Committee in 2019. A key factor in developing the process was to encourage a more rounded, qualitative approach. An officer working group was established within 2021 to review corporate governance arrangements

on an ongoing basis. This group has representation from all directorates and considers ongoing and new improvement actions that are required to enhance governance arrangements. The approach has been further enhanced during 2023/24, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance. In the Council, checklists are considered / completed by Executive Directors in conjunction with their Directorate Leadership Teams. This new approach has also been rolled out to Council ALEOs, each of which completed and returned their checklists as part of the 2023-24 year end process. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. The corporate assessment approach was recently enhanced using the officer working group to gain a wider perspective. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). This process has also been used to inform the revised and updated Code of Corporate Governance. The corporate governance improvement themes captured as part of this process have been included in this statement.

Significant governance developments in 2023-24

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



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

- 3.5 Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all. A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027. The Council is progressing organisational change and reform to support the whole system change and the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place. In addition the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.
- 3.6 Appropriate monitoring and reporting will help the Council to track progress towards the delivery of desired outcomes and assist strategic committees, area committees and the Fife Partnership in scrutinising performance. Service performance reporting continued during 2023-24 financial year. Going forward, these reports will contain high level indicators relating to the work of the themed committees.
- 3.7 The Council also has in place the components for the effective management of its resources. These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Our People Plan). There are also a range of HR Policies. The Council's approach to Digital Services is being developed and delivery of this work is monitored through the Council's Digital Portfolio Board and there is further oversight via the Reform and Recovery Board. In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.
- 3.8 The Council's financial management processes were challenged during the year as economic conditions meant the organisation was dealing with the lingering impacts of high inflation, recruitment challenges and impact on demand for Council Services. Continued emphasis on financial planning throughout the year was highlighted in several reports considered by the Cabinet Committee, this took account of the continued financial consequences of the pandemic as well as additional economic impacts. It is clear that the Council finances will be more challenged going forward as Service overspends have begun to emerge and some of the corporate mitigations applied over the last few years will no longer be available. Strong financial management will be required in order to control and contain costs where possible. In particular, the Health & Social Care Partnership has drawn down considerable reserves to mitigate areas of pressure (£12.173m) in 2023/24 and the resulting overspend of £5.578m meant the risk share arrangement was applied for the first time in a number of years with the Council being required to provide additional funding (£2.120m). The risk in the coming year is compounded due to the significant level of savings to be delivered by the Partnership.
- 3.9 The Council continues to replace a number of legacy systems and during the year, the social work/social care case system transferred from SWIFT to Liquidlogic. The system which is required to provide an accurate record management system for service users across social work children and families, adults, older people and criminal justice. The system also has a payment recording system called controcc which links to Fife Council's Oracle system. The focus has been on implementation and to deal with issues arising from implementation, and this has meant that the data in the system is not yet reliable for financial forecasting. The coming year will see more focus on ensuring that the value of using a more modern system is maximised, and that the integrity of the data is improved to allow improved financial forecasting processes.
- 3.10 During the year a review has been taking place in relation to Programme and Project governance and assurance by officers. Major change projects (over £5m or higher risk projects) have specific governance arrangements already in place and have governance boards established which meet regularly to monitor and track progress and risks. However, the review has identified some areas for improvement and the need to strengthen some aspects to ensure effective management of resources associated with Programmes and Projects. These will take place during the coming year.

Key Statements

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

4.0 Areas for Improvement and Development in Governance

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

Update on previously agreed actions:

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

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

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

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

ALEOS

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

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

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

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

Embedding Risk Management

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

Responsible Officer: Service Manager – Audit & Risk Management Services

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

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

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

Fraud Governance and Anti corruption Arrangements

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

Responsible Officer: Service Manager – Audit & Risk Management Services

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

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

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

Health and Social Care Partnership

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

Responsible Officer: Chief Finance Officer, H&SC

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

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

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

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

Embedding Risk Management

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

Responsible Officer: Service Manager – Audit & Risk Management Services

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

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

Workforce

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

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

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

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

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

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

Leadership

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

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

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

Performance

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

Responsible Officer: Manager, Policy & Communications

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

Fraud Governance

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

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2024-25:

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

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

Financial Management

Issue: Increasing financial risk and Service overspend

Responsible Officer: Executive Director of Finance & Corporate Services

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

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

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

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

Programme and Project Assurance

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

Responsible Officer: Executive Director of Finance & Corporate Services

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

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

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

5.0 Conclusions

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

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

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

Remuneration Arrangements

2. Senior Councillors

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

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

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

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

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

3. Senior Employees

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

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

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

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

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

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

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

4. Pensions Benefits

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

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

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

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

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

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

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

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

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

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

5. Trade Union Facility Time

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

Table A- Fife Council

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

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits at 31/03/24	Change from 31/03/23	
		2023 24 £	2022 23 £	2023 24 £	2022 23 £			£
Senior Councillors (continued)								
Colin Davidson	Convener: Levenmouth Area Committee (from 09.06.22)	27,562	21,883	6,753	5,361	Pension Lump Sum	3,000 -	- -
Dave Dempsey	Convener: Standards, Audit and Risk Committee, Convener: Pensions Committee (from 09.06.22) Leader of Opposition, Convener: Standards & Audit Committee, Convener: Superannuation & Pensions Sub-Committee (until 04.05.22)	27,562	24,176	6,753	5,923	Pension Lump Sum	12,000 2,000	2,000 -
Eugene Clarke	Convener: People & Communities Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	2,000 -	1,000 -
Allan Knox	Convener: Finance, Economy & Corporate Services Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	- -	- -
Jane Ann Liston	Convener: Environment, Transportation & Climate Change Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
Kathleen Leslie	Convener Education Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
	Total Senior Councillors (incl Council Leader & Provost)	608,240	523,324	130,812	112,340	Pension Lump Sum	88,000 7,000	18,000
Senior Employees								
Ken Gourlay	Chief Executive (from 03.07.23) Executive Director Enterprise & Environment (02.05.22 - 02.07.23)	170,524 (fy 180,183)	123,662 (fy 133,984)	41,778	30,297	Pension Lump Sum	86,000 131,000	19,000 29,000
Steve Grimmond	Chief Executive (until 02.07.23) (note 4)	46,690 (fy 180,183)	172,681	11,036	41,881	Pension Lump Sum	93,000 154,000	4,000 3,000
Eileen Rowand	Executive Director Finance & Corporate Services	141,545	133,984	34,679	32,826	Pension Lump Sum	66,000 76,000	8,000 4,000
Michael Enston	Executive Director Communities	141,545	133,984	34,679	31,502	Pension Lump Sum	83,000 131,000	6,000 7,000
Carol Connolly	Executive Director Place (from 11.12.23)	43,552 (fy 141,545)	-	10,670		Pension Lump Sum	1,000 -	1,000 -
Carrie Lindsay	Executive Director Education & Children's Services (until 01.08.23)	47,458 (fy 141,545)	133,984	11,604	32,826	Pension Lump Sum	90,000 -	3,000 -
Kathryn Henwood	Head of Children & Families & Criminal Justice (Chief Social Work Officer until 14.05.23)	25,570 (fy 111,622)	105,660	3,155	25,887	Pension Lump Sum	50,000 9,000	2,000 -
Chris Moir	Head of Children & Families & Criminal Justice (Chief Social Work Officer from 01.05.23)	103,571 (fy 111,622)	-	25,340		Pension Lump Sum	51,000 68,000	12,000 16,000
	Total Senior Employees	720,455	803,955	172,941	195,219	Pension Lump Sum	520,000 569,000	55,000 59,000

Table B- Joint Initiative and Subsidiary Bodies - Senior Employees

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

Notes - Table A & Table B

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

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

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

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

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

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

Table C - Trade Union Facility Time

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

Table D - Members Expenses

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

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

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

Table E - Fife Council Employees Analysis by Pay Band

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

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

Table F - Exit Packages

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

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

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

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

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

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

The Council's Responsibilities

The Council is required to:-

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

We confirm that these Annual Accounts were approved for signature by the Standards, Audit and Risk Committee at its meeting on 30th September 2024.

Signed on behalf of Fife Council

Councillor David Ross
Leader of the Council

The Executive Director Finance and Corporate Services Responsibilities

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

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

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

The Executive Director Finance and Corporate Services has also:-

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

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

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The objective of this Analysis is to demonstrate to council tax and rent payers how funding available to the Council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with resources consumed or earned by authorities in accordance with generally accepted accounting practices under accounting standards or statutory provisions, and shows how net expenditure is allocated for decision making purposes between Council directorates. Expenditure under generally accepted accounting practices is presented more fully in Comprehensive Income & Expenditure Statement (CIES). It should be noted that this analysis is not a principal financial statement of the accounts.

2022 23				2023 24		
Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m		Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m
353.475	48.027	401.502	Education	385.901	30.355	416.256
213.656	15.012	228.668	Health & Social Care	220.914	3.789	224.703
131.415	47.128	178.543	Place	141.891	26.960	168.851
51.162	19.983	71.145	Finance & Corporate	59.259	10.274	69.533
0.283	0.035	0.318	Chief Executive	0.302	0.004	0.306
80.955	15.431	96.386	Communities	92.092	4.873	96.965
60.998	(0.152)	60.846	*Children's Services	70.554	0.039	70.593
(30.337)	18.861	(11.476)	Housing Revenue Account	(28.519)	12.812	(15.707)
51.714	(51.714)	0.000	Loan Charges	84.046	(84.046)	0.000
913.321	112.611	1,025.932	Net Cost of Services	1,026.440	5.060	1,031.500
(942.960)	(19.363)	(962.323)	Other Income & Expenditure	(968.763)	(61.052)	(1,029.815)
(29.639)	93.248	63.609	Total (Surplus)/Deficit on Provision of Services	57.677	(55.992)	1.685
(2.239)	5.719	3.480	Subsidiaries	(1.989)	0.662	(1.327)
(1.027)	1.027	0.000	Less Intercompany transactions	(0.277)	0.277	0.000
(32.905)	99.994	67.089	Group (Surplus)/Deficit on Provision of Services	55.411	(55.053)	0.358

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

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

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

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

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

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

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

	General Fund £m	HRA £m	Insurance Fund £m	Capital Fund £m	Capital Grants and Receipts and Receipts Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Fife Council Reserves £m	Subsidiary Reserves & Share of Joint Venture £m	Total Group Reserves £m
Opening Balance 1 April 2022	(182.813)	(7.005)	(16.571)	0.000	(5.745)	(212.134)	(1,809.131)	(2,021.265)	(182.319)	(2,203.584)
Movement in Reserves during 2022-23 (Restated)										
Total Comprehensive Income & Expenditure	85.669	(22.060)	0.000	0.000	0.000	63.609	(735.519)	(671.910)	1.784	(670.126)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(23.825)	(4.911)	0.000	0.000	0.000	(28.736)	28.736	0.000	0.000	0.000
- required by statutory regulations	(90.782)	26.270	0.000	0.000	3.057	(61.455)	61.455	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	(4.303)	0.326	2.148	0.000	1.829	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.460	0.460	(0.460)	0.000
(Increase)/Decrease in Year	(33.241)	(0.375)	2.148	0.000	4.886	(26.582)	(644.868)	(671.450)	1.324	(670.126)
Balance at 31 March 2023	(216.054)	(7.380)	(14.423)	0.000	(0.859)	(238.716)	(2,453.999)	(2,692.715)	(180.995)	(2,873.710)
Movement in Reserves during 2023-24										
Total Comprehensive Income & Expenditure	27.266	(25.581)	0.000	0.000	0.000	1.685	(241.720)	(240.035)	(47.648)	(287.683)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(33.244)	(4.727)	0.000	0.000	0.000	(37.971)	37.971	0.000	0.000	0.000
- required by statutory regulations	61.569	32.394	0.000	0.000	(0.275)	93.688	(93.688)	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	3.181	(0.021)	(3.160)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.590	0.590	(0.590)	0.000
(Increase)/Decrease in Year	58.772	2.065	(3.160)	0.000	(0.275)	57.402	(296.847)	(239.445)	(48.238)	(287.683)
Balance at 31 March 2024	(157.282)	(5.315)	(17.583)	0.000	(1.134)	(181.314)	(2,750.846)	(2,932.160)	(229.233)	(3,161.393)

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

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

2022 23 Restated					2023 24			
Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m
464.157	(62.655)	401.502	401.502	Education	478.845	(62.589)	416.256	416.256
599.313	(370.645)	228.668	228.668	Health & Social Care	563.086	(338.383)	224.703	224.703
220.828	(42.285)	178.543	178.543	Place	212.679	(43.828)	168.851	168.851
157.466	(86.321)	71.145	71.145	Finance & Corporate	158.508	(88.975)	69.533	69.533
0.318	0.000	0.318	0.318	Chief Executive	0.306	0.000	0.306	0.306
118.180	(21.794)	96.386	96.386	Communities	125.026	(28.061)	96.965	96.965
70.819	(9.973)	60.846	60.846	*Children's Services	82.087	(11.494)	70.593	70.593
119.676	(131.152)	(11.476)	(11.476)	Housing Revenue	123.392	(139.099)	(15.707)	(15.707)
93.763	(90.010)	0.000	3.753	Subsidiaries	103.940	(104.311)	0.000	(0.371)
		1,025.932	1,029.685	Net cost of Services (note 8)			1,031.500	1,031.129
				Other Income & Expenditure (note 9)				
		2.164	2.215	- Other Operating Expenditure			(0.387)	(0.305)
		52.272	52.975	- Financing & Investment			43.748	43.274
		(1,016.759)	(1,017.786)	- Taxation & Non-Specific Grant Income			(1,073.176)	(1,073.740)
		63.609	67.089	(Surplus)/Deficit on Provision of Services			1.685	0.358
				Other Comprehensive Income & Expenditure				
		(217.908)	(218.774)	-(Gain)/Loss-non-current asset revaluation			(108.268)	(116.187)
		1.861	1.861	-(Gain)/Loss-non-current asset impairment			8.520	8.520
		(0.205)	(0.205)	-(Gain)/Loss-financial asset revaluation			0.000	0.000
		(519.267)	(526.012)	-Remeasurement of net pensions liability			(141.972)	(146.319)
		0.000	(15.081)	-Movement in Common Good lease assets			0.000	(50.550)
		0.000	20.996	Share of Joint Venture			0.000	16.495
		(671.910)	(670.126)	Total Comprehensive Income & Expenditure			(240.035)	(287.683)

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

Material Items of Income and Expenditure

Fife Integration Joint Board (IJB)

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

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

31 March 2023 Restated				31 March 2024	
Fife Council £m	Group £m		Notes	Fife Council £m	Group £m
3,792.957	3,942.676	Property, Plant & Equipment	11	4,003.423	4,213.116
31.132	31.582	Heritage Assets	12	31.132	31.582
0.000	0.000	Intangible Assets	14	0.000	0.004
5.750	5.750	Long Term Debtors	21	4.683	4.683
2.747	10.870	Long Term Investments	21	2.756	10.904
0.000	0.000	Defined Benefit Pension Asset	24	49.218	54.338
0.000	18.860	Investment in Joint Venture	27	0.000	2.365
3,832.586	4,009.738	Long Term Assets		4,091.212	4,316.992
70.349	77.958	Cash and Cash Equivalents	Cash Flow	65.646	76.877
1.666	1.666	Assets held for sale	13	0.705	0.705
4.671	4.786	Inventories	18	5.112	5.387
105.287	108.762	Short Term Debtors	19	126.606	126.044
181.973	193.172	Current Assets		198.069	209.013
(17.651)	(17.651)	Short Term Receipts in Advance	10	(25.711)	(25.711)
(162.812)	(170.657)	Short Term Creditors	19	(110.800)	(118.133)
(0.700)	(0.700)	Short Term Provisions	20	(0.150)	(0.150)
(68.740)	(68.740)	Short Term Borrowing	21	(155.944)	(155.944)
(249.903)	(257.748)	Current Liabilities		(292.605)	(299.938)
(20.256)	(20.256)	Long Term Receipts in Advance	10	(20.656)	(20.656)
(13.998)	(13.998)	Long Term Provisions	20	(15.002)	(15.002)
0.000	(0.051)	Long Term Creditors	21	0.000	(0.158)
(865.927)	(865.927)	Long Term Borrowing	21	(966.702)	(966.702)
(69.292)	(69.292)	Other Long Term Liabilities	21	(62.156)	(62.156)
(102.468)	(101.928)	Defined Benefit Pension Liability	24	0.000	0.000
(1,071.941)	(1,071.452)	Long Term Liabilities		(1,064.516)	(1,064.674)
2,692.715	2,873.710	Net Assets/(Liabilities)		2,932.160	3,161.393
(238.716)	(415.171)	Usable Reserves	6	(181.314)	(393.561)
(2,453.999)	(2,458.539)	Unusable Reserves	7	(2,750.846)	(2,767.832)
(2,692.715)	(2,873.710)	Total Reserves		(2,932.160)	(3,161.393)

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

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

2022 23			2023 24	
Fife Council £m	Group £m		Fife Council £m	Group £m
(63.609)	(67.089)	Net surplus or (deficit) on the provision of services	(1.685)	(0.358)
		Adjustments for non cash movements		
109.294	109.868	Depreciation charges	121.200	121.963
6.751	6.867	Downward/(upward) revaluations & Impairments	7.335	8.147
0.000	0.000	Amortisation of intangibles	0.000	0.001
0.000	0.652	Movement in Fair Value of Investments	0.000	(0.007)
22.824	20.609	Increase/(decrease) in creditors	(45.873)	(38.430)
(2.976)	(2.081)	(Increase)/decrease in debtors	(15.115)	(18.924)
(0.287)	(0.312)	(Increase)/decrease in inventories	(0.441)	(0.601)
90.308	95.721	Movement in pension asset / liability	(9.714)	(9.947)
0.227	0.227	Contributions to/(from) provisions	0.454	0.454
14.959	15.308	Carrying amount of assets sold	3.182	3.786
		Adjustments for investing & financing activities		
(73.799)	(74.825)	Capital Grants in surplus/(deficit) on provision of services	(104.413)	(104.977)
(12.795)	(13.093)	Proceeds from the sale of assets	(3.569)	(4.092)
90.897	91.852	Net cash flows from Operating Activities	(48.639)	(43.072)
(191.124)	(193.469)	Purchase of non-current assets	(236.411)	(238.982)
(0.005)	(0.310)	Purchase of investments	(0.009)	(0.548)
12.795	13.093	Proceeds from the sale of assets	3.569	4.092
72.903	73.930	Other receipts from investing activities	100.718	101.360
(105.431)	(106.756)	Net cash flows from Investing Activities	(132.133)	(134.078)
(21.430)	(21.430)	Cash receipts and repayments of short & long term borrowing	184.474	184.474
(5.631)	(5.631)	Cash payments reducing liabilities on finance leases & PPP	(6.938)	(6.938)
1.851	1.851	Other financing activities	(1.467)	(1.467)
(25.210)	(25.210)	Net cash flows from Financing Activities	176.069	176.069
(39.744)	(40.114)	Net increase or (decrease) in cash & cash equivalents	(4.703)	(1.081)
110.093	118.072	Cash & cash equivalents at beginning of reporting period	70.349	77.958
70.349	77.958	Cash & cash equivalents at end of reporting period	65.646	76.877
0.050	0.050	Cash in Hand	0.049	0.062
1.877	6.178	Bank	2.658	10.275
71.730	71.730	Short Term Investments	66.540	66.540
(3.308)	0.000	Advances from other accounts	(3.601)	0.000
70.349	77.958		65.646	76.877
		Net cash flows for Operating Activities include:-		
2.764	3.192	Interest received	1.109	1.565
(41.914)	(41.914)	Interest paid	(36.014)	(36.014)
(39.150)	(38.722)	Total	(34.905)	(34.449)

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

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

Notes to the Accounts

1. General Accounting Policies

General Principles

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

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

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

Accruals of Income and Expenditure

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

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

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance into the Movement in Reserves Statement (MIRS). When expenditure to be financed from a reserve is incurred, it is charged to Surplus/Deficit on Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Fair Value

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

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

Interests in Companies and Other Entities

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

2. Accounting Standards Issued, not yet Adopted

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

- a) **IFRS16 Leases** issued in January 2016
- b) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) **Lease Liability in a Sale & Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities.
- f) **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
 - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Note that a) is applicable because Fife Council did not voluntarily implement IFRS 16 in 2023-24. The council has not yet identified the impact of this standard. It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

3. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

The Council has reviewed the potential for indexation of Other, Land & Buildings Assets valued on a Depreciated Replacement Cost basis. It was deemed by the Council's Estates professionals that an indexation of 2.09% should be applied to build cost components for the period 01/04/23 - 31/03/24 to reflect the conditions in the external market. This indexation was adjusted to the date of the last valuation for assets not revalued at 01/04/23. For all other assets not valued on a Depreciated Replacement Cost basis, the Council's Estates professionals carry out an annual review to determine any significant changes in the external market which may impact on the current valuations and adjust as appropriate.

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

The Council has also reviewed the potential for indexation of Council Dwellings. The District Valuer undertakes an annual review to advise on whether there is likely to have been a change in the value of the housing stock since the last full valuation at 31 March 2023. The outcome of this review concluded that the value of the HRA stock is likely to have increased by in the region of 1%. The Council Dwellings value was adjusted to reflect at 31/03/24.

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

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

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

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

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

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

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

5. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2022 23						2023 24						
Usable Reserves				Unusable Reserves	Total Reserves	Usable Reserves						
General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied			General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied	Unusable Reserves	Total Reserves	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
						Accounting Standards Adjustments						
						Adjustments for Capital Purposes						
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Revaluation element of depreciation in CIES	(33.244)	(4.727)	0.000	0.000	37.971	0.000
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Total Accounting Standards Adjustments	(33.244)	(4.727)	0.000	0.000	37.971	0.000
						Statutory Adjustments						
						Adjustments for Capital Purposes						
(55.364)	(31.945)	0.000	0.000	87.309	0.000	Depreciation, Impairment & Revaluations	(58.256)	(32.308)	0.000	0.000	90.564	0.000
50.293	23.506	0.000	1.152	(74.951)	0.000	Capital grants & contributions	82.011	22.402	0.000	(0.275)	(104.138)	0.000
(2.316)	0.152	(12.795)	0.000	14.959	0.000	Gains/(Losses) on disposal of assets	0.372	0.015	(3.569)	0.000	3.182	0.000
0.000	0.000	14.565	0.000	(14.565)	0.000	Capital Fund applied to capital investment	0.000	0.000	3.554	0.000	(3.554)	0.000
0.000	0.000	0.135	0.000	(0.135)	0.000	Capital Fund applied to HRA debt repayment	0.000	0.000	0.015	0.000	(0.015)	0.000
0.000	0.000	(1.905)	1.905	0.000	0.000	Capital Fund applied to transformation projects	0.000	0.000	0.000	0.000	0.000	0.000
27.499	16.333	0.000	0.000	(43.832)	0.000	Statutory provision-financing capital investment	23.684	18.469	0.000	0.000	(42.153)	0.000
(43.576)	0.000	0.000	0.000	43.576	0.000	Service Concession Arrangements (see Note 17)	0.000	0.000	0.000	0.000	0.000	0.000
11.964	20.560	0.000	0.000	(32.524)	0.000	Capital expenditure charged to revenue	0.000	23.752	0.000	0.000	(23.752)	0.000
						Pensions Adjustments						
(86.796)	(3.512)	0.000	0.000	90.308	0.000	Difference in pension costs charged to CIES from those chargeable under regulations	9.513	0.201	0.000	0.000	(9.714)	0.000
						Financial Instruments Adjustments						
1.557	1.009	0.000	0.000	(2.566)	0.000	Difference in finance costs charged to CIES from those chargeable under regulations	2.660	(0.026)	0.000	0.000	(2.634)	0.000
						Employee Statutory Adjustments						
5.957	0.167	0.000	0.000	(6.124)	0.000	Difference in officer remuneration charged to CIES from those chargeable under regulations	1.585	(0.111)	0.000	0.000	(1.474)	0.000
(90.782)	26.270	0.000	3.057	61.455	0.000	Total Statutory Adjustments	61.569	32.394	0.000	(0.275)	(93.688)	0.000

6. Usable Reserves and Earmarked Balances

Usable Reserves		
(216.054)	General Fund	(157.282)
(7.380)	Housing Revenue Account (HRA)	(5.315)
(14.423)	Insurance Fund	(17.583)
0.000	Capital Fund	0.000
(0.859)	Capital Grants and Receipts Unapplied Account	(1.134)
(238.716)	Total Usable Reserves	(181.314)

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

- Insurance Fund

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

- Capital Fund

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

- Capital Grants and Receipts Unapplied Account

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

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

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

Explanatory Note

General Fund Balance

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

Energy Management Fund

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

Council Tax - Second Homes

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

Earmarked Grants

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

Grants Received & Carried Forward

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

Service Carry Forward

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

Continuing Financial Consequences of COVID-19

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

Capital Investment Plan

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

Change Fund

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

Demographics/Pay/Pensions

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

Workforce Change

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

Contribution from Balances

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

Other Commitments

This represents a number of other minor commitments against balances.

Insurance Fund - Earmarked

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

7. Unusable Reserves

2022 23 Restated £m		2023 24 £m
(1,563.236)	Revaluation Reserve	(1,623.598)
0.064	Financial Instruments Revaluation Reserve	0.064
102.468	Pensions Reserve	(49.218)
(1,065.278)	Capital Adjustment Account	(1,145.969)
48.584	Financial Instruments Adjustment Account	45.950
23.399	Employee Statutory Adjustment Account	21.925
(2,453.999)	Total Unusable Reserves	(2,750.846)

Revaluation Reserve

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

2022 23 £m		2023 24 £m
(1,387.797)	Balance at 1 April	(1,563.236)
	Revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	
(267.676)	Upward Revaluation & reversal of impairment losses	(268.943)
51.629	Downward revaluation & impairment losses	169.195
(216.047)		(99.748)
28.736	Revaluation element of depreciation charged to CIES	37.971
11.532	Transfer to Capital Adjustment Account - accumulated gains on assets disposed	0.858
0.340	Transfer to/(from) Common Good Reserves	0.557
(1,563.236)	Balance at 31 March	(1,623.598)

Financial Instruments Revaluation Reserve

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

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

Pensions Reserve

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

2022 23 Restated £m		2023 24 £m
531.427	Balance at 1 April	102.468
(519.267)	Actuarial (gains) or losses on pensions assets and liabilities	(141.972)
179.175	Reversal of items relating to retirement benefits charged to CIES	85.125
(88.867)	Employer's pensions contributions & direct payments to pensioners payable	(94.839)
102.468	Balance at 31 March	(49.218)

Capital Adjustment Account

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

2022 23		2023 24
£m		£m
(1,033.719)	Balance at 1 April	(1,065.278)
	Reversal of items relating to capital expenditure charged to the CIES:-	
80.558	Depreciation of non-current assets	83.229
6.751	Revaluation & Impairments losses/(gains) on non-current assets	7.335
2.164	(Gains)/Losses on disposal of assets	(0.387)
	Capital financing applied in the year:-	
(74.951)	Capital grants & contributions applied to finance capital expenditure	(104.138)
(43.832)	Statutory provision for the financing of capital investment	(42.153)
43.576	Service Concession Arrangements (see Note 17)	0.000
(32.524)	Capital expenditure charged to General Fund and HRA balances	(23.752)
(1.905)	Adjustment for Capital Fund applied to transformation projects	0.000
(11.532)	Adjusting amounts written out of the Revaluation Reserve	(0.858)
0.016	Adjusting amounts written out of the Financial Instruments Revaluation Reserve	0.000
0.120	Transfer to/(from) Common Good Reserves	0.033
(1,065.278)	Balance at 31 March	(1,145.969)

Financial Instruments Adjustment Account

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

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

Employee Statutory Adjustment Account

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

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

8. Analysis of Income and Expenditure by Segment/Nature

	Employee Expenditure £m	Other Service Expenditure £m	Adjustments between funding & accounting basis			Total Expenditure £m	Fees, Charges & Service Income £m	Grants & Contribution Income £m	Total Income £m	Net Expenditure in the CIES £m
			For Capital Purposes £m	For Pensions £m	Other £m					
2023-24										
Education	358.268	90.222	38.856	(2.045)	(6.456)	478.845	(2.596)	(59.993)	(62.589)	416.256
Health & Social Care	105.374	453.923	6.787	(1.900)	(1.098)	563.086	(255.999)	(82.384)	(338.383)	224.703
Place	155.750	29.969	33.490	(2.913)	(3.617)	212.679	(30.293)	(13.535)	(43.828)	168.851
Finance & Corporate Services	49.431	98.803	5.510	(5.359)	10.123	158.508	(6.586)	(82.389)	(88.975)	69.533
Chief Executive	0.295	0.007	0.000	(0.005)	0.009	0.306	0.000	0.000	0.000	0.306
Communities	45.799	74.354	6.627	(1.608)	(0.146)	125.026	(19.833)	(8.228)	(28.061)	96.965
*Children's Services	39.790	42.258	0.230	0.000	(0.191)	82.087	(0.001)	(11.493)	(11.494)	70.593
Housing Revenue Account	19.719	90.861	13.283	(0.373)	(0.098)	123.392	(138.861)	(0.238)	(139.099)	(15.707)
Loan Charges	0.000	84.046	(42.153)	0.000	(41.893)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(104.800)	4.489	39.259	(61.052)	(189.605)	(779.158)	(968.763)	(1,029.815)
Fife Council-(Surplus)/Deficit for the year	774.426	964.443	(42.170)	(9.714)	(4.108)	1,682.877	(643.774)	(1,037.418)	(1,681.192)	1.685
Subsidiaries	33.237	69.085	1.093	(0.233)	(0.198)	102.984	(99.223)	(5.088)	(104.311)	(1.327)
Less Group Intercompany transactions	0.000	(77.360)	0.277	0.000	0.000	(77.083)	77.083	0.000	77.083	0.000
Group-(Surplus)/Deficit for the year	807.663	956.168	(40.800)	(9.947)	(4.306)	1,708.778	(665.914)	(1,042.506)	(1,708.420)	0.358
2022-23										
Education	332.412	83.718	33.990	21.899	(7.862)	464.157	(2.176)	(60.479)	(62.655)	401.502
Health & Social Care	96.593	487.708	1.416	15.327	(1.731)	599.313	(303.751)	(66.894)	(370.645)	228.668
Place	142.010	31.690	29.522	23.025	(5.419)	220.828	(30.902)	(11.383)	(42.285)	178.543
Finance & Corporate Services	45.723	91.760	4.274	5.170	10.539	157.466	(5.727)	(80.594)	(86.321)	71.145
Chief Executive	0.278	0.005	0.000	0.038	(0.003)	0.318	0.000	0.000	0.000	0.318
Communities	41.510	61.239	9.932	6.580	(1.081)	118.180	(16.838)	(4.956)	(21.794)	96.386
*Children's Services	35.971	35.000	0.055	0.000	(0.207)	70.819	(0.006)	(9.967)	(9.973)	60.846
Housing Revenue Account	17.936	82.879	16.296	2.926	(0.361)	119.676	(131.002)	(0.150)	(131.152)	(11.476)
Loan Charges	0.000	51.714	(12.220)	0.000	(39.494)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(71.635)	15.343	36.929	(19.363)	(179.010)	(763.950)	(942.960)	(962.323)
Fife Council-(Surplus)/Deficit for the year	712.433	925.713	11.630	90.308	(8.690)	1,731.394	(669.412)	(998.373)	(1,667.785)	63.609
Subsidiaries	29.745	58.026	(0.321)	5.612	0.428	93.490	(86.287)	(3.723)	(90.010)	3.480
Less Group Intercompany transactions	0.000	(60.369)	1.027	0.000	0.000	(59.342)	59.342	0.000	59.342	0.000
Group-(Surplus)/Deficit for the year	742.178	923.370	12.336	95.920	(8.262)	1,765.542	(696.357)	(1,002.096)	(1,698.453)	67.089

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

9. Other Income and Expenditure

2022 23 £m		2023 24 £m
	Other Operating Expenditure	
2.164	(Gains)/losses on the disposal of assets	(0.387)
2.164		(0.387)
	Financing and Investment Income and Expenditure	
39.657	Interest payable and similar charges	40.370
(2.764)	Interest receivable and similar income	(1.109)
15.343	Pensions interest cost & expected return on pensions assets	4.489
0.036	Income & expenditure related to financial instruments and changes in their fair value	(0.002)
52.272		43.748
	Taxation and Non Specific Grant Income	
(178.996)	Council tax income	(189.591)
(179.675)	Non-domestic rates (contribution from National Non Domestic Rates Pool)	(172.108)
(0.014)	Non-domestic rates (Tax Incremental Financing projects)	(0.014)
(584.275)	Non ring-fenced government grants	(607.050)
(73.799)	Capital grants and contributions	(104.413)
(1,016.759)		(1,073.176)

10. Grant and Contribution Income

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

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

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

11. Property, Plant and Equipment

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

Property, Plant & Equipment movements	Council Dwellings £m	Other Land & Buildings £m	Vehicles, Plant & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Infrastructure Assets £m	Total PPE £m	PPP/NPD Assets included in Total PPE £m
2023-24									
Net Book Value at 1 April 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Additions	50.778	24.348	10.854	1.482	1.507	122.702	30.393	242.064	0.146
Revaluations & Impairments to Net Cost of Services	0.236	(7.094)	0.000	(0.012)	0.003	0.000	(1.220)	(8.087)	0.000
Revaluations & Impairments to Revaluation Reserve	(21.945)	122.239	0.000	(0.071)	(0.410)	0.000	(0.065)	99.748	40.212
Depreciation	(35.464)	(60.172)	(12.067)	(0.262)	(0.322)	0.000	(12.913)	(121.200)	(7.261)
Disposals	0.000	(0.126)	(0.347)	(0.028)	(0.021)	(0.010)	0.000	(0.532)	0.000
Transfer (to)/from Common Good	0.000	(0.590)	0.000	0.000	0.000	0.000	0.000	(0.590)	0.000
Other Movements	24.082	21.474	0.000	0.164	(4.564)	(42.117)	0.024	(0.937)	0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	347.053	4,003.423	274.741
Gross Book Value	1,126.297	2,279.676	160.936	6.452	26.695	215.470			274.741
Accumulated Depreciation & Impairment	0.000	(30.865)	(117.598)	(0.972)	(0.460)	(9.261)			0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	347.053	4,003.423	274.741
2022-23									
Net Book Value at 1 April 2022	1,105.548	1,944.458	42.707	2.857	24.300	69.981	322.476	3,512.327	217.537
Additions	53.750	19.617	14.384	0.746	0.354	79.789	20.718	189.358	(0.044)
Revaluations & Impairments to Net Cost of Services	0.188	(6.934)	0.000	0.000	(0.359)	0.000	0.000	(7.105)	0.000
Revaluations & Impairments to Revaluation Reserve	(31.891)	247.020	0.000	(0.025)	(1.936)	0.000	0.000	213.168	30.584
Depreciation	(36.826)	(47.793)	(12.069)	(0.183)	(0.222)	0.159	(12.360)	(109.294)	(6.433)
Disposals	0.000	(1.505)	(0.124)	0.000	(0.731)	0.000	0.000	(2.360)	0.000
Transfer (to)/from Common Good	0.000	0.082	0.000	(0.052)	(0.490)	0.000	0.000	(0.460)	0.000
Other Movements	17.841	(6.213)	0.000	0.864	9.126	(24.295)	0.000	(2.677)	0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Gross Book Value	1,108.610	2,165.492	154.321	4.924	30.482	131.694			241.644
Accumulated Depreciation & Impairment	0.000	(16.760)	(109.423)	(0.717)	(0.440)	(6.060)			0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644

Recognition and De-Recognition

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

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

Measurement

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

- Council House Dwellings

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

- Surplus Assets

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

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

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

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

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

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

Historic Cost, net of Depreciation

Revaluations

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

Effective valuation date / Historic Cost (HC)	HC £m	2019 20 £m	2020 21 £m	2021 22 £m	2022 23 £m	2023 24 £m	Total £m
Council Dwellings	0.000	0.000	0.000	0.000	0.000	1,126.297	1,126.297
Surplus Assets	0.900	0.165	4.353	6.079	14.958	0.240	26.695
Other Land & Buildings	42.901	0.622	26.147	2.768	58.988	2,148.250	2,279.676

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

Depreciation

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

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

Impairment

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

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

Accounting Treatment

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

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

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

12. Heritage Assets

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

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

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

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

13. Assets Held for Sale

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

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

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

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

14. Intangible Assets

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

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

15. Capital Expenditure and Capital Financing

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

2022 23	Capital Financing Requirement movements during the year	2023 24
£m		£m
1,133.121	At 1 April	1,200.052
	Capital investment:-	
189.358	Property, Plant and Equipment	242.064
0.001	Heritage Assets	0.000
0.003	Financial Instrument Investments	0.009
	Sources of finance:-	
(14.700)	Capital receipts	(3.569)
(74.951)	Government grants and other contributions	(104.138)
(32.524)	Direct revenue contributions	(23.752)
(43.832)	Loans Fund principal repayments	(42.153)
43.576	Service Concession Arrangements (see note 17)	0.000
1,200.052	At 31 March	1,268.513
785.890	Capital Financing Requirement - General Fund	830.523
414.162	Capital Financing Requirement - Housing Revenue Account	437.990
1,200.052	At 31 March	1,268.513
70.133	Capital Contract Commitments at 31 March - Property, Plant & Equipment	126.229

16. Leases

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

Finance Leases

• Leased in Assets

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

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

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

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

• Leased out Assets

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

Operating Leases

• Leased in Assets

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

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

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

• Leased out Assets

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

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

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

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

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

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

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

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

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

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

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

18. Inventories

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

19. Short Term Debtors and Creditors

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

20. Provisions

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

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

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

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

21. Financial Instruments

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

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

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

Investments

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

Other Financial Assets

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

Borrowings

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

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

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

Other Financial Liabilities

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

22. Nature and Extent of Risks Arising from Financial Instruments

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

Liquidity and Re-Financing Risk

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

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

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

Credit Risk

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

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

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

Market risk

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

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

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

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

23. Pensions Schemes Accounted for as Defined Contribution Schemes

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

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

24. Defined Benefit Retirement Schemes

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

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

Transactions relating to post employment benefits

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

2022 23 Restated Fife Council £m		Group £m	2023 24	
			Fife Council £m	Group £m
Comprehensive Income & Expenditure Statement (CIES)				
Cost of Services:-				
158.379	167.703	Current Service Cost	77.637	82.442
5.453	5.796	Past service costs (incl. Curtailments)	2.999	2.999
Financing and Investment Income and Expenditure:-				
97.384	102.325	Interest cost	119.276	125.072
0.000	0.000	Interest on the effect of the Asset Ceiling	25.577	27.884
(82.041)	(86.906)	Interest Income on plan assets	(140.364)	(148.743)
179.175	188.918	Total charged to (Surplus)/Deficit on Provision of Services	85.125	89.654
(519.267)	(526.012)	Total remeasurements recognised in Other Expenditure	(141.972)	(146.319)
(340.092)	(337.094)	Total Post Employment Benefit charged to the CIES	(56.847)	(56.665)
Movement in Reserves Statement				
(179.175)	(188.918)	Reversal of charges to the CIES under accounting regulations	(85.125)	(89.654)
Amounts charged for pensions in the year against Balances:-				
81.782	86.086	Employers' contributions payable to plan	87.332	92.066
7.085	7.111	Contributions in respect of unfunded benefits	7.507	7.535
(90.308)	(95.721)		9.714	9.947

Contributions expected to be made to the funded plan in financial year 2024-25

76.569	80.628
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Value of Plan Assets and Liabilities

2022 23 Restated				2023 24	
Fife Council £m	Group £m			Fife Council £m	Group £m
3,029.060	3,206.354	Fair Value of Plan assets at 1 April		2,943.504	3,118.331
82.041	86.906	Interest Income on Plan Assets		140.364	148.743
19.879	21.079	Participants Contributions		21.286	22.635
81.782	86.086	Employers contributions		87.332	92.066
(78.304)	(80.931)	Benefits paid		(97.848)	(101.441)
(7.085)	(7.111)	Unfunded benefits paid		(7.507)	(7.535)
7.085	7.111	Contributions in respect of unfunded benefits paid		7.507	7.535
(190.954)	(201.163)	Return on assets excluding amounts included in net interest		60.630	62.134
2,943.504	3,118.331	Balance at 31 March		3,155.268	3,342.468
(3,560.487)	(3,738.573)	Present Value of Plan liabilities at 1 April		(2,507.511)	(2,628.026)
(158.379)	(167.703)	Current Service Cost		(77.637)	(82.442)
(5.453)	(5.796)	Past Service Cost (including curtailments)		(2.999)	(2.999)
(97.384)	(102.325)	Interest Cost on defined benefit obligation		(119.276)	(125.072)
(19.879)	(21.079)	Participants Contributions		(21.286)	(22.635)
78.304	80.931	Benefits paid		97.848	101.441
7.085	7.111	Unfunded Benefits paid		7.507	7.535
1,391.043	1,469.255	Remeasurement: Change in financial assumptions		99.285	106.632
26.640	27.856	Remeasurement: Change in demographic assumptions		53.739	56.630
(169.001)	(177.703)	Remeasurement: Other experience		(232.248)	(245.709)
(2,507.511)	(2,628.026)	Balance at 31 March		(2,702.578)	(2,834.645)
0.000	0.000	Unrecognised Pension Surplus at 1 April		(538.461)	(592.233)
(538.461)	(592.233)	Movement in Unrecognised Pension Surplus		134.989	138.748
(538.461)	(592.233)	Balance at 31 March		(403.472)	(453.485)
(102.468)	(101.928)	Net Asset / (Liability)		49.218	54.338
2,943.504	3,118.331	Fair value of Plan Assets		3,155.268	3,342.468
(2,405.043)	(2,524.916)	Present value of funded liabilities		(2,603.241)	(2,734.669)
(102.468)	(103.110)	Present value of unfunded liabilities		(99.337)	(99.976)
(538.461)	(592.233)	Unrecognised Pension Asset		(403.472)	(453.485)
(102.468)	(101.928)	Net Asset / (Liability)		49.218	54.338

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

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

Basis for estimating assets and liabilities

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

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

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

25. Agency Income and Expenditure

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

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

26. Financial Guarantees

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

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

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

27. Group & Related Parties

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

Subsidiaries

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

Payments from Fife Council £m	2022 23 Fife Council balances at 31 March			2023 24 Fife Council balances at 31 March		
	Debtors £m	Creditors £m		Payments from Fife Council £m	Debtors £m	Creditors £m
			Included in Group Accounts			
4.122	0.474	0.395	Fife Sports and Leisure Trust	5.831	0.260	0.274
1.915	0.027	0.424	Fife Coast & Countryside Trust	2.772	0.027	0.424
8.605	0.088	0.075	Fife Cultural Trust	9.846	0.132	0.029
0.702	0.002	0.000	Fife Golf Trust	0.807	0.087	0.000
22.092	1.667	0.760	Fife Resource Solutions LLP	25.300	5.615	1.606
0.007	0.001	0.008	CIRECO (Scotland) Ltd	0.000	0.000	0.000
2.619	0.003	0.004	Business Gateway Fife	1.583	0.003	0.007
40.062	2.262	1.666		46.139	6.124	2.340
			Not included in Group Accounts (due to materiality levels)			
0.000	0.000	0.000	Sustainability Fife Ltd	0.000	0.000	0.000

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

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

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

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

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

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

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

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

Joint Ventures

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

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

Associates

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

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

Other Related Parties

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

Scottish Government

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

Members and Officers of the Council

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

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

Other Organisations

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

Local Government Pension Fund

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

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

External Audit

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

28. Contingent Assets and Liabilities

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

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

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

29. Prior Period Adjustments / Restatements

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

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

There is one item which has required a restatement in these Accounts.

In 2022-23 the Council had a surplus position on its Defined Benefit Retirement Scheme for the first time. Under relevant accounting standards, the Council therefore considered how much of this surplus could be recognised as an asset in the financial statements and capped the value recognised at nil.

The Council included the present value of its unfunded liabilities in this capped position in the 2022-23 financial statements, but now recognises that these liabilities should have been considered separately. The 2022-23 comparatives in the 2023-24 financial statements have therefore been restated to recognise the present value of these unfunded liabilities on the balance sheet (£102.468m). This has resulted in adjustments of £102.468m to the 2022-23 comparatives included in the following Statements and Notes: Comprehensive Income & Expenditure Account (Remeasurement of net pensions liability in other comprehensive income & expenditure), Movement in Reserves Statement (Unusable reserve total comprehensive income & expenditure and closing balance), and Balance Sheet and associated notes 24 and 7 (Defined Benefit Pension Asset/Liability and Unusable Reserves balance).

30. Events after the Reporting Period

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

Fife Council had no such events in 2023-24

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

2022 23 £m		2023 24 £m
	Income	
(125.010)	Dwelling Rents	(131.901)
1.984	Rent Voids	1.875
(3.477)	Non-dwelling Rents	(3.507)
(2.316)	Hostels - Accommodation Charges	(2.244)
(2.333)	Other Income	(3.322)
(131.152)	Total Income	(139.099)
	Expenditure	
49.880	Repairs and Maintenance	53.165
28.448	Supervision and Management	27.498
0.245	Rents, rates, taxes and other charges	0.272
36.856	Depreciation, impairment and revaluation losses of non-current assets	37.035
3.277	Impairment of Debtors	4.573
0.970	Other Expenditure	0.849
119.676	Total Expenditure	123.392
(11.476)	Net Expenditure or (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement	(15.707)
0.155	Share of Corporate and Democratic Core	0.175
0.041	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to specific services	0.034
(11.280)	Net (Income) or Expenditure for HRA Services	(15.498)
	HRA Share of operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement	
(0.152)	(Gain) or Loss on sale of HRA Non Current Assets	(0.015)
13.176	Interest Payable and Similar Charges	14.222
(0.884)	Interest and Investment Income	(2.060)
0.586	Pension Interest Cost and Expected Return on Pension Assets	0.172
(23.506)	Capital Grants and Contributions Receivable	(22.402)
	(Surplus) or Deficit for the Year on HRA Services	

Movement on the Housing Revenue Account Statement

2022 23 £m		2023 24 £m
(22.060)	(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement	(25.581)
	Adjustments between accounting & funding basis:	
(4.911)	- permitted by accounting standards	(4.727)
26.270	- required by statutory regulations	32.394
0.326	Transfers to/(from) Other Statutory Reserves	(0.021)
(0.375)	Net (Increase) or Decrease In Year on HRA	2.065
(7.005)	Balance on the HRA at the end of the Previous Year	(7.380)
(7.380)	Balance on the HRA at the end of the Current Year	(5.315)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Regulations

2022 23 £m		2023 24 £m
	Accounting Standards Adjustments	
	Adjustments for Capital Purposes	
(4.911)	Revaluation element of depreciation in CIES	(4.727)
(4.911)	Total Accounting Standards Adjustments	(4.727)
	Statutory Adjustments	
	Adjustments for Capital Purposes	
(31.945)	Depreciation, Impairment and Revaluations	(32.308)
23.506	Capital Grants and Contributions	22.402
0.152	Gain or (loss) on sale of HRA non-current assets	0.015
16.333	Repayment of Debt	18.469
20.560	Capital expenditure funded by the HRA	23.752
(3.512)	HRA share of contributions to/(from) the Pensions Reserve	0.201
1.009	HRA Share of Transfer (to)/from Financial Instruments Adjustment Account	(0.026)
0.167	HRA adjustment for compensated absences	(0.111)
26.270	Total Statutory Adjustments	32.394

2. Housing Stock

Council housing stock analysed by number of bedrooms		
253	0	254
7,457	1	7,440
14,554	2	14,662
7,444	3	7,497
1,200	4 - 8	1,209

3. Rent Arrears

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

4. Impairment of Debtors

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

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

2022 23 £m		2023 24 £m
(208.170)	Gross Rates Levied & Contributions in Lieu	(218.499)
41.361	Reliefs & Other Deductions	37.835
0.000	Payment of Interest	0.098
0.994	Debts Written Off and Allowance for Impairment	2.141
(165.815)	Net Non-Domestic Rate Income	(178.425)
6.009	Adjustment to previous years National Non-Domestic Rates	34.469
0.014	Non-domestic rate income retained by the Council (TIF)	0.014
(159.792)	Contribution to Non-Domestic Rate Pool	(143.942)
(179.675)	Distribution from Non-Domestic Rate Pool	(172.108)
(179.675)	Non-Domestic Rate Income to the CIES	(172.108)

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

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

Explanatory Note

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

The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement. By law, the Council is required to bill and collect water and sewerage charges for Scottish Water however these are excluded from the Council's accounts except for any cash collected not yet paid over at the financial year end.

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

Charges Levied

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

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

Band D equivalent properties

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

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

Introduction

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

History and Background

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

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

The Common Good policy statement and asset register can be found [here](#).

Financial Statements

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

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

Common Good Comprehensive Income and Expenditure Statement

2022 23 £m		2023 24 £m
	Expenditure	
0.253	Property Costs	0.034
0.192	Donations	0.175
0.178	Depreciation and Revaluations	0.892
0.007	Other Expenditure	0.001
0.630	Total Expenditure	1.102
	Income	
(0.235)	Interest on investments	(0.256)
(0.286)	Rents	(0.296)
(0.286)	Other Income	(0.005)
(0.807)	Total Income	(0.557)
0.326	Movement in Fair Value of Investments	0.026
0.060	Losses / (Gains) on Disposal of Assets	0.000
(1.027)	Capital Grant Received	(0.556)
(0.641)	Other Operating Income and Expenditure	(0.530)
(0.818)	(Surplus)/Deficit for year	0.015
(0.866)	Asset revaluations recognised in Revaluation Reserve	(7.919)
(0.866)	Other Comprehensive Expenditure & Income	(7.919)
(1.684)	Total Comprehensive Expenditure & Income	(7.904)

2022 23 £m		2023 24 £m
6.824	Property, Plant & Equipment	14.515
0.450	Heritage Assets	0.450
3.503	Investments	3.477
163.221	Long Term Debtor - Leasehold Property	219.886
173.998	Long Term Assets	238.328
2.123	Cash and Cash Equivalents	2.369
0.042	Sundry Debtors	0.035
2.165	Current Assets	2.404
176.163	Net Assets / (Liabilities)	240.732
	Financed by:	
(172.165)	Usable Reserves: Common Good Fund	(228.868)
(3.998)	Unusable Reserve: Revaluation Reserve	(11.864)
(176.163)	Total Reserves	(240.732)

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Note to the Common Good Fund Accounts

1. Analysis of movement in Common Good Fund Reserve

2022 23 £m		2023 24 £m
(150.397)	Balance at 1 April	(172.165)
(0.818)	(Surplus)/Deficit for year	0.015
(20.789)	Revaluation losses/(gains) on Long Term Debtor-Leasehold property	(56.075)
(0.041)	Adjusting amounts written out of the Revaluation Reserve	(0.053)
(0.120)	Transfers to/(from) Fife Council Reserves	(0.590)
(172.165)		(228.868)

Introduction

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

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

History and Background

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

Financial Statements

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

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

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

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

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

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Independent auditor's report to the members of Fife Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Fife Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash Flow Statement, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Non-domestic Rate Income Account, the Council Tax Income Account, the Common Good Comprehensive Income and Expenditure Statement, the Common Good Balance Sheet, the Charities and Trust Funds Movement in Reserves Statement, the Charities and Trust Funds Comprehensive Income and Expenditure Statement, the Charities and Trust Funds Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, we report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Executive Director Finance and Corporate Services and council for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director Finance and Corporate Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial

reporting framework, and for such internal control as the Executive Director Finance and Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director Finance and Corporate Services is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Executive Director Finance and Corporate Services as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Executive Director Finance and Corporate Services concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Executive Director Finance and Corporate Services is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Corporate Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Corporate Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Karen Jones (for and on behalf of Azets Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date.....



Trustees' Annual Report & Financial Statements 2023-24

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TRUSTEES' ANNUAL REPORT

Introduction

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

The principal address of the Charitable Trusts is:

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

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

The Trusts' auditors are:-

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

Trustees

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

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

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

Objectives and Activities

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

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

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

Structure, Governance and Management

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

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

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

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

Risk

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

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

Achievements and Performance

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

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

Financial Statements

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

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

A Cash flow statement is not required as stated in FRS102

Financial Review

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

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

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

Acknowledgements

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

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

Councillor David Ross
Trustee
Fife Council

TRUSTEES BY COMMITTEE AREA AS AT 31 MARCH 2024

DUNFERMLINE

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

COWDENBEATH

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

GLENROTHES

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

LEVENMOUTH

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

NORTH EAST FIFE

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

SOUTH & WEST FIFE

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

KIRKCALDY

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

CHARITABLE TRUSTS AND THEIR PURPOSES

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

STATEMENTS OF RESPONSIBILITIES

The Trustees Responsibilities

The Trustees are required to:-

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

We certify that the Annual Accounts have been approved for signature by, or on behalf of, the authority.

Signed on behalf of Fife Council

Councillor David Ross
Trustee
Fife Council

The Executive Director Finance and Corporate Services Responsibilities

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

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

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

The Executive Director Finance and Corporate Services has also:-

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

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

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

STATEMENT OF FINANCIAL ACTIVITIES

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

All funds are unrestricted

BALANCE SHEET

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

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

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

Councillor David Ross
Trustee
Fife Council

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

General Principles

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

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

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

Income and Expenditure

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

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

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

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

Assets

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

2 Donations & Legacies

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

3 Investment Income

2022-23		2023-24
£		£
(42,835)	Dividends and interest on listed investments	(35,090)
(15,084)	Interest on cash deposits	(34,310)
(57,919)	Total Investment Income	(69,400)

4 Charitable Activities

2022-23		Fund Name	Activities Undertaken	2023-24	
Individuals £	Organisations £			Individuals £	Organisations £
		Settlement Trusts			
		Ladybank	Prevention of Poverty	100	
	2,000	Crail	Environmental Protection		1,890
		Crail	Recreational Facilities		378
		Cupar	Promotion of Equality	150	1,064
500	1,000	Cupar	Prevention of Poverty	700	
		Cupar	Savings of Lives	400	
	275	Auchtermuchty	Recreational Facilities		100
		St Monans	Prevention of Poverty	500	500
	1,310	St Monans	Advancement of Health		400
		St Monans	Participation in Sport		360
40		Newburgh	Prevention of Poverty		800
	1,382	Newburgh	Advancement of Education		
200		Newburgh	Advancement of Health		
	3,500	Anstruther & Cellardyke	Advancement of Arts		490
		Anstruther & Cellardyke	Environmental Protection		4,000
		Anstruther & Cellardyke	Advancement of Health		300
		Anstruther & Cellardyke	Recreational Facilities		2,100
	500	Anstruther & Cellardyke	Advancement of Citizenship		
	2,000	Anstruther & Cellardyke	Advancement of Education		
	600	Anstruther & Cellardyke	Prevention of Poverty		
	600	St Andrews	Participation in Sport	1,500	300
	425	St Andrews	Advancement of Health		400
		St Andrews	Advancement of Arts		500
40	1,000	St Andrews	Prevention of Poverty		
250		Pittenweem	Prevention of Poverty		
3,494		Kirkcaldy	Prevention of Poverty	2,698	
990		Kirkcaldy	Advancement of Education		
1,925		Kirkcaldy	Advancement of Health		
980		Auchtertool	Prevention of Poverty		
	25	Limekilns	Advancement of Citizenship	25	
	25	Limekilns	Prevention of Poverty	25	
	150	Limekilns	Recreational Facilities	150	
		Lochgelly	Advancement of Education		150
		Other Trusts			
		Thomas S Grieg Bequest	Tayside Park pavilion		5,000
	7,150	Bell Fund / Good Templars Fund	Moral & Religious Improvement		4,850
8,419	21,942	TOTAL		6,248	23,582
	<u>30,361</u>				<u>29,830</u>

5 Other Expenditure

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

6 Investments

2022-23		2023-24
£		£
901,356	Market Value as at beginning of year	824,688
(76,668)	Net increase/(decrease) in value of investments	(6,275)
824,688	Market Value at end of year	818,413

7 Debtors

Debtors balance related to accrued income on investments from Janus Henderson Investors of £8,308 (2022-23 £9,780).

8 Cash at Bank and in Hand

Cash at Bank and in Hand are balances held as part of Council's loans fund which have been accumulated over a number of years. In 2023-24 this amounted to £729,744 (2022-23 £688,702).

9 Trustee's Remuneration and Expenses

Neither the Trusts of the Charitable Trust nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during the period.

10 Related Parties

During the period, the Charitable Trust Balances were invested by Fife Council, who manages the administration of the Funds on behalf of the Trustees. The costs of administrating the Trusts is £39,791 and this is provided as a donated service by Fife Council resulting in no direct costs being incurred by the Charitable Trust. The Council acts as the banker for the Charitable Trust and all incomings and outgoings are made via the Council's financial systems.

11 Post Balance Sheet Events

There were no adjusting events after the balance sheet date.

12 Outline Summary of Fund Movements

Fund Name	Charity Number	Funds Carried Forward at 31/03/2023 £	Income in Year £	Expenditure in Year £	(Gains)/ Losses on Investments £	Funds Carried Forward at 31/03/2024 £
Settlement Trusts						
Ladybank	SC042143	(9,125)	(422)	100	34	(9,413)
Kingskettle	SC042144	(2,289)	(107)	0	8	(2,388)
Kilconquhar	SC042145	(6,673)	(309)	0	24	(6,958)
Freuchie And Area	SC042148	(7,099)	(335)	0	19	(7,415)
Falkland	SC042149	(3,379)	(157)	0	13	(3,523)
Craik	SC042150	(103,972)	(4,799)	2,268	373	(106,130)
Cupar	SC042151	(65,450)	(2,934)	2,314	281	(65,789)
Auchtermuchty	SC042152	(13,400)	(875)	100	47	(14,128)
St Monans	SC042153	(53,260)	(2,414)	1,760	219	(53,695)
Elie	SC042154	(17,058)	(796)	0	56	(17,798)
Newburgh	SC042155	(83,072)	(3,734)	800	398	(85,608)
Anstruther & Cellardyke	SC042156	(186,165)	(8,039)	6,890	906	(186,408)
St Andrews	SC042157	(132,196)	(5,829)	2,700	749	(134,576)
Dunfermline	SC042161	(88,992)	(4,169)	0	276	(92,885)
Leslie	SC042170	(2,432)	(108)	0	13	(2,527)
Collessie	SC042172	(2,605)	(122)	0	8	(2,719)
Tayport	SC042173	(12,655)	(597)	0	34	(13,218)
Pittenweem	SC042174	(21,492)	(1,006)	0	69	(22,429)
Leven	SC042207	(10,738)	(478)	0	35	(11,181)
Kennoway	SC042208	(1,290)	(59)	0	4	(1,345)
Buckhaven And Methil	SC042211	(1,053)	(509)	0	4	(1,558)
Burntisland	SC042382	(24,635)	(1,189)	0	37	(25,787)
Kirkcaldy	SC042383	(207,713)	(9,196)	2,698	774	(213,437)
Kinghorn	SC042385	(29,625)	(1,396)	0	97	(30,924)
Auchtertool	SC042387	(916)	(40)	0	7	(949)
Culross	SC042749	(4,461)	(199)	0	25	(4,635)
Limekilns	SC042750	(4,606)	(193)	200	29	(4,570)
Kincardine	SC042751	(31,045)	(1,442)	0	110	(32,377)
Lochgelly	SC042904	(20,949)	(984)	150	62	(21,721)
Ballingry	SC042905	(11,572)	(539)	0	40	(12,071)
Other Trusts						
Waugh & Wharrie Bequest	SC018777	(2,549)	(117)	0	12	(2,654)
Adam Smith / Gow / Beveridge Bequest	SC019331	(10,469)	(490)	0	34	(10,925)
A. A. Wilkie Trust - Children	SC019334	(122)	(6)	0	0	(128)
Fl. Lawsons Executry	SC019335	(909)	(43)	0	3	(949)
Raemore Mortification Kinglassie	SC019339	(3,012)	(140)	0	11	(3,141)
Frances Lawson's Bequest	SC019392	(1,296)	(61)	0	3	(1,354)
Ogilvy Dalgleish Mortification	SC019396	(2,168)	(101)	0	8	(2,261)
Macintosh Bequest	SC019399	(934)	(43)	0	3	(974)
B.F. Nisbet's Trust & Garden	SC019402	(7,235)	(340)	0	21	(7,554)
Thomas S. Greig's Bequest	SC019417	(23,658)	(856)	5,000	100	(19,414)
Thomson Bequest and Laing Library	SC019420	(23,544)	(1,019)	0	168	(24,395)
Bell Fund/Good Templars Fund	SC019435	(283,344)	(13,022)	4,850	1,145	(290,371)
Thomas Ireland's Trust	SC019447	(4,013)	(186)	0	16	(4,183)
		(1,523,170)	(69,400)	29,830	6,275	(1,556,465)
Donated Services (Support Services)			(39,791)	39,791		
TOTAL		(1,523,170)	(109,191)	69,621	6,275	(1,556,465)

Independent auditor's report to the trustees of Fife Council Charitable Trusts and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of Fife Council Charitable Trusts for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2024 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charities in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charities' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Responsibilities, the trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charities' operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charities;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charities;
- inquiring of the Trustees concerning the charities' policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Karen Jones, for and on behalf of Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:.....

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

30 September 2024

Agenda Item No. 6

Issued Audit Reports

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

Wards Affected: All

Purpose

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

Recommendation(s)

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

Resource Implications

None.

Legal & Risk Implications

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

Impact Assessment

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

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

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

2.0 Analysis of Issued Audit Reports

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

3.0 Conclusions

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

List of Appendices

1. Summary of Audit Reports Issued

Report Contact: Carolyn Ward

Audit Team Manager, Audit and Risk Management Services

Email - Carolyn.Ward@fife.gov.uk

SUMMARY OF FIFE COUNCIL AUDIT REPORTS							
<p>1. Finance and Corporate Services</p> <p>Accounts Payable</p> <p>Follow-Up to Report 91, Procure 2 Pay - Recurring Payments</p> <p>Report (15/23)</p>	<p>The 2023/24 Internal Audit Plan contains an allocation of days for Audit Services to carry out formal follow-up reviews for a planned portfolio of audit reports. This allocation is used to assess, through the consideration of evidence, the extent to which recommendations previously agreed with management have been implemented.</p> <p>This audit is a follow-up review of Report 91, Procure 2 Pay-Recurring Payments which was issued on 7 February 2023.</p> <p>The Audit Opinion in the original internal audit report concluded that, the system of controls scored a Grade 4 and the materiality of the area audited scored a Grade 5, making the overall risk High. A number of areas for improvement were identified and three recommendations, which the Service agreed to implement by 30 September 2023, were made to address them.</p> <p>A summary of progress made towards implementation of the three recommendations previously agreed with management is as follows:</p> <ul style="list-style-type: none"> • Recommendation 3B is fully implemented; • Recommendation 2 has been partially implemented; and • Recommendations 1, 3A and 3C have not been implemented. <p><u>Audit Opinion:</u></p> <table style="margin-left: 20px;"> <tr> <td>• Level of Assurance</td> <td>Grade 3</td> </tr> <tr> <td>• System Materiality</td> <td>Grade 5</td> </tr> <tr> <td>• Overall Risk</td> <td>High</td> </tr> </table> <p><u>Findings:</u></p> <p>Further action is required as follows:</p> <ul style="list-style-type: none"> • The generic recurring payment and evohub email accounts should be regularly monitored to ensure ongoing reasonableness of access. • Although the Oracle Approvers Report has been amended to ensure clarity around approver and requisitioner information, a further reminder should be sent to all staff that templates should not be accepted from those who are not authorised approvers. • The two potential options to automate recurring payments should be investigated to ascertain which is the most viable. • Accounts Payable should continue to undertake independent checks (on what was authorised by the Service to pay and what was actually paid (reconciled)). 	• Level of Assurance	Grade 3	• System Materiality	Grade 5	• Overall Risk	High
• Level of Assurance	Grade 3						
• System Materiality	Grade 5						
• Overall Risk	High						

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> Services should be reminded to check their reports to ensure there are no differences between what they have requested and what was set up in Oracle. <p>Satisfactory actions have been agreed to address recommendations 1, 2, 3A and 3C (3 Substantial and 1 Moderate) in the report by 31 March 2025.</p>
<p>2. Finance and Corporate Services</p> <p>Business Technology Solutions (BTS)</p> <p>ICT Contract Management (Solutions Assurance Management)</p> <p>Report (16/23)</p>	<p>This audit reviewed the Council’s ICT contract management (solutions assurance management) arrangements to ensure that specifications are successfully delivered and, if required, remedial actions taken / escalation procedures are efficient and effective. It forms part of the 2023/24 Internal Audit Plan.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 3 System Materiality Grade 4 Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> For one of the five contracts checked, BTS had not been monitoring performance to ensure contract objectives were being met. Of the five ICT contracts checked, four had a Community Benefit requirement included. One of the Community Benefits, however, was not being monitored by Procurement, as required, to confirm it had been received. Exit strategies are not always prepared as required. For example, in one of the ICT contracts checked, the exit strategy template was not fully completed. For another, at the time of the audit testing, there was no exit strategy in place, however, once Internal Audit brought this to the Manager’s attention, the Lead Officer, Solutions and Service Assurance, addressed it immediately. In line with the Solution Ownership Work Instruction, BTS should have an awareness of the solutions roadmap (a high-level summary of milestones and related timelines) and consider its content as part of the planning process. A roadmap was not available for two of the five ICT contracts checked as part of the audit fieldwork. Internal Audit was advised that this was because the suppliers had not provided one.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • There is no Contract Management Procedure or equivalent to clearly delineate the roles, responsibilities and accountabilities for the management of contracts between Procurement, BTS and the client service. • In line with the TIME Review Work Instruction, all high or medium scoring ICT contracts should have a TIME review completed. It was established, however, that these had not been completed for three of the five ICT contracts reviewed. • Lastly, it is unclear what monitoring is carried out to ensure activities surrounding contract renewal (appropriate planning, monitoring and execution) are scheduled with a sufficient lead time to ensure a new contract can be put in place timeously. <p>Satisfactory actions have been agreed to address the four audit recommendations (3 Substantial and 1 Moderate) in the report by 31 March 2025.</p>

30 September 2024

Agenda Item No. 7

Risk Management Update

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

Wards Affected: All

Purpose

The purpose of this report is to:

- Inform Standards, Audit and Risk Committee about updates to the Council's Risk Management Policy and Strategy document.
- Provide Standards, Audit and Risk Committee with an update on progress made towards implementing the Risk Management Improvement Plan (RMIP) and Roll Out Plan.

Recommendation(s)

Standards, Audit and Risk Committee is asked to:

1. Approve the proposed revisions to the Risk Management Policy and Strategy document, including risk appetite and roles and responsibilities (Appendix A).
2. Note the content of the RMIP and status of actions (Appendix B).
3. Note the summarised content and progress of the Roll Out Plan (Appendix C).
4. Note that further updates on risk management arrangements will be provided throughout 2024/25 in line with the Policy and Strategy document.

Resource Implications

None.

Legal & Risk Implications

If the Council does not have robust risk management arrangements in place, including a Risk Management Policy, Strategy and risk registers, its ability to effectively monitor, manage and mitigate risks and make sound, informed decisions may be impacted. This could lead to, amongst other things, non-compliance with legislation and regulation, legal and financial penalties, the inability to identify and exploit opportunities and the inability to achieve its objectives and deliver better outcomes for Fife.

Impact Assessment

An EqIA has not been completed because the changes to the Risk Management Policy and Strategy do not require it.

Consultation

The Council Executive Team and Corporate Risk Management Strategy Group (RMSG) have been consulted and agree with the content of this report.

1.0 Background

- 1.1 A formal update relating to the review of the Council's Strategic Risk Register was reported to CET and Standards, Audit and Risk Committee on 6 January and 18 January 2024, respectively.
- 1.2 Key points communicated via the update report included the following:
 - A comprehensive review of all strategic risks to which the Council is exposed had been completed and a new Strategic Risk Register had been established.
 - The risks in the new Strategic Risk Register and the internal control frameworks in place to mitigate them would be monitored, reviewed, and assessed on a continuous basis.
 - The risk appetite for each of the new strategic risks would be set and risk appetite levels already set for the risks that featured in some form in the previous Strategic Risk Register would also be reviewed for ongoing relevance and, where appropriate, revised.
 - The Corporate RMSG would continue to monitor progress towards implementing the RMIP and supplementary Roll Out Plan.
 - Risk management update reports, including developments to the Council's risk management arrangements, driven by the formal RMIP and supplementary Roll Out Plan would continue to be provided to CET and the Standards, Audit and Risk Committee in line with the Policy and Strategy document.
- 1.3 This report provides an update on developments since the last report.

2.0 Risk Management Policy and Strategy Update

- 2.1 The Risk Management Policy and Strategy document has been updated to include risk appetite levels for all risks in the new Strategic Risk Register and amendments to roles and responsibilities. A copy of the updated document is attached as Appendix A with all new / changed text highlighted in yellow to assist. More information surrounding the update has been provided in the paragraphs below.

Risk Appetite

- 2.2 Following approval of the new Strategic Risk Register, members of the RMSG completed an MS Forms survey to help set the risk appetite levels, including risk category and optimal risk zone (the level of risk within which the Council aims to operate), for each strategic risk. The survey results were collated and proposals surrounding the risk appetite category and optimal risk zone for each strategic risk were presented to RMSG for consideration / discussion at its meeting on 27 March 2024.
- 2.3 Following the meeting, RMSG members were asked, via a second MS Forms survey, to confirm their agreement with the proposed risk appetite category and optimal risk zone for each strategic risk. The survey results confirmed that the RMSG unanimously agreed the proposals and approved them for inclusion in the Risk Management Policy and Strategy document.
- 2.4 The risk appetites for the strategic risks, along with the definitions for each of the categories and optimal risk zones are set out at Section 6.0 of the Risk Management Policy and Strategy document (Figures 1, 2 and 3 on pages 8 and 9 of Appendix A).

Roles and Responsibilities of the Risk Management Team and Performance and Improvement Team

- 2.5 The mapping of existing risk management tasks and updating of roles and responsibilities is included in the RMIP at Action 11, which can be found at Appendix B to this report. As a result of discussions between the Service Manager - Audit and Risk Management Services, management within the Communities Directorate and other key officers, it had been agreed that the Risk Management Team would assume full responsibility for corporate risk management tasks, including those previously delivered by the Council's Performance and Improvement (P&I) Team.
- 2.6 It had also been agreed that a resource would transfer from the P&I Team to the Risk Management Team to support this change and assist the Risk Management Team to lead on developing risk management arrangements across the Council as well as supporting Services to embed these arrangements consistently.
- 2.7 One FTE post transferred from the P&I Team to the Risk Management Team in July 2023 and the roles and responsibilities of both teams have been updated in the Risk Management Policy and Strategy document to reflect that.
- 2.8 Both teams continue to use Ideagen for their respective roles and a joint Ideagen Governance Agreement has been drafted which clarifies roles and responsibilities in relation to its ongoing use and maintenance. A working group has been established, which meets quarterly to discuss and address Ideagen-related matters.

3.0 Risk Management Improvement Plan and Roll Out Plan

Risk Management Improvement Plan (RMIP)

- 3.1 Since the formal update report referred to at para 1.1 above, work has continued to implement the actions included in the RMIP. The most recent updates to the RMIP have been highlighted in yellow at Appendix B.
- 3.2 Actions within the RMIP have been prioritised as High, Medium, and Low for implementation. Each of the original 37 actions were assigned to a key officer / group of officers with responsibility for ensuring implementation in line with the agreed target implementation date. Two new actions; no. 21 relating to the financial risk register and no. 22 relating to reflecting the Council's Strategic Change Ambitions into Strategic Risk descriptions have been added since the plan was last reported. Twenty of the high priority and 5 of the medium priority actions are now fully implemented. The remaining high priority action is an ongoing action relating to RMSG's responsibility of monitoring overall progress towards delivering the RMIP at its quarterly meetings. There are 6 medium, and 7 low priority actions to be completed, of which 6 are partially implemented.

Roll Out Plan

- 3.3 In order to help implement action 18 on the RMIP, which requires the Risk Management Team to "work alongside directorates / services, supporting them to develop and embed effective risk management arrangements locally" a Roll Out Plan, containing an engagement schedule was compiled by the Risk Management Team and agreed by RMSG. The Roll Out Plan does not include the Health &

Social Care Partnership (H&SCP); however, the Risk Management Co-ordinators provide ongoing support to the H&SCP Compliance Officers who are developing their risk registers simultaneously.

- 3.4 A summary of the Roll Out Plan can be found at Appendix C. Finance and Corporate Services (FCS) was the pilot directorate and, consequently, the first on the Roll Out Plan. The FCS Directorate review is now almost fully complete, with only the Legal and Democratic Services review still to be completed which has been delayed due to work pressures, including the UK Parliamentary Election. Work has commenced with Services in Communities and Place Directorates.
- 3.5 The RMIP, including Roll Out Plan, was due to be fully completed by 31 December 2024. However, some services have had to be rescheduled due to accommodate other work pressures and key officer absences. The Roll Out Plan will now be completed by 31 March 2025.
- 3.6 Feedback and lessons learned from the services in the pilot directorate were used to shape and improve delivery of the Roll Out Plan going forward. Progress with the plan will continue to be overseen by and reported to the RMSG at its scheduled quarterly meetings.

4.0 Conclusions

- 4.1 The Council's Risk Management Policy and Strategy document has been updated to include risk appetite levels for risk on the new Strategic Risk Register as well as revised roles and responsibilities, which will be kept under review by RMSG in line with its formal remit.
- 4.2 The RMSG will continue to meet on a quarterly basis and monitor progress towards implementing the RMIP and supplementary Roll Out Plan.
- 4.3 The risks in the Council's new Strategic Risk Register and the internal control frameworks in place to mitigate them will continue to be regularly monitored, reviewed, and assessed.
- 4.4 Risk management reports, including updates on the Strategic Risk Register and information surrounding further developments to the Council's risk management arrangements, will be compiled, and presented to the CET and Standards and Audit Committee on a six-monthly basis in line with the Policy and Strategy document.

List of Appendices

- A. Risk Management Policy and Strategy
- B. Risk Management Improvement Plan
- C. Roll Out Plan

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Risk Management Policy & Strategy

VERSION 4 – DRAFT

Version Control

Version No.	Reviewed On	Reason for Review	Effective From	Lead Reviewer	Agreed CET	Approved SA&RC
1.0	25/03/22	Full review.	19/04/22	P. Redpath	08/04/22	19/04/22
2.0	20/10/22	Risk Appetite and RMSG Remit	28/11/22	C. Whyte	07/11/22	28/11/22
3.0	16/05/23	Risk Impact Assessment Matrix	30/06/23	C. Whyte	07/06/23	30/06/23
4.0	02/05/24	Roles & Responsibilities of the Risk Management Team, Performance & Improvement Team and Heads of Service revised. Replaced 'Pentana' references to 'Ideagen'. Updated Risk Appetite and reordered figures on pages 8 & 9.	02/05/24	C. Whyte	04/09/24	

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1.0 Background and Introduction

- 1.1 All organisations exist for a purpose, such as delivery of a service or to achieve a particular outcome. Fife Council, like other local authorities, exists to deliver a range of vital services for individuals and businesses within a defined area. As part of the Fife Partnership, Fife Council is working towards achieving a shared vision of A Fairer Fife. Within this shared vision, priority themes have been identified to help steer the focus of work of the Fife Partnership and its partners. Through the implementation of agreed actions set out in the Plan for Fife (Local Outcome Improvement Plan) and other associated plans and strategies, the Fife Partnership, strives towards achieving its objectives, delivering better outcomes for the Fife community, and ultimately achieving its collective vision. The level of this achievement depends upon the risks that Fife Council, and its partners, is exposed to and how well they are monitored, managed and mitigated.
- 1.2 Risk can be defined as the combination of the likelihood of an event occurring (adverse or otherwise) and the level of impact on the Council's ability to successfully achieve its objectives and outcomes if it does. The impact can be positive, as well as negative.
- 1.3 Risk management is a proactive, continuous, and systematic process that helps organisations to anticipate, identify, evaluate and prioritise risks as well as co-ordinate the efficient application of, often very limited, resources to monitor and mitigate (through the existence of a robust internal control environment) the likelihood of adverse events occurring and / or their impact if they do (or maximise the realisation of opportunities). When risk management is working effectively, it also provides organisations with a foundation on which sound decision-making can be based, often helping to enable innovation and avoid disasters.
- 1.4 To achieve good governance, Fife Council is required to demonstrate that it complies with the principles of good governance, detailed in both *The International Framework: Good Governance in the Public Sector* (2014) and CiPFA publication *Delivering Good Governance in Local Government Framework* (2016 Edition). One of the core principles of good governance detailed in these frameworks is "Managing risks and performance through robust internal control and strong public financial management". The Council is required to develop and maintain a local code of corporate governance that adequately reflects these principles. Having effective risk management arrangements in place is also an integral part of the Council being able to demonstrate its compliance with Best Value.
- 1.5 The sections below outline Fife Council's Risk Management Policy and Strategy, the purpose of which is to provide direction surrounding the management of risk and ultimately support the achievement of objectives and delivery of outcomes, protect staff, assets and the local community, as well as help ensure financial sustainability. Compliance with the Policy and Strategy will help ensure that effective risk management arrangements are progressively and continuously embedded within the Council.

2.0 Vision Statement

- 2.1 Fife Council recognises the importance of having robust risk management arrangements in place and seeks to ensure that they continue to form part of its local code of corporate governance.
- 2.2 The Council's risk management objectives are:

- To establish a co-ordinated, methodical, and rigorous approach to risk management throughout the organisation.
- To ensure risk management is embedded into the culture of the organisation, through effective policy, procedures, and communication.
- To clearly define risk management roles and responsibilities.
- To ensure that the risk management process supports accountability, performance management and reward.
- To achieve level 4 on the Council's Risk Management Maturity Model.

2.3 Risk management will be subject to:

- Regular monitoring, review and impact assessment by officers and Elected Members.
- The provision of adequate and appropriate training and development opportunities for employees and Elected Members.
- Integration with the Council's planning process.
- Consideration in community planning and all other forms of partnership working.

3.0 Review Arrangements

- 3.1 As a minimum, the Council's Risk Management Policy and Strategy will be subject to at least one formal comprehensive review during each administrative term, at intervals not exceeding five years.
- 3.2 Any material amendments made to the Risk Management Policy and Strategy will be presented to the Council's Standards, Audit and Risk Committee for approval, following agreement, as appropriate, by the Corporate RMSG, Executive Director of Finance and Corporate Services and Council Executive Team (CET).
- 3.3 The Risk Management Team Leader, in conjunction with the Corporate RMSG, is responsible for ensuring the Council's Risk Management Policy and Strategy are reviewed in accordance with the above, and more frequently if necessary to reflect changes in Council policy, legislation, regulation and best practice.

4.0 Ownership – Roles and Responsibilities

- 4.1 Whilst risk management is the responsibility of all Elected Members and Council officers, the principal roles and responsibilities for risk management are set out below.

Elected Members

The Council's Elected Members are responsible for directing risk management policy and understanding the strategic risks faced by the Council and how these are managed / mitigated. Elected Members are also responsible for:

- Carrying out the risk management remit through the Standards, Audit and Risk Committee and, as appropriate, other Council committees.
- Approving the Council's Risk Management Policy and Strategy.
- Having due consideration of risk when making Council decisions.

Chief Executive / Head of Paid Service

As the most senior appointed officer within the Council, the Chief Executive is ultimately responsible for ensuring risks, to which the Council is exposed, are effectively managed through a scheme of delegation.

The Chief Executive is also responsible for nominating a Senior Responsible Officer (SRO) for risk management, who will chair the Corporate RMSG.

Council Executive Team (CET)

The CET is responsible for:

- Recommending the Risk Management Policy and Strategy to Elected Members.
- Making decisions on the risk management process as it affects all directorates / services.
- Receiving reports from the Corporate RMSG on the development and effectiveness of the Council's risk management arrangements and the management of the Council's strategic risks.
- Ensuring risk implications are highlighted in relevant Committee reports.

Executive Director, Finance and Corporate Services (Section 95 Officer)

At a corporate level, the Executive Director of Finance and Corporate Services is the Council's SRO for risk management, and is responsible for:

- Promoting the operation of effective risk management arrangements across the Council.
- Ensuring adequate resource is available to enable the efficient and effective identification, evaluation and control of risks faced by the Council.
- Maintaining a watching brief over the risk management policy and strategy review process and approving minor amendments made to these.
- Chairing the Corporate RMSG.
- Ensuring significant risk issues requiring intervention are brought to CET's attention.

Executive Directors / Director of H&SC

Each Executive Director is responsible for strategic and operational risk management in their own Directorate and will nominate one or more senior officer from within their Directorate to lead on, oversee and promote risk management locally. Executive Directors are also responsible for:

- Overseeing the development and maintenance of the Council's Strategic Risk Register.
- Ensuring Directorate / Service-level risk register(s) are established and maintained in line with the Council's Risk Management Maturity Model.
- Promoting integration of risk management principles into the culture of the Council and its partners via all Heads of Service.
- Ensuring risk management is a regular item on Directorate Leadership Team meeting agendas.
- Promoting the use of Ideagen as the central repository for recording and updating risk registers and related information.
- Ensuring risk management is integrated into service planning and performance management arrangements.
- Promoting the sharing of relevant partnership risk management information.

Heads of Service

Heads of Service are responsible for promoting risk management within their Service and ensuring that the Council's risk management framework is implemented consistently. Heads of Service are also responsible for:

- Ensuring the ongoing identification of emerging risks, monitoring and maintenance of their service-level risk registers and ensuring Ideagen is kept up to date.
- Ensuring all portfolios, programmes and projects under their control are effectively risk managed.
- Ensuring all partnerships their Service is involved in are effectively risk managed. This includes the requirement for all partnership agreements to set out responsibility for risk management.
- Highlighting risks to the Service Manager, Audit & Risk Management Services for potential inclusion in the Council's Internal Audit Plan.
- Completing risk management training specific to their role.
- Ensuring staff undertake risk management training, specific to their role as and when required.

Risk Management Leads

Risk Management Leads are responsible for communicating the benefits of effective risk management and for overseeing the risk management arrangements operating within their Directorate / Service. They will attend the Corporate RMSG meetings, act as the key point of contact for risk management related matters, and be responsible for:

- Promoting and influencing risk management throughout their Directorate / Service.
- Ensuring risk registers are maintained in Ideagen, including co-ordinating regular reviews within timescales proportionate to the level of risks and that risk information is ready for reporting to Committee.
- Liaising with Heads of Service (as appropriate) and other managers to ensure actions are implemented and risks mitigated.
- Identifying and, where appropriate, escalating deteriorating risks, evolving risks, weak or ineffective controls and overdue actions.
- Ensuring key members of staff undertake risk management training as and when required.
- Supporting colleagues to report risks and concerns.

Service Manager - Audit and Risk Management Services

Responsible for:

- Managing the Council's Audit and Risk Management Service.
- Providing assurance to Elected Members and senior management on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- Overseeing the Council's Risk Management activities.
- Deputising for the Executive Director of Finance and Corporate Services in connection with risk management matters as and when required.
- Providing support and guidance to Elected Members and senior managers in relation to risk management matters.

Risk Management Team

Responsible for establishing and maintaining, in line with good practice, the Council's corporate and service level risk management framework, including:

- The Council's Risk Management Policy and Strategy and supporting corporate procedures / manual.
- Raising awareness and promoting a risk management culture throughout the organisation.
- Keeping abreast of strategic risk events and providing advice and guidance as appropriate to senior management.
- In conjunction with Risk Management Leads and the Corporate RMSG, undertaking horizon scanning on an ongoing basis.
- Providing support to directorates/services as required surrounding the incorporation of risk management arrangements into service delivery.
- Promoting the requirement to use Ideagen to record and maintain risk registers and providing training on the system as required.
- Liaising with and supporting directorates / services surrounding the ongoing requirements to regularly assess risks and corresponding internal control frameworks within Ideagen and assisting them with the ongoing development and maintenance of the Council's strategic and service-level risk registers.
- Creating standard risk reports in Ideagen for directorates/services use
- Liaising with Ideagen software supplier to ensure continued utilisation of the system and its alignment to the Council's risk management arrangements.
- Attend Ideagen Governance Working Group meetings to ensure consistent approach to the joint working arrangements surrounding Ideagen.
- Organise and attend The Scottish Local Authority Chief Internal Auditors Group (SLACIAG) risk subgroup meetings, to share best value across Scottish Local Authorities.
- Attending ALARM (Association of Local Authority Risk Managers) events and disseminating key information to individuals throughout the Council.
- Highlighting risks for escalation and supporting management to do that.
- Developing training and awareness programmes in conjunction with Workforce Development and leading on their delivery throughout the organisation.
- Providing ongoing support to Elected Members and senior management on risk management related matters.
- Regularly engaging with insurers and brokers to ensure that, where possible, risks are financially protected.

Performance and Improvement Team

- Attend Ideagen Governance Working Group meetings to ensure consistent approach to the joint working arrangements surrounding Ideagen.

All Employees

- Maintain awareness of risks and contribute to the control process where appropriate.

4.2 In addition to the roles and responsibilities noted above, the Corporate RMSG has an important role to play surrounding the setting and review of the Strategy as well as monitoring its implementation. The formal high-level remit of the group can be found at Appendix 2 along with membership and meeting schedule details.

5.0 Risk Management Policy

5.1 Fife Council does not generally have an appetite for exposure to very high risk, which could result in catastrophic levels of adverse impact. However, risk is inherent in every area of service provision, and it is recognised that risk management is not risk aversion. Fife Council is committed to promoting a culture and environment that is

risk aware; embedding risk management into its working practices and procedures and ensuring that its officers and Elected Members are able to readily identify and understand the risks (and opportunities) to which the Council is exposed, in turn, enabling them to effectively mitigate risks and make informed decisions rather than avoiding risk altogether.

- 5.2 The Council will develop and maintain systems and procedures that help identify, evaluate, and economically deal with existing and anticipated risks (and opportunities), which may impact on its ability to achieve its objectives and deliver better outcomes for the individuals and businesses in the community it serves. With that in mind, the management of risk in the Council is undertaken within a control framework comprising the following.
- Governance processes, largely set out in the Council's Standing Orders.
 - Risk Management Policy and Strategy.
 - Identification, evaluation, and management of key risks.
 - Systems of internal control / control environment.
- 5.3 Assessment of risk and the ability to manage it will be an integral part of strategic and operational level decision making.
- 5.4 The Council's Committee reporting process includes a requirement for completion of Impact Assessments (e.g. EqIA, DPIA & EnvIA) for relevant reports. Where completion of Impact Assessments is required, this will include a risk assessment to provide outline information to Committee on the risks associated with the proposal being presented, and the specific control measures required to mitigate those risks.
- 5.5 Adopting this Policy enables the Council to be innovative and preserve / enhance service delivery, whilst at the same time:
- Protect its internal and external stakeholders.
 - Protect the different types of properties in its portfolio.
 - Ensure compliance with statutory and regulatory obligations.
 - Maintain the efficient and effective stewardship of public funds.
 - Safeguard its reputation and promote a positive corporate image.
- 5.6 By effectively managing risk, the Council will be enabled to implement the Plan for Fife, and other associated plans and strategies (including the Local Development Plan, FIFEplan and 7 Area Community Plans), manage project risk and deliver its key strategic priorities.
- 5.7 In relation to Strategic Risk Management, the Corporate RMSG will co-ordinate the management of strategic risks that could impact on the Council's objectives. Individual Heads of Service will retain ownership of the risks that fall within their Service area.
- 5.8 Operational risk management is integral to the role of managers across the Council, requiring them to actively manage the risks they encounter whilst performing their duties on a day-to-day basis. All Council officers are expected to assist with risk management utilising **Ideagen** and are actively encouraged to participate in the identification, assessment, review, and mitigation of risks that could affect the achievement of objectives.
- 5.9 The Council will provide training and awareness to enable officers to discharge this responsibility and, more specifically:
- identify and understand the risks they may be exposed to in the performance of their duties.
 - evaluate and mitigate the risks to which they are exposed; and
 - understand their risk management responsibilities.

5.10 This Risk Management Policy has the full support of the Council and its CET. The co-operation and commitment of all employees is required to ensure that the best use of Council resources is made through the effective management of risk(s).

6.0 Risk Appetite

6.1 Risk appetite is a concept that will help Fife Council articulate the optimal level and type of risk it is seeking, when striving towards achieving its objectives, delivering better outcomes for the communities it serves and ultimately achieving its collective vision of A Fairer Fife.

6.2 Defining and communicating the Council's risk appetite:

- assists with informed decision making, by ensuring the boundaries of risk taking have been set and understood across the Council. By communicating these desired boundaries, it enables and supports consistent decentralised decision making and work with partner organisations.
- helps to determine what is most important to report to Directorates, Council Executive Team and Standards, Audit and Risk Committee.
- reduces uncertainty by aligning consistent risk taking with the capacity of the organisation to manage anticipated threats and opportunities.
- helps the prioritisation and allocation of resources / spending.

6.3 The Council will take effective action to minimise exposure to risks that impact adversely on reputation, compliance (particularly legal compliance), fraud, financial mismanagement and the health and safety of staff and members of the public.

6.4 The Council is prepared to accept risk where there may be an opportunity to improve service delivery and facilitate innovation or change for the better. However, risks must be taken in a controlled manner, reducing the Council's risk exposure to a level aligned to the Council's Risk Appetite.

6.5 The risk appetite for each of the Council's strategic risks, including the optimal risk zone (the level of risk within which the Council aims to operate), is set out in the table below at Figure 3. The risk appetite categories and zones utilised at Figure 3 are defined within Figures 1 and 2 respectively.

6.6 It is recognised that risk management and the analysis of risk is subjective and that it is possible that a risk's score may move into the Warning Zone. Provided the control framework in place to mitigate the risk (likelihood and / or impact) is comprehensive and individual controls within it are fully effective (in terms of available resource), then there is a possibility that the risk may be tolerated at that level. This may also apply where the Council is obligated to take risks beyond its appetite e.g. to comply with regulation / legislation. Where a risk falls within the Opportunity Zone, there may be scope to remove internal controls, in turn increasing the risk so that it is more in line with the optimal risk zone, freeing up resource that can be used elsewhere.

Figure 1

Risk Appetite Categories and Definitions	
Opposed	Avoidance of risk and uncertainty is the key objective.
Minimal	Preference is for safe options that have a low degree of inherent risk.
Cautious	Preference is for safe options that have a low degree of residual risk.
Mindful	Willing to consider all options and choose one that is most likely to result in successful delivery.
Enterprise	Eager to be innovative and choose options that suspend previous held assumptions and accept greater uncertainty.

Figure 2

Risk Appetite Zones	
	Opportunity Zone – the risk range within which opportunities to take additional risk may arise (e.g. by potentially removing a control and re-directing the resources).
	Warning Zone – the risk range is higher than the Council is aiming to operate in and therefore consideration should be given to enhancing existing internal control frameworks. It may also be appropriate to consider transferring some / all of the risk or terminating completely.
	Target / Optimal Zone – the risk range within which the Council <u>aims</u> to operate. (Note: There may be opportunities within the green end of the zone and action required within the red zone as described above.)

Figure 3

Strategic Risk		RISK APPETITE			
		Category	Range	Risk Level (Score*)	
* Refer to Fife Council's 5x5 Risk Matrix					
		Insignificant	Low	Medium	High
		(1 – 3)	(4 – 6)	(8 – 12)	(15 - 25)
1	FC001 - ICT Failure	Minimal	4 - 9		
2	FC002 - Increased Inequality	Mindful	6 - 9		
3	FC003 - Health Deterioration	Mindful	6 - 10		
4	FC004 - Educational Inequality / Widening Attainment Gap	Mindful	8 - 12		
5	FC005 - Roads and Transportation Infrastructure Failure	Cautious	5 - 10		
6	FC006 - Loss of Key Buildings	Cautious	6 - 12		
7	FC007 - Failure to Achieve Inclusive and Sustainable Economic Growth in Fife	Mindful	8 - 12		
8	FC008 - Failure to Address Climate Change	Mindful	8 - 12		
9	FC009 - Poor Corporate Governance & Leadership	Minimal	4 - 8		
10	FC010 - Elected Members - Failure to comply with Council Governance and Code of Conduct	Minimal	4 - 6		
11	FC011 - Inability to Ensure Public Safety & Protection	Minimal	4 - 6		
12	FC012 - Financial Instability	Cautious	5 - 9		
13	FC013 - Failure to Effectively Discharge Statutory Health and Safety Obligations	Minimal	4 - 6		
14	FC014 - Workforce Challenges	Mindful	6 - 10		
15	FC015 - Ineffective Information Governance	Minimal	4 - 8		
16	FC016 - Ineffective Transformational Change Agenda / Strategic Planning	Enterprise	8 - 12		
17	FC017 - Legal and Regulatory Compliance Failure	Opposed	3 - 6		

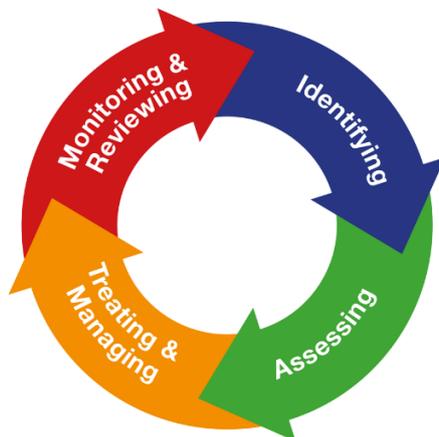
7.0 Risk Management Strategy

7.1 The Council's Risk Management Strategy has been developed to enable effective delivery of objectives in accordance with the Council's Risk Management Policy Statement.

7.2 The Council operates a 'three lines of defence' model to provide structure around its risk management arrangements and help clarify some of the key roles and responsibilities:

- 1st Line of Defence – officers on the front line (the doers) – these individuals manage risk on a day-to-day basis, observe the Council's policies and procedures to ensure compliance with legislation, regulation, government guidance and best practice and carry out the Council's defined risk management processes.
- 2nd Line of Defence – management (the superintendents / overseers) – these individuals are responsible for the oversight of officers on the front line, helping through active supervision and management to ensure compliance and identify, evaluate, monitor and mitigate risks. These individuals also help develop risk management policies, processes and procedures.
- 3rd Line of Defence – internal and external assurance providers (the investigators) – independently assessing and reporting on the work of the other two lines of defence with the view to providing assurance and helping to drive improvement.

7.3 The risk management process is a continuous one that incorporates identifying the risks, assessing them (using the matrices), treating / managing them in a way that is proportionate to the level of risk (through internal controls) and monitoring, reviewing and reporting on them. There may be instances where it is considered more appropriate to tolerate a risk as it presents itself or to terminate (or stop) an activity because the corresponding risk(s) far exceed the risk appetite of the organisation. The process is relevant when managing risk at all levels in the organisation e.g. strategic / corporate, operational / service and project level.



7.4 A key element of the Council's Risk Management Strategy for managing the above process is the development and maintenance of comprehensive risk registers, which will be actively managed and maintained within **Ideagen**. Risk registers to be maintained include:

- The Strategic Risk Register, which incorporates the Council's high level, strategic risks that may impact on overall delivery of Council objectives and achieving better outcomes for Fife.
- Directorate / Service-level Risk Registers, which reflect risks at a service level, where the impacts are predominantly operational e.g. interruptions to service delivery, finance, staffing etc.

- Project Risk Registers, which set out risks specific to a project and take account of consequential impacts on other Council services.
- 7.5 In order to ensure consistency of assessment, each risk will be considered for both impact and likelihood using the assessment matrices at Appendix 1. A standard framework will be used for effective monitoring of ongoing risk mitigation, which will be based on assessing the following risk scores:
- Inherent (or uncontrolled) Risk (assessed as if no internal controls were in place to mitigate it)
 - Current Residual Risk (assessed now, giving due consideration to the existing internal control framework and how effective it is at mitigating the likelihood of the risk coming to fruition and / or its impact if it does)
 - Target Residual Risk (assessed with the view that all internal controls that could be put in place, are in place and fully effective)
- 7.6 Internal controls will be established to manage risk at a level aligned to the Council's risk appetite and with the ultimate aim of arriving at the target residual risk level. These controls will be recorded in **Ideagen** against each risk. In addition, actions will be identified and agreed on an ongoing basis, via a number of mechanisms (including via management, internal / external audit and external scrutiny bodies) which, once complete, will help to strengthen the internal control framework and reduce the gap between the current and target residual risk scores.
- 7.7 In order to maintain effective control of the Council's risks and monitor risk mitigation measures, the risk registers at all levels will be subject to regular review and reporting.
- 7.8 Maintenance of the Strategic Risk Register will be facilitated by the Performance and Improvement Team, in conjunction with the Risk Management Team, and reported:
- Quarterly to the Corporate RMSG
 - Six monthly to CET and Standards, Audit and Risk Committee, or earlier in the event of meaningful adverse movement
- 7.9 Consideration will also be given to the potential impact on the Council of partner risks, both strategically and operationally e.g., the Fife Integration Joint Board, Fife Sports, and Leisure Trust etc. Where feasible / appropriate, partner risk registers will be maintained in conjunction with the Council, using **Ideagen**. Otherwise, ongoing access to partner risk registers will be sought in order to enable effective ongoing monitoring and escalation. Where appropriate, the Council will also share relevant risk management information with its partners.
- 7.10 Risk based internal and external audits / other forms of scrutiny will be undertaken, which will determine whether internal controls are operating as effectively as they should be. Where an audit / inspection results in recommendations for improvement being made, progress towards implementation of recommendations will be monitored in line with standard working practices e.g. for internal audits, the implementation of recommendations will be monitored via the Post Audit Review process and / or delivery of a formal follow-up.
- 7.11 The RMSG is responsible for setting and reviewing the Strategy as well as monitoring its implementation by Directorates and Services. In addition to the RMSG, the CET, other relevant strategic groups (such as the Corporate Health and Safety Strategy Group), Directorates, Services and Committees actively promote the Strategy and support its delivery.

Appendix 1

Risk Matrix:

	Impact				
Likelihood	None (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	Low	Medium	High	High	High
Likely (4)	Low	Medium	Medium	High	High
Possible (3)	Insignificant	Low	Medium	Medium	High
Unlikely (2)	Insignificant	Low	Low	Medium	Medium
Remote (1)	Insignificant	Insignificant	Insignificant	Low	Low

Key:

Insignificant	Low	Medium	High
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Risk Impact Assessment Matrix:

Domain \ Impact	Description				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Political / Reputation	No / low media coverage. No / low impact on staff morale.	Local media short term. Minor impact on staff morale and / or reputation.	Local media longer term. Clear impact on staff morale and / or reputation.	National media short term. Public confidence undermined/service usage affected. Major impact on staff morale and / or reputation	National media longer term. MP / MSP / parliamentary concern. Extensive impact on staff morale and / or reputation
Economic / Financial * / Security & Equipment	Loss, theft damage <0.01% of budget.	Loss, theft damage >=0.01% to <0.05% of budget.	Loss, theft damage >=0.05% to <0.5% of budget.	Loss, theft damage >=0.5% to <1.5% of budget.	Loss, theft damage >=1.5% of budget.
Social Impact / Safety of Staff & Clients	No / low community impact. Minor injury not requiring first aid.	Highly localised community impact. Minor injury, first aid required. No staff absence necessary.	Community impact in a number of localities. Restricted repercussions for Council. Injury requiring medical treatment and / or counselling. Potential staff absence.	Community impact in a number of areas. Serious repercussions for Council. Major injury / long term incapacity / loss of limb requiring medical treatment and / or counselling. Staff absence.	Widespread community impact, serious repercussions for Council, Death / major injury leading to permanent incapacity. Loss of staff.
Technological / Business or Service Interruption	No / low interruption.	Minor interruption.	Noticeable interruption and client inconvenience.	Sustained service interruption and serious client impact – contingency plans invoked.	Permanent loss of core service / facility, significant 'knock-on' effect / inability to achieve key objectives.
Environmental	No / low environmental impact. No / low Council involvement.	Minor environmental impact. Some Council involvement, Minimal cost.	Noticeable environmental impact. Council implicated and largely responsible for clean-up, moderate cost to Council.	Major environmental impact. Council implicated and responsible for clean-up, major cost to Council.	Catastrophic environmental impact. Council solely / heavily implicated and responsible for clean-up, Catastrophic cost to Council.
Legal / Statutory Obligations	No breach of legal or statutory obligations.	Non-compliance with good practice or non-statutory guidance. Activity may incur criticism but no financial or regulatory penalty	Breach of statutory obligations. Requires report to regulatory authority. Breach is for a period of less than 2 weeks or relates to 5 or more instances Regulatory action against the Council is likely	Continuing breach of statutory obligations. Likely to be unable to defend civil proceedings. Risk of successful claims for damages against the Council. Regulatory action inevitable Operational impact	Commission of a criminal offence. Prosecution and criminal penalty. Public statement and apology.
Organisational / Staffing & Competence	No / low impact on service objectives. No or low reduction in project scope / quality / schedule. Short term low staffing / no disruption.	Minor impact on service objectives. Minor reduction in project scope / quality / schedule. Ongoing low staffing. Minor service impact. Potential for minor training related errors.	Noticeable impact on service objectives. Noticeable reduction in project scope / quality / objectives / schedule. Ongoing staffing level problems. Moderate training related errors.	Major impact on service objectives. Major reduction in ability to meet project objectives / schedule. Lack of staff. Major training related errors.	Unable to meet service objectives. Extended loss of service. Inability to meet project objectives. Serious reputational damage. Critical training related errors.

* Economic / Financial impact – It is important to consider the financial context when assessing the impact score.

Risk Likelihood Assessment Matrix:

Likelihood	Score	Description
Almost certain	5	Will undoubtedly happen, possibly frequently.
Likely	4	Will probably happen, but not a persistent issue.
Possible	3	May happen occasionally.
Unlikely	2	Not expected to happen but is possible.
Remote	1	Very unlikely this will ever happen.

RISK MANAGEMENT STRATEGY GROUP MEMBERSHIP, MEETING SCHEDULE & REMIT

Membership

The Corporate Risk Management Strategy Group (RMSG) will comprise:

- The Executive Director of Finance and Corporate Services, or appropriate depute i.e., Head of Finance.
- Service Manager, Audit & Risk Management Services
- The Risk Management Team Leader and Risk Management Co-ordinator.
- Representation from all Directorates at Head of Service level.

In the event of a nominated representative no longer being available to fulfil their role on the group, the RMSG will seek nomination of a replacement member.

The RMSG will be Chaired by the Executive Director of Finance and Corporate Services. In the event of the absence of the Executive Director of Finance and Corporate Services, the Head of Finance will act as Chair.

Meeting Schedule

- Formal meetings of the Corporate RMSG will be held on a quarterly basis.
- In the event of meeting having to be postponed, an alternative suitable date will be arranged.

Remit (High-Level)

- Provide oversight on the Council's risk management arrangements.
- Review the Risk Management Policy and Strategy in accordance with documented requirements.
- Establish, and keep under review, the Council's risk appetite.
- Receive and consider Strategic Risk Register reports from the Risk Management Team and co-ordinate the management of strategic risks, including any necessary escalation of strategic risks to CET.
- Monitor and report on the completeness of the Council's risk registers, including the Council's Strategic Risk Register and the integrity of the data within it.
- Report on key risk management activities being undertaken across the Council.
- Identify, on an ongoing basis, and highlight at group meetings the following:
 - evolving risks / risks on the horizon
 - deteriorating risks
 - overdue actions
 - weak or ineffective controls
 - other risk related matters as appropriate
- Identify, share, and promote good practice in risk management throughout the organisation.
- Help identify and scope risk management related learning and development needs and direct corresponding communications appropriately.
- Discharge governance responsibilities to ensure that compliance with mandatory learning (including target completion rates) across the Council is being actively monitored by a suitable strategic Group or Board.

GLOSSARY OF TERMS

Risk Management

Internal Control	Measure put in place to mitigate the likelihood of a risk coming to fruition and / or its impact if it does.
Inherent Risk	The level of uncontrolled risk, assessed as if no internal controls are in place to mitigate it.
Residual Risk	The level of controlled risk, assessed at the current stage of implementation of internal controls. It gives due consideration to the existing internal controls and how effective they are.
Target Risk	The level of controlled risk assessed with the view that all internal controls that could be put in place, are in place and fully effective.
Risk Treatment	Selection and implementation of appropriate options for dealing with risk.
Action	An Action is any task or activity that can be allocated to an individual and that has a deadline date for completion. Actions are identified via a number of mechanisms (including management, internal / external audit, and external scrutiny bodies), which, once complete, help to strengthen the internal control framework and reduce the gap between the current and target residual risks.
Risk Universe	Refers to all of the Council's risks.
Risk Register	An information repository that an organisation creates to document the risks it faces and the responses it is taking to address them. Risk registers exist at different levels in the Council, including strategic / corporate, operational / service and project levels.
Ideagen	The Council's preferred software solution for risk management, used by management to manage, monitor, and maintain the Council's risk registers. Also used by the Council for performance management.

Risk Type

Strategic Risk	Risks that may impact on overall delivery of Council objectives and achieving better outcomes for Fife.
Operational Risk	Risks that may impact on the day-to-day delivery of Council.
Project Risks	Risks that can impact directly on the successful delivery of individual projects.

Risk Assessment (see Appendix 1)

Risk Matrix	The Council uses a standard 5x5 Impact / Likelihood matrix to assess / score each risk.
Impact	The level of impact that will be sustained if a risk event occurs (comes to fruition), assessed on a scale of 1 - 5.
Likelihood	The likelihood of a risk event occurring assessed (coming to fruition) on a scale of 1 - 5.

RISK MANAGEMENT IMPROVEMENT PLAN

Section A – Outstanding / Ongoing Actions

Action		Priority	Responsible Group / Team(s) / Officer(s)	Target Implementation Date	Status Update / Notes (as at 16 August 2024)
2(e).	Keep formal Risk Management Strategy Group (RMSG) remit under review to ensure ongoing relevance. The third annual review is scheduled end Oct 24.	Medium	RMSG	31 Oct 2024	Not Implemented - Future date, third annual review scheduled in Service Mgr. - A&RMS calendar.
12.	<p>Develop and implement risk management procedures to support delivery of the revised Risk Management Policy & Strategy. The following to be considered as part of this exercise:</p> <ul style="list-style-type: none"> Risk Management Manual/Procedures Risk Management Maturity Model Ideagen procedures Escalation procedures How the Maturity Model can be used by Services to facilitate and demonstrate their RM improvement journeys 	Medium	Risk Mgt Team	<p>Original - 31 Dec 2022</p> <p>Revised - 30 Jun 2023</p> <p>Revised - 31 Aug 2023</p> <p>Revised - 30 Sept 2023</p> <p>Revised - 31 Dec 2023</p> <p>Revised - 30 Jun 2024</p> <p>Revised - 31 March 2025</p>	<p>Partially Implemented - Comprehensive procedures covering risk management in general and how to use Ideagen, including how to record and update risks within the system, have been finalised. The new procedures replace the Risk Management Manual and have been uploaded to the Risk Management pages on the Council's intranet. The procedures are also now attached, for ease of access, against each risk in Ideagen. Steps will now be taken to review the Risk Management Maturity Model.</p> <p>A proposed CET escalation process for existing strategic risks, utilising already established governance groups, has also been drafted. Once agreed, it will be included in the roles and responsibilities section of the RM Policy and Strategy document as well as the new risk management procedures.</p>
13(a).	Consider options and decide on a new standard approach re communicating potential risks to CET, DLTs and Elected Members in reports where decisions are	Medium	Head of Legal & Democratic Services	Original - 31 Oct 2022	Not Implemented - Initial discussions have commenced between senior officers surrounding the possibility of a working group being established to look at Integrated Impact Assessments. A

	required. E.g., incorporate into an Integrated Impact Assessment process utilising the PESTELO model.		Service Mgr - A&RMS	Revised - 31 Dec 2023 Revised - 30 Jun 2024 Revised - 31 Dec 2024	meeting, which was originally planned to take place at the end of June 2024, is due to be rescheduled to progress this work.
13(b).	Take steps to ensure that the process agreed at 13(a) is implemented and consistently applied. Guidance should be developed to assist with this.	Medium	Head of Legal & Democratic Services	Original - 31 Mar 2023 Revised - 31 Dec 2023 Revised - 30 Jun 2024	Not Implemented - See above.
14(c).	Develop, in conjunction with key stakeholders, directorate / service-level Portal dashboards within Ideagen.	Low	Risk Mgt Team P&IT	Original - 31 Mar 2023 Revised - 31 Oct 2024	Partially Implemented - Being addressed as part of the Roll Out Plan - items 15(a) and 18. Portal dashboards have been amended by the P&I Team within Communities Directorate but may be developed further. Discussions are ongoing through the Ideagen Working Group to agree portal design.
14(d).	Develop, in conjunction with key stakeholders, the format of reports to be used when extracting data from Ideagen and presenting to different audiences, including committee. How best to report risks alongside performance should be considered as part of this action.	Low	Risk Mgt Team P&I Team	Original - 31 Mar 2023 Revised - 31 Dec 2024	Partially Implemented - See above. This action has been added to the agenda for the working group meeting between Performance & Improvement and Risk Management.
15(a).	Develop a comprehensive and targeted training and awareness programme for Council officers and, as appropriate, Elected Members to include: <ul style="list-style-type: none"> Training on the use of Ideagen (Risk module) should be provided to officers throughout the Council. 	Low	Risk Mgt Team P&IT Head of HR	Original - 31 Mar 2023 Revised - 31 Dec 2023	Partially Implemented - Some training has now been delivered. Future training will continue to be delivered as part of the rollout programme and the Risk Mgt Team is working with the Digital Skills and Learning Team to develop e-learning.

	<ul style="list-style-type: none"> • Staff induction process. • An e-learning module on risk management. • Refresher training. • Intranet pages / newsletters / videos. • Existing Gallagher Bassett course. 			<p>Revised - 31 Dec 2024</p>	<p>Online group training sessions for Ideagen have been scheduled for various dates during 2024/25 and invites have been issued.</p> <p>The Gallagher Bassett 2-day training course for officers was run during August and September 2023. The need to run this again during 2024 is being considered.</p> <p>The Risk Management pages have been developed on the Council's intranet, with links to the Policy & Strategy document, procedures and relevant templates.</p> <ul style="list-style-type: none"> • The Risk Mgt Team presented at a Council-wide CPD event on 29 May on the topic of Fife Council's RM Arrangements and risk identification, assessment, and monitoring. • The Risk Mgt Team organised and attended the first Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) Risk Sub-group meeting on 26 June that Scottish Borders, East Ayrshire and West Lothian councils also attended as a forum to: <ul style="list-style-type: none"> • identify, share and promote good practice in risk management; • identify RM related learning and development needs; • assist with horizon scanning / the identification of key risks; and • benchmark strategic risk registers to assist with audit planning and peer review of our respective RM arrangements.
15(b).	Consider whether any risk management training should be mandatory for all staff / certain groups of staff and how to monitor completion rates e.g., via Oracle.	Low	RMSG	<p>Original - 31 Mar 2023</p> <p>Revised - 30 Jun 2023</p>	<p>Partially Implemented - Consideration at RMSG then recommendations to CET for final decision.</p> <p>The Service Manager - HR Workforce Strategy & Organisational Development is to include an update in her annual training report to CET, to advise that the next report is likely to include a</p>

				<p>Revised - 30 Nov 2023</p> <p>Revised - 31 Dec 2023</p> <p>Revised - 30 April 2024</p> <p>Revised - 31 March 2025</p>	<p>proposal for an optional RM awareness eLearning module for all staff and a mandatory module for any staff whose role includes risk management or whose manager identifies that they require risk management training.</p>
16.	<p>To complement existing project management processes and procedures, develop and approve a project management tool to help ensure consistency of approach regarding the requirement to develop and utilise risk registers for projects.</p>	Low	RMSG Risk Mgt Team	<p>Original - 31 Mar 2023</p> <p>Revised - 31 Dec 2024</p>	<p>Not Implemented - future date.</p>
18.	<p>Work alongside directorates / services, supporting them to develop and embed effective risk management arrangements locally.</p> <p>This will involve facilitating the development and continuous monitoring and maintenance of directorate / service-level risk registers, which will ultimately inform the Council's risk universe.</p> <p>Pilot approach within a couple of services initially, linking in with training and awareness programme at 15(a) when appropriate.</p>	Medium	Risk Mgt Team	<p>Original - 31 Mar 2023</p> <p>Revised - 31 Oct 2024</p> <p>Revised - 31 Dec 2024</p> <p>Revised - 31 March 2025</p>	<p>Partially Implemented - future date. Being addressed as part of the Roll Out Plan, that is currently planned to be completed by end of 2024/25.</p>
19.	<p>Develop Assurance Mapping arrangements and link to risk universe to formally articulate levels of assurance obtained for each risk.</p>	Low	Risk Mgt Team	<p>Original - 30 Jun 2023</p> <p>Revised - 31 Dec 2023</p> <p>Revised - 31 Dec 2024</p>	<p>Not Implemented - This process will help identify where there are assurance gaps and where there is too much assurance for a risk / group of risks (in which case, it may be possible to re-direct resource to help bridge the gaps).</p>

20.	Monitor implementation of this Improvement Plan, providing regular updates to RMSG and when / where appropriate, to CET and Standards, Audit and Risk Committee.	High	RMSG Risk Mgt Team	Ongoing. Progress is overseen by and reported to RMSG at scheduled quarterly meetings.	
21.	Develop Financial Risk Register to ensure it is aligned with Strategic Risk Register.	Low	Risk Mgt Team	Original - 31 Dec 2024	Not Implemented - New action added.
22.	Ensure that Strategic Change Ambitions e.g. "no wrong door" are reflected where appropriate in the Council's Strategic Risks.	Medium	RMSG	31 September 2024	Not Implemented - New action added

Section B – Fully Implemented Actions

Action		Priority	Responsible Group / Team(s) / Officer(s)	Target Implementation Date	Status Update / Notes (as at 16 August 2024)
1.	Establish Senior Responsible Officer (SRO) for Risk Management within the Council.	High	CET	31 Mar 2021	Fully Implemented - SRO, Executive Director of Finance and Corporate Services.
2(a).	Re-establish Risk Management Strategy Group (RMSG).	High	SRO	30 Sept 2021	Fully Implemented - inaugural meeting of the new RMSG took place on 13 Sept 2021.
2(b).	Refresh RMSG membership, identifying senior Council officers from the Council Leadership Team who will be required to attend RMSG meetings to represent their directorate / services.	High	SRO	30 Jun 2021	Fully Implemented - senior Council officers from the Council Leadership Team identified July 2021.
2(c).	Agree minimum RMSG meeting frequency and arrange for meetings to be scheduled in advance.	High	SRO	31 Mar 2022	Fully Implemented - RMSG to meet on a quarterly basis, as detailed in the Risk Management Policy & Strategy document.
2(d).	Compile formal remit for the RMSG.	High	Service Mgr - A&RMS	31 Mar 2022	Fully Implemented - Service Manager (A&RMS) / Risk Management Team Leader compiled formal remit for RMSG consideration and agreement. Agreed remit included in Policy & Strategy document.
2(e).	Keep formal RMSG remit under review to ensure ongoing relevance. First review scheduled end Oct 22, second review scheduled end Oct 23.	Medium	RMSG	31 Oct 2022	Fully Implemented - RMSG remit reviewed and updated to include responsibilities for mandatory learning.
3.	Formally articulate principal roles and responsibilities for risk management - Elected Members and Council officers.	High	Service Mgr - A&RMS	31 Mar 2022	Fully Implemented - Service Manager (A&RMS) / Risk Management Team Leader compiled roles and responsibilities for RMSG consideration and agreement. Once agreed, these were included in Policy & Strategy document.
4(a).	Review and revise Risk Management Policy & Strategy.	High	Service Mgr - A&RMS	28 Feb 2022	Fully Implemented - Service Manager (A&RMS) / Risk Management Team Leader

					revised the Policy & Strategy on 25 March 22, which was then circulated for comment to SRO / Head of Finance / CET & RMSG. CET approved the revised Policy & Strategy on 8 April 2022.
4(b).	Ensure revised Risk Management Policy & Strategy is approved by a relevant Council committee.	High	SRO	31 Mar 2022	Fully Implemented - SRO submitted revised Risk Management Policy & Strategy to the Council's Standards and Audit Committee on 19 April 2022 for approval. Approval given.
4(c).	Detail formal review programme for the Risk Management Policy & Strategy document.	High	Service Mgr - A&RMS	31 Mar 2022	Fully Implemented - formal review programme set out in the Risk Management Policy & Strategy document. At least one comprehensive formal review during each administrative term, at intervals not exceeding five years.
5(a).	Carry out a comprehensive review of the Council's Strategic Risk Register.	High	CET	31 Mar 2022	Fully Implemented - following an initial survey facilitated by Zurich on strategic risks across all directorates and a virtual workshop with the Council Leadership Team to agree, score and prioritise strategic risks and confirm 'risk owners', a revised Strategic Risk Register was created.
5(b).	Ensure the Council's revised Strategic Risk Register is approved by a relevant Council committee.	High	SRO	30 Apr 2022	Fully Implemented - SRO submitted revised Risk Management Policy & Strategy to the Council's Standards and Audit Committee on 19 April 2022 for approval. Approval given.
6.	Ensure continuous monitoring of the Council's Strategic Risk Register - utilise trigger functionality within Ideagen (formerly Pentana), including tailored email narrative, to assist with this.	High	RMSG Risk Mgt Team Perf & Imp Team	Original - 31 Aug 2022 Revised - 30 Jun 2023 Revised - 31 Dec 2023	Fully Implemented - Strategic Risk Register (SRR) is continually monitored. Trigger functionality within Ideagen is being used to assist with this. Email narrative has been added, however procedures still to be attached once finalised. The Strategic Risk Review commenced with a MS Forms survey during August 2023. Survey results were presented to RMSG at a SRR Workshop on 4 September with a view to agree risks for including in the SRR. A Draft Outline

					Strategic Risk Register was presented to RMSG at the 25 September meeting so that work to amend existing and develop new risks could commence thereafter. Working Groups were created for each risk, bringing together key officers to meet, discuss and agree risk descriptions, controls, and actions. The working group meetings commenced on 29 September and continued to 27 October 2023. The new Strategic Risk Register was developed in Ideagen and issued to RMSG for comment on 18 November 2023. It was then approved at CET 6 December and Standards, Audit and Risk Committee on 18 January 2024.
7.	Define the Council's risk appetite and incorporate into the Council's revised Risk Management Policy & Strategy document.	High	RMSG	30 Sep 2022	Fully Implemented - Risk Appetite survey issued and workshop to discuss results held with the RMSG on 26 Sept 22 to define Council's risk appetite. RMSG agreed risk management output on 5 Oct 22. Considered and agreed at CET on 2 Nov 22 and then approved by Standards, Audit & Risk Committee on 28 Nov 22. This has now been incorporated into Policy & Strategy document. Risk Appetite field has been added to Ideagen.
8.	Following Scottish local elections in May 22, provide training to Elected Members on Risk Management.	High	Service Mgr - A&RMS	Original - 31 Aug 2022 Revised - 30 Jun 2023 Revised - 30 Jun 2024	Fully Implemented - presentations on Risk Management were delivered to Elected Members on 13 June and 30 August 2022. Slide deck is available to Elected Members via the Councillor Information Hub on the Intranet. Elected Member training will be developed further under 15(a).
9.	Relevant committee Terms of Reference to be considered from a risk management perspective.	High	Head of Legal & Democratic Services Head of Finance	30 Jun 2022	Fully Implemented - Terms of Reference for the new Standards, Audit and Risk Committee compiled and presented to full Council on 9 June 2022.

10(a).	Obtain approval to create a new Risk Management officer position within the Audit & Risk Management Services establishment.	High	SRO Head of Finance	31 May 2021	Fully Implemented - new Risk Management Co-ordinator post established.
10(b).	Following approval being obtained, compile and arrange evaluation of the new job role.	High	Service Mgr - A&RMS Risk Mgt Team Leader	31 Dec 2021	Fully Implemented - new job role compiled and evaluated. Signed off 16 May 2022 at Grade 8. Change of Establishment subsequently processed.
10(c).	Recruit full time Risk Management Co-ordinator.	High	Service Mgr - A&RMS Risk Mgt Team Leader	31 Jul 2022	Fully Implemented - New Risk Management Co-ordinator in post 5 September 2022.
10(d).	Decide how best to manage key person dependency risk (Risk Management Co-ordinator post). E.g., train other members of the team and / or potentially a modern apprentice opportunity.	High	Service Mgr - A&RMS Risk Mgt Team Leader	Original - 31 Mar 2023 Revised - 30 Jun 2023	Fully Implemented - 24 July 2023. The additional resource referred to at action 11 is now in place. A new Risk & Insurance Trainee position has been established and due to be advertised shortly.
11.	Map existing risk management tasks to corresponding officers for consideration and, if appropriate, update roles and responsibilities within the revised Policy & Strategy document.	Medium	Risk Mgt Team	Original - 30 Sep 2022 Revised - 31 Aug 2023 Revised - 31 Dec 2023 Revised - 30 Jun 2024	Fully Implemented - The roles and responsibilities of both teams (Risk Management Team & Performance & Improvement Team) have been updated in the Risk Management Policy & Strategy document version 4 to reflect the resource transfer (action10d). Discussions between Risk Management and Performance & Improvement Teams regarding how Ideagen can be utilised by both teams are continuing. The Service Manager – A&RMS met with management within Communities on 18 December 2023 to discuss how both teams can work together using the same system.

					<p>A working group has since been established where both teams meet quarterly to discuss Ideagen issues.</p> <p>A joint Governance Agreement for Ideagen has also been drafted, which will help clarify roles and responsibilities. This has been shared with relevant managers for consideration / agreement.</p> <p>The shared agreement has now been signed off and quarterly working group meetings between RM and P&I teams have been scheduled</p>
14(a).	Establish system functionality capabilities within Ideagen with regards to risk registers as well as displaying and extracting risk information for presenting / reporting purposes. E.g., risk trees, dashboards, report layouts.	Medium	Risk Mgt Team P&IT	31 Dec 2022	<p>Fully Implemented - risk register folders have been created in Ideagen risk module, which improve the visibility and accessibility of risk registers for all users. Some work will be required to tidy up a few remaining risks which do not fit into registers. The standard risk report layout has been amended to include the inherent risk score, and risk matrices have been input to replace risk icons. This corrects an error caused by the risk icons. It also ensures the report is consistently aligned with guidance in the Strategy and Policy.</p>
14(b).	Check to ensure integrity of system parameters and data within Ideagen. E.g., scoring matrices.	Medium	Risk Mgt Team P&IT	<p>Original - 31 Dec 2022</p> <p>Revised - 30 Apr 2023</p> <p>Revised - 30 Sept 2023</p> <p>Revised - 31 Dec 2023</p> <p>Revised - 30 Jun 2024</p>	<p>Fully Implemented - some changes have been made to provide additional permissions to users in relation to internal control access. This should help facilitate risk updates. Guidance on scoring will be implemented following RMSG agreement of revised PESTELO Matrix at 16 May RMSG.</p> <p>Guidance to be agreed and circulated.</p> <p>P&I Team has produced an Ideagen User Guide and Risk Procedures have been incorporated into this guide.</p>

14(e).	Ensure the new Risk Management Co-ordinator becomes an expert on Ideagen.	High	Risk Mgt Team Leader	31 Dec 2022	Fully Implemented - Individual appointed to the role of Risk Management Co-ordinator has detailed knowledge of Ideagen.
17.	In line with the revised Policy & Strategy, ensure Risk Management is a regular item on directorate / service management team meetings.	Medium	RMSG Risk Mgt Team Perf & Imp Team	Original - 31 Dec 2022 Revised - 30 Jun 2023 Revised - 30 June 2024	Fully Implemented - All Directorates except Education and Children Services have confirmed that they have added Risk Management as a standing agenda item at management team meetings. Children Services will be discussed as part of Communities Management Team and Education in the interim will be incorporated to Finance & Corporate Services Management Team pending recruitment of an Education Executive Director. Once in place action to be taken to have this item added to the relevant agendas.

Risk Management Rollout Plan as of 19 August 2024.

Title		Overall Progress on Rollout Plan		
Rollout Plan - Service Risk Register Reviews		50%		
Directorate	Service Area	Due Date	Review Progress	Latest Note/Update
Finance & Corporate Services	Finance	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Audit & Risk Management	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Fife Pension Fund	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Assessors	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Revenue & Commercial Services	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	BTS	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Human Resources	31 March 2024	100%	Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers added 18/6/24.
Finance & Corporate Services	Legal & Democratic Services	31 December 2024 (was 31 March 2024)	0%	Original Due Date has been updated as work was delayed due to work pressures including the UK Parliamentary election.
Communities	Community and Corporate Development	30 November 2024 (was 30 June 2024)	5%	Original Due date has been updated due to slippage absences. Initial contact has been made with Emergency Resilience Manager to pick up risk identification.
Communities	Housing Services	30 November 2024 (was 30 June 2024)	5%	Original Due date has been updated due to slippage. Meetings held with all Service Managers and risk identification work in progress.

Directorate	Service Area	Due Date	Review Progress	Latest Note/Update
Communities	Customer and Online Services	31 December 2024 (was 30 June 2024)	5%	Original Due date has been updated due to slippage. Initial meeting held with Head of Customer and Online Services. Meeting scheduled for 18 September for Service Managers to look at risk identification.
Communities	Children and Families and Criminal Justice Services	31 December 2024	0%	Initial meeting to be scheduled. Review date was scheduled prior to Service transferring to Communities Directorate.
Place	Environment & Building Services	30 September 2024	50%	Risks and risk descriptions agreed with Head of Environment and Building Services and meeting to score controls and risks scheduled for 13/8/24.
Place	Roads & Transportation	30 September 2024	5%	Initial meeting scheduled for 11/9/24.
Place	Facilities Management	30 September 2024	50%	Risk descriptions agreed 23/07/24 and meeting scheduled for 20/08/24 to agree controls and score.
Place	Property Services	30 September 2024	50%	Risks identified and documented. Work on identifying controls and scoring requires to be scheduled. To be progressed with Lead Officer PLC Programme Office.
Place	Bereavement Services	30 September 2024	80%	Risks and internal controls have been identified and risks scored. Training has been scheduled for key officers and triggers are to be added to risks
Place	Planning Service	30 September 2024	80%	Risks and internal controls have been identified and risks scored Training has been scheduled for key officer and triggers are to be added to risk register.
Place	Protective Services	30 September 2024	100%	Four further training sessions arranged and open to all staff with a risk updater role. Comprehensive risk procedures have been added to the 'Documents' section for each risk in Ideagen. The Risk procedure incorporates a section on risk reassessment to facilitate the review of risks. Triggers were added to risks 01/8/24.
Place	Business & Employability	30 September 2024	0%	Initial meetings are being scheduled.
Education	Education Services	31 March 2025 (was December 2024)	0%	A meeting to discuss progressing the review was held; and it was agreed that the Directorate would refresh their Service plans before proceeding with the risk review. Service plans are not yet complete so after further discussions, the original Due Date has been updated to allow the Directorate to finalise their service plans, then the risk identification process will be scheduled.

30 September 2024

Agenda Item No. 8

National Fraud Initiative (NFI) in Scotland

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

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a copy of Audit Scotland's national report on the 2022/23 National Fraud Initiative (NFI) exercise, and an update on local planning and preparations for the 2024/25 NFI exercise.

Recommendation(s)

The committee is asked to:

1. note Audit Scotland's national report summarising the outcomes from the 2022/23 NFI exercise, published August 2024 at Appendix A;
2. note progress towards planning and preparations for the 2024/25 NFI exercise; and
3. review the completed NFI Self-Appraisal Checklist, for those charged with governance, at Appendix B.

Resource Implications

The NFI exercise is planned and delivered utilising existing corporate resources.

Legal & Risk Implications

Participation in the NFI exercise is mandatory.

Impact Assessment

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

Consultation

No consultation required.

1.0 Background

- 1.1 The NFI is a biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies detect fraud and error. Computerised techniques are utilised to compare electronic data held by those bodies and identify data matches, which may, following further examination, uncover fraud or error. In Scotland, over 100 public bodies participate in the NFI exercise, which is led by Audit Scotland. Participation is mandatory for Fife Council.
- 1.2 The Senior Responsible Officer for the NFI exercise in the Council is the Executive Director of Finance and Corporate Services, and the Key Contacts work within the Council's Corporate Fraud Team (CFT), reporting operationally to the Service Manager - Audit and Risk Management Services. Key Contact responsibilities include:
- fulfilling the organisation's privacy notice requirements (in conjunction with the organisation's Data Protection Officer or equivalent)
 - ensuring that the data formats guidance and data specifications are followed
 - nominating, along with services, appropriate users to upload data submissions, investigate the matches and act as the point of contact for other bodies about a match (preferred dataset contact)
 - co-ordinating and monitoring the overall exercise
 - ensuring that outcomes from the investigation of matches are recorded on the web application promptly and accurately
- 1.3 The main data match areas for the 2022/23 NFI exercise, highlighted in the report, were as follows:
- Payroll
 - Creditor payments
 - Council Tax (Single Person Discounts and Reduction Scheme reliefs)
 - Pensions
 - Housing Benefit
 - Housing Tenancy and Waiting Lists
 - Blue Badges
 - Adult Concessionary Bus Travel
- 1.4 Initial matches were made available to participating bodies, including the Council, for investigation in January 2023. Whilst local reports on Council specific progress and outcomes are submitted periodically to the Standards, Audit and Risk Committee, Audit Scotland publishes a national report following each biennial NFI exercise which summarises key messages and national outcomes recorded.

2.0 Audit Scotland National Report

- 2.1 The most recent national report, published in August 2024, which covers the 2022/23 NFI exercise, summarises key messages and national outcomes recorded for all participating public bodies since the last report was issued in August 2022. The report is attached for noting at Appendix A.
- 2.2 The national report states that the 2022/23 NFI exercise identified overall outcomes (including notional outcomes and forward savings estimates) valued at £21.5m in Scotland, an increase of £6.6m from the previous exercise. The reasons behind the increase are detailed in the report.
- 2.3 Page 4 of the national report outlines 3 recommendations for improvement for all participating bodies. These relate to participating bodies ensuring that an appropriate level of resource is

available to deliver NFI follow-up activities in an efficient and effective manner, in line with local priorities; putting in place arrangements for monitoring follow-up activity, and where it is necessary, seeking to understand reasons for low or nil outcomes; and using the updated NFI Self-Appraisal Checklist as part of planning for the 2024/25 NFI exercise.

- 2.4 The updated Self-Appraisal Checklist has been completed by officers in respect of the 2024/25 NFI exercise and Part A, for those charged with governance, is attached at Appendix B. The purpose of the checklist is to assist Standards, Audit & Risk Committee with reviewing, seeking assurance over or challenging the effectiveness of the Council's participation in the NFI.

3.0 2024/25 NFI Exercise

- 3.1 The next biennial NFI exercise commences this year. The Council has received instructions from the Cabinet Office, via the Audit Scotland NFI Team, surrounding how it should prepare for the 2024/25 NFI exercise and steps have been taken to plan for the extraction of required data sets in line with the detailed specifications and timetable.
- 3.2 The data sets will be uploaded to the NFI Website in line with the National Fraud Initiative in Scotland 2024/25 - Instructions for Participants, commencing 1 October 2024. Data matches will be made available to the Council for investigation from 20 December 2024. Training on how to deal with the data matches, along with responsibilities, investigation procedures and how to record outcomes on the NFI Website will be delivered in the meantime, by the CFT.

4.0 Conclusions

- 4.1 Audit Scotland publishes a national report following conclusion of each biennial NFI exercise, summarising corresponding key messages and national outcomes recorded. The most recent report, which relates to the 2022/23 NFI exercise, was published in August 2024.
- 4.2 The next biennial NFI exercise commences this year and steps have been taken to plan for the extraction of required data sets in line with the detailed specifications and timetable. The data sets will be uploaded to the NFI Website, as required, commencing 1 October 2024.
- 4.3 Part A of the NFI Self-Appraisal Checklist, for those charged with governance, has been completed by officers and is attached at Appendix B for review.

List of Appendices

- A. The National Fraud Initiative in Scotland 2024
- B. NFI Self-Appraisal Checklist - August 2024 (Part A)

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The National Fraud Initiative in Scotland 2024



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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of:
Tim Bridle, under the direction of Cornelius Chikwama.

Key messages

- 1** Fraud against the public sector costs the taxpayer money and can undermine both confidence in government and the delivery of public services. The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from Covid-19 and to deal with the impact of the cost-of-living crisis.
 - 2** NFI savings and outcomes have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23, with increases across most data match areas. However, savings from council tax single person discounts are slightly reduced and additional outcomes in some areas are attributable to changes in estimation methodologies. Overall, it is not clear whether underlying levels of fraud have increased since 2020/21.
 - 3** NFI governance and follow-up arrangements remained sound for most participating bodies over the period covered by the 2022/23 exercise. However, when compared to previous exercises, fewer bodies have been assessed by their auditors as having fully satisfactory arrangements, and there remains scope for some bodies to follow up on data matches more effectively.
-

Recommendations

Participating bodies should:

- Ensure that an appropriate level of resource is available to deliver NFI follow-up activities in an efficient and effective manner, in line with local priorities.
- Use the NFI Self-Appraisal Checklist as part of planning for the 2024/25 exercise.
- Put in place arrangements for monitoring follow-up activity, and where it is necessary seek to understand reasons for low or nil outcomes.

1. Introduction

The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

1. Fraud against the public sector costs the taxpayer and can undermine both confidence in government and the delivery of public services. The National Fraud Initiative (NFI) is a proactive data matching exercise designed to identify and prevent fraud. It remains vitally important during a time of ongoing financial pressure as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

2. The Public Sector Fraud Authority (PSFA) oversees the NFI across the UK, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and their external auditors. The NFI takes place every two years, and this report considers the outcomes from the 2022/23 exercise.

Statutory basis for NFI

3. We carry out the NFI under powers introduced by the Criminal Justice and Licensing (Scotland) Act 2010 and incorporated in [Part 2A of the Public Finance and Accountability \(Scotland\) Act 2000](#). It is important for all parties involved that this exercise is properly controlled, and that data is handled in accordance with the law. The Audit Scotland [Code of Data Matching Practice](#) includes a summary of the key legislation and controls governing the NFI data matching exercise.

Participating bodies

4. In 2022/23, 110 public sector bodies in Scotland participated in the NFI, submitting data and following up on matches. The Scottish Government also submitted data for another 17 central government bodies who share their systems for payroll and/or creditors. Many councils also submit payroll data for their Arm's-Length External Organisations (ALEOs). Across the UK there are over 1,100 participating bodies and data matching takes place across them all.

Main data match areas in 2022/23

5. The main data match areas for the 2022/23 NFI exercise were:

- Payroll
- Creditor payments
- Council Tax (Single Person Discounts and Reduction Scheme reliefs)
- Pensions
- Housing Benefit
- Housing Tenancy and waiting lists
- Blue Badges (disabled parking)
- Adult concessionary bus travel (new in 2022/23 exercise).

6. The 2022/23 NFI exercise matched new data from His Majesty's Revenue and Customs (HMRC) using powers under the Digital Economy Act (2017).

7. Non-Domestic Rates Small Business Bonus Scheme (NDR SBBS) matching was postponed for the 2022/23 exercise due to the national NDR revaluation exercise in 2023. Results will be reported as part of the 2024/25 exercise.

Basis for reported outcomes

8. All monetary outcomes included in this report are on a cash basis, prior year totals have not been adjusted to reflect inflation or changes in estimation methodologies since amounts were originally reported. Details of estimate methodologies used can be found at [Appendix](#).

2. Overall outcomes

Overall outcomes from the NFI have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23.

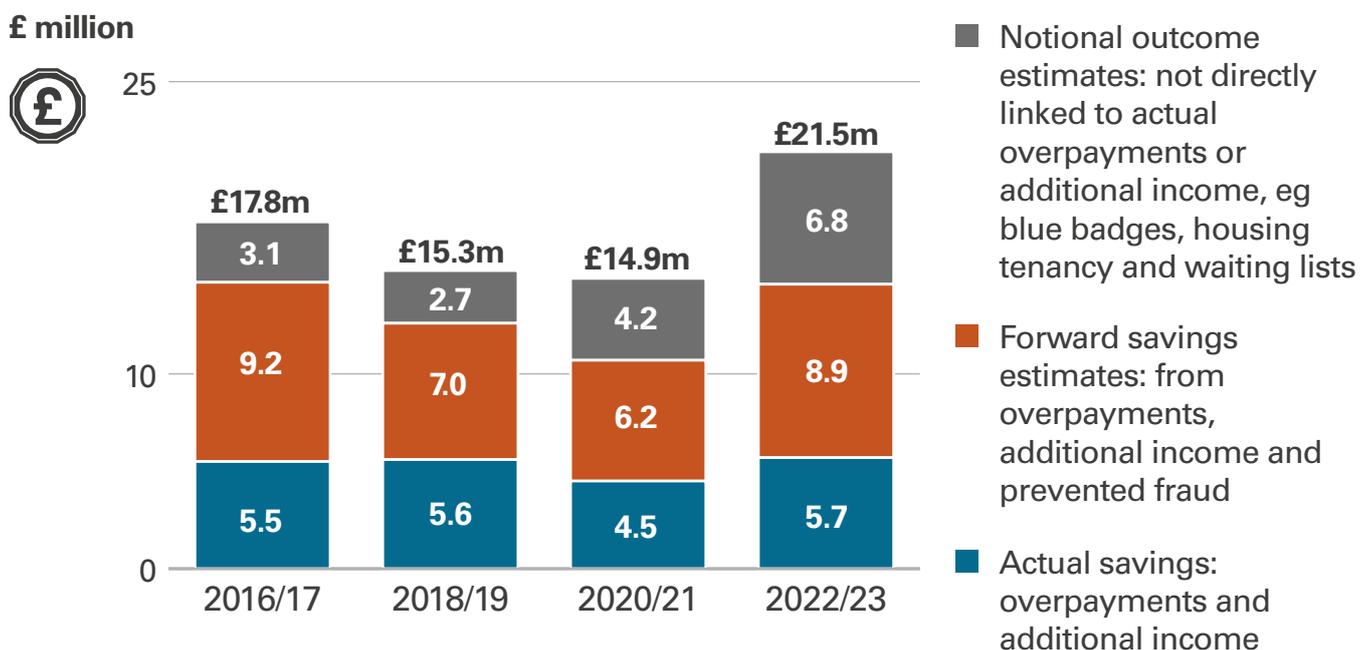
Overall outcomes by type

9. The value of outcomes from the NFI, recorded since our last report, total £21.5 million (up from the £14.9 million in 2022). The cumulative value of outcomes from the NFI in Scotland since participation started in 2006/07 now stands at around £180 million. [Exhibit 1](#) shows NFI outcomes by type for 2022/23 and the previous three exercises.

Exhibit 1.

NFI outcomes by exercise and type, 2016/17 to 2022/23

Reported outcomes have increased to £21.5 million in 2022/23.



Source: Audit Scotland analysis of NFI outcomes

10. Increased outcomes reported in 2022/23 partly reflect improvement in recording of results as bodies continue to recover from Covid-19. There have also been changes to estimation methodologies which contribute to higher outcomes in some areas (details of methodologies can be found in the [Appendix](#)). It is not possible to extrapolate from these figures that underlying levels of fraud have increased.

Outcomes by data match area

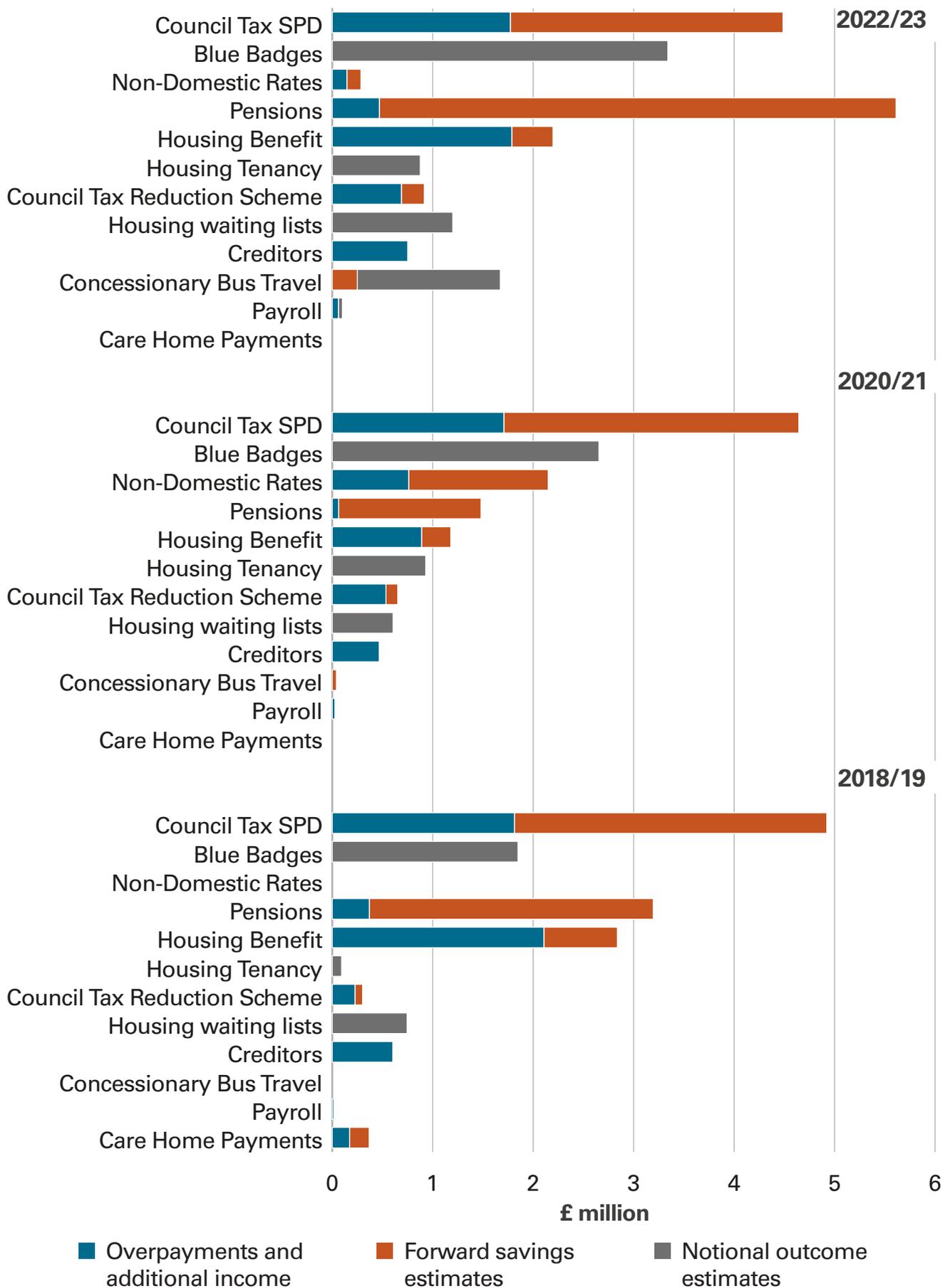
11. Most monetary outcomes from the NFI accrue to councils, the Scottish Public Pensions Agency and the Department for Work and Pensions (DWP) in the form of savings arising from council tax, pensions and housing benefits matches.

12. Many participating bodies only submit payroll and creditors datasets for matching, and this limits the monetary outcomes available to them. However, overpayments associated with duplicate creditor payments and payroll matches are not insignificant. NFI outcomes analysed by main data match area, are shown for the last three exercises in [Exhibit 2 \(page 9\)](#).

Exhibit 2.

NFI outcomes by area and exercise

Most savings arise from Council Tax, Pensions and Housing Benefits matches.



Notes:

1. Non-Domestic Rates Small Business Bonus Scheme data was first submitted for the 2020/21 exercise but did not form part of the 2022/23 exercise due to the revaluation exercise taking place in 2023.
2. Care home payments have not been matched since 2018/19 due to legislative constraints.
3. Adult concessionary bus travel was a pilot exercise in 2020/21 and has been mainstreamed in 2022/23.

Source: Audit Scotland analysis of NFI outcomes

Wider benefits of NFI

13. The NFI also delivers benefits which are more difficult to quantify. These include its fraud deterrent effect and the financial governance assurance it provides to bodies where no issues are identified ([Exhibit 3](#)).

Exhibit 3. Non-monetary benefits of NFI



Acts as a deterrent to potential fraudsters



Can provide assurance that systems are operating well



Can identify where system improvements are required

Source: Audit Scotland

3. NFI delivery

NFI governance and follow-up arrangements remain sound for most participating bodies. However, when compared to previous exercises, appointed auditors assessed fewer bodies as having fully satisfactory arrangements.

Auditor assessments

14. NFI governance and follow-up arrangements remain sound for most of the 110 bodies in Scotland that participated in the 2022/23 exercise. However, several bodies have struggled with delivery and there remains some scope for improvement.

15. We asked auditors to assess participating body NFI arrangements, and rate them as Green (satisfactory), Amber (mostly adequate) or Red (unsatisfactory). Auditor returns for 2022/23 included an increased number of amber and red ratings [Exhibit 4 \(page 12\)](#).

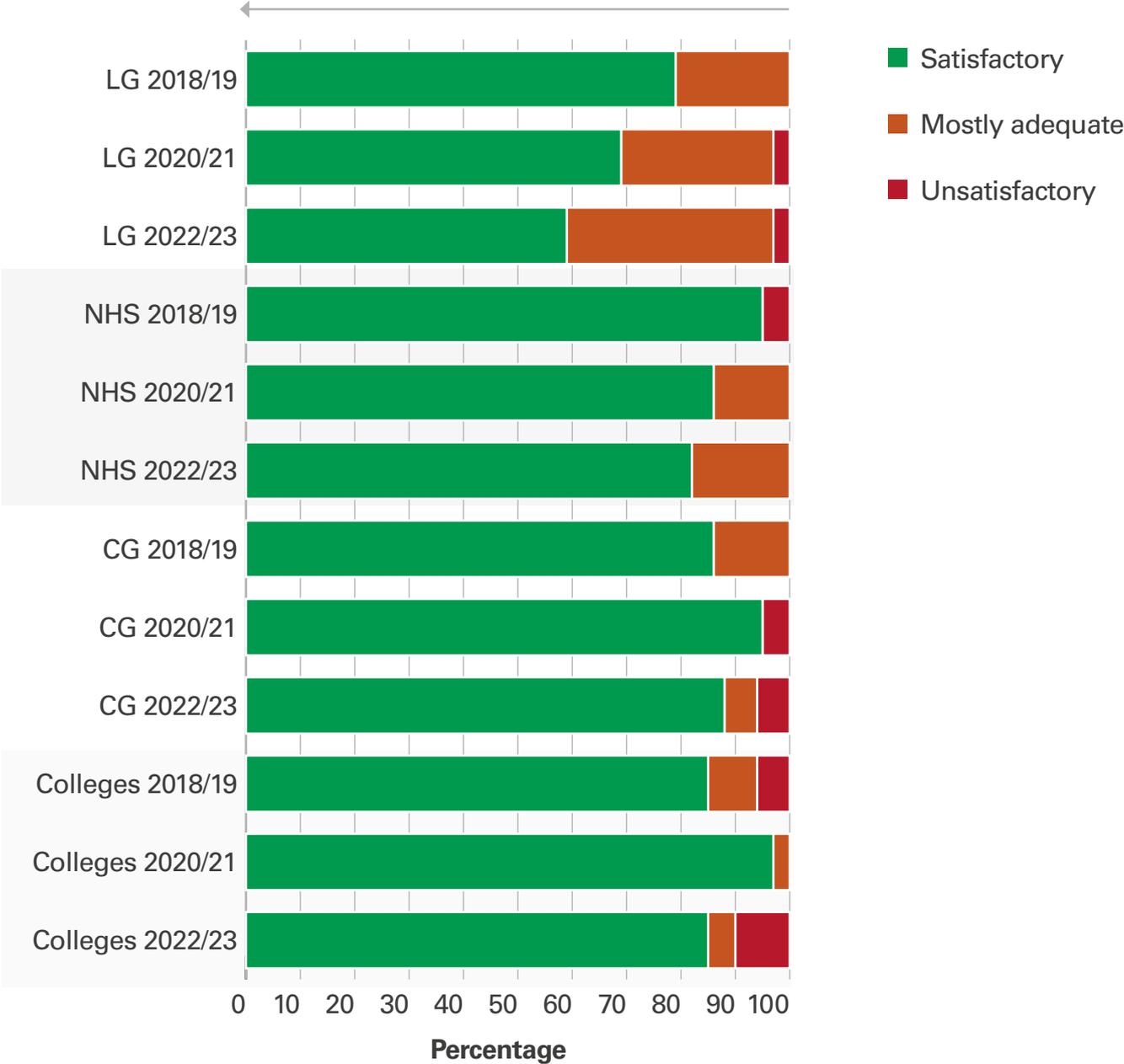
16. In most cases amber or red assessments reflect deficiencies with follow-up activity. Participating bodies routinely cited the lack of adequate resources as the main reason for delay or lack of progress with follow-up activity.

17. Our NFI Self-Appraisal Checklist includes requirements for participating bodies to consider Leadership, Commitment and Communication. The checklist also asks NFI key contacts and users to consider potential improvements to the efficiency and effectiveness of follow-up activity. The checklist can be found on our Counter Fraud [webpage](#) and has been updated for the 2024/25 exercise.

Exhibit 4.

Auditor assessments of NFI delivery arrangements

More bodies received amber and red assessments in 2022/23.



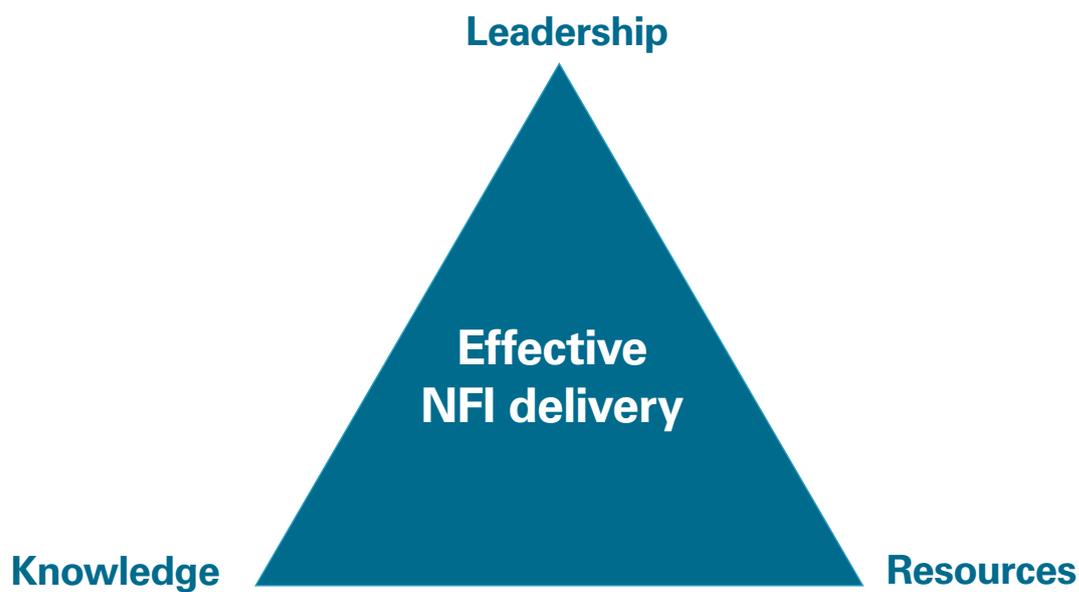
Source: Audit Scotland analysis of Auditor Returns

18. Exhibit 5 shows the main determinants of successful NFI delivery that participating bodies should be focusing on to strengthen their arrangements.

Exhibit 5.

NFI participation – main determinants of success

Successful delivery of NFI requires a clear commitment to a well-thought-out approach that optimises the use of available resources to follow up matches appropriately.



Source: Audit Scotland

19. Audit Scotland will continue to work with bodies to support effective and efficient delivery of NFI through its ongoing engagement activities.

4. Specific match areas

NFI outcomes have increased in most data match areas in 2022/23. However, savings from council tax single person discounts decreased slightly, and increases in some areas are partly due to changes in estimation methodologies.

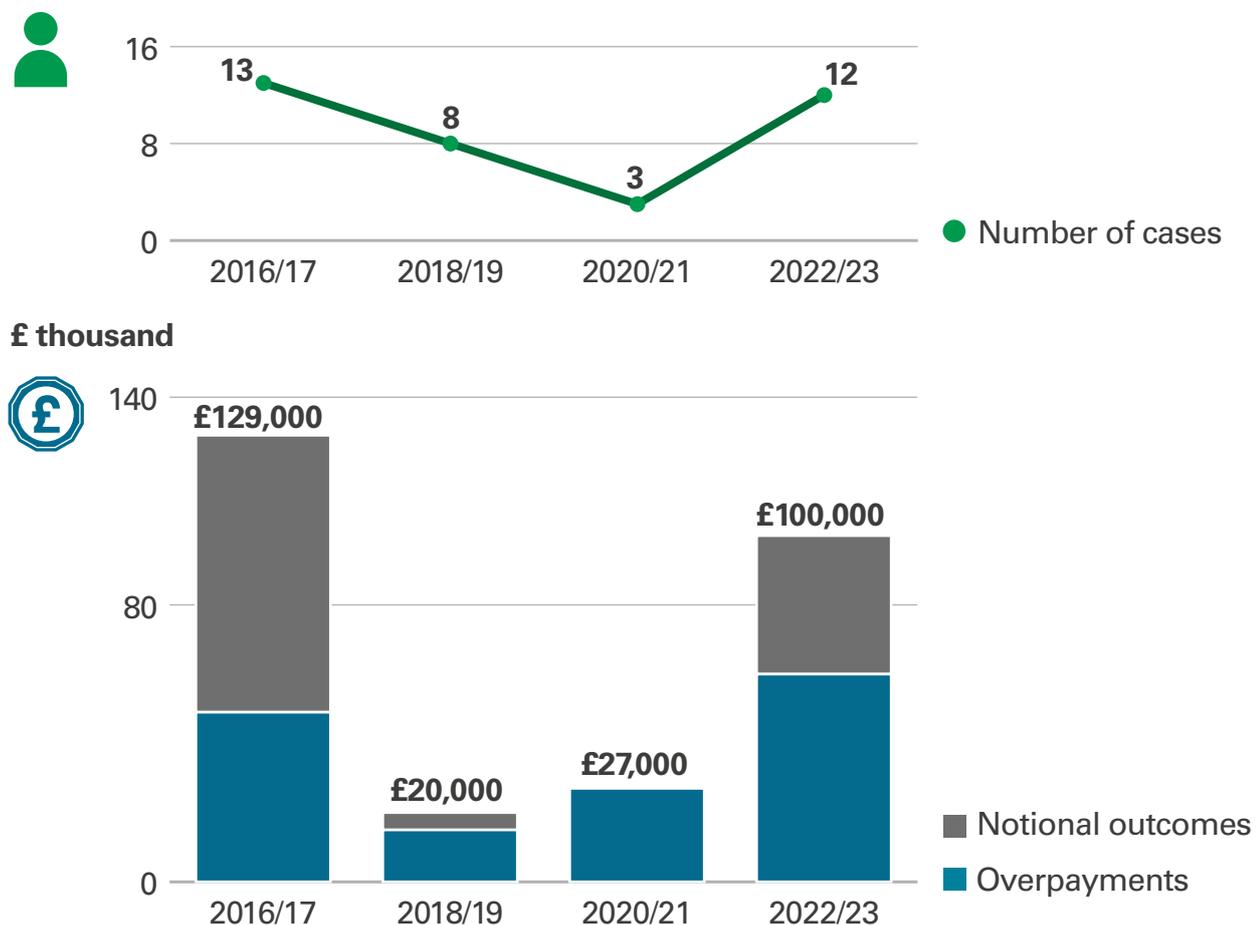
Payroll

20. The number of payroll and multi-contract working frauds identified as a result of the NFI has increased. There were 12 cases identified in 2022/23. This is the highest number since 2016/17, which is the last exercise for which immigration data was matched. Overpayments and case numbers for the 2022/23 exercise are shown alongside those for the three previous exercises at [Exhibit 6](#).

Exhibit 6.

Payroll outcomes and case numbers by NFI exercise

There has been an increase in the level of identified fraud in 2022/23.



Note. Notional outcomes of £5,685 per case are allocated where staff resign or have been dismissed ([Appendix](#)).

Source: NFI management information

Creditor payments

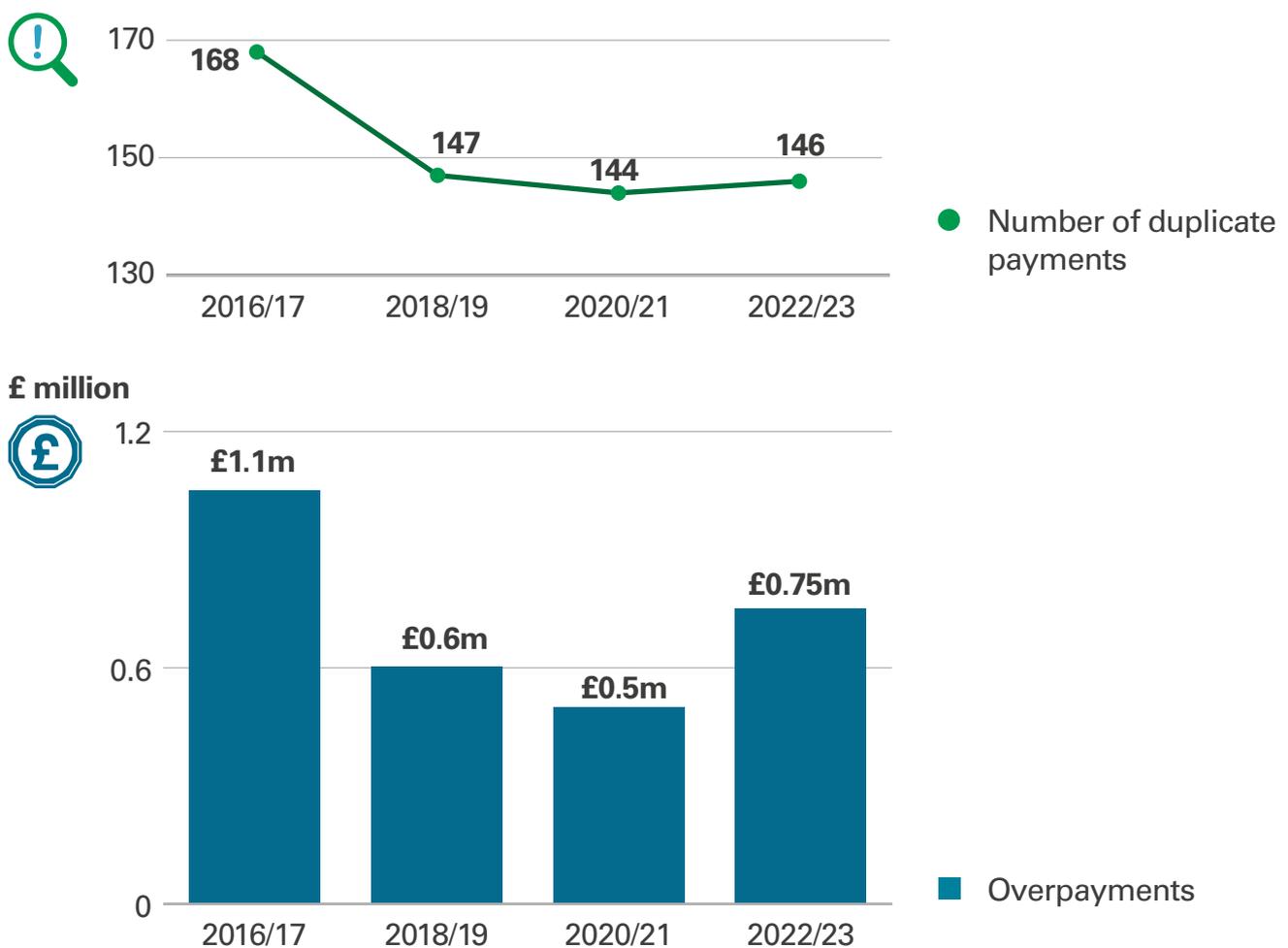
21. Participating bodies submit details of payments made to people or organisations supplying them with goods and services. Data is matched by the NFI to identify potential duplicate payments. Bodies identifying duplicate payments often refresh procedures and tighten controls to reduce future risk.

22. In 2022/23 outcomes worth £0.75 million were identified from 146 duplicate payments across 31 bodies. This is broadly in line with previous exercises as shown in [Exhibit 7](#).

Exhibit 7.

Duplicate creditor payment savings and case numbers by NFI exercise

£0.75 million of recoverable duplicate creditor payments was identified in 2022/23.



Source: NFI management information

Adult Concessionary Bus Travel

23. Following a successful pilot exercise in 2020/21, adult concessionary bus travel mortality screening was rolled out to councils in 2023. The National Entitlement Card Project Office, working in partnership with councils, submitted details of all live travel passes for matching.

24. The NFI identified 99,600 travel passes that belonged to holders who had died. Transport Scotland was able to check usage of these passes and identified that 1,075 had been used after the date of death.

25. The full fare value of fraudulent bus trips associated with these passes amounted to £0.31 million, with a cost to Transport Scotland of around £0.18 million, based on the applicable reimbursement rates to bus companies.

26. The cancellation of these passes will prevent future fraudulent use with an estimated value of £0.45 million (based on £420 per travel pass used fraudulently, see [Appendix \(page 26\)](#)). The resultant saving to Transport Scotland is estimated at around £0.25 million based on current reimbursement rates.¹

Council Tax Single Person Discounts

27. People living on their own, or in some cases with adults who can be 'disregarded', are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill. The NFI matches SPD recipients to the electoral register and to other datasets to identify where other adult residents have not been declared on applications, have subsequently turned 18 or have moved in.

28. Councils withdrew £1.8 million worth of SPDs because of the NFI. The additional income, based on a forward projection of annual savings for two years, in line with the Cabinet Office methodology, equates to an additional £2.7 million. These amounts are shown together and alongside savings for the previous three exercises in [Exhibit 8 \(page 17\)](#).

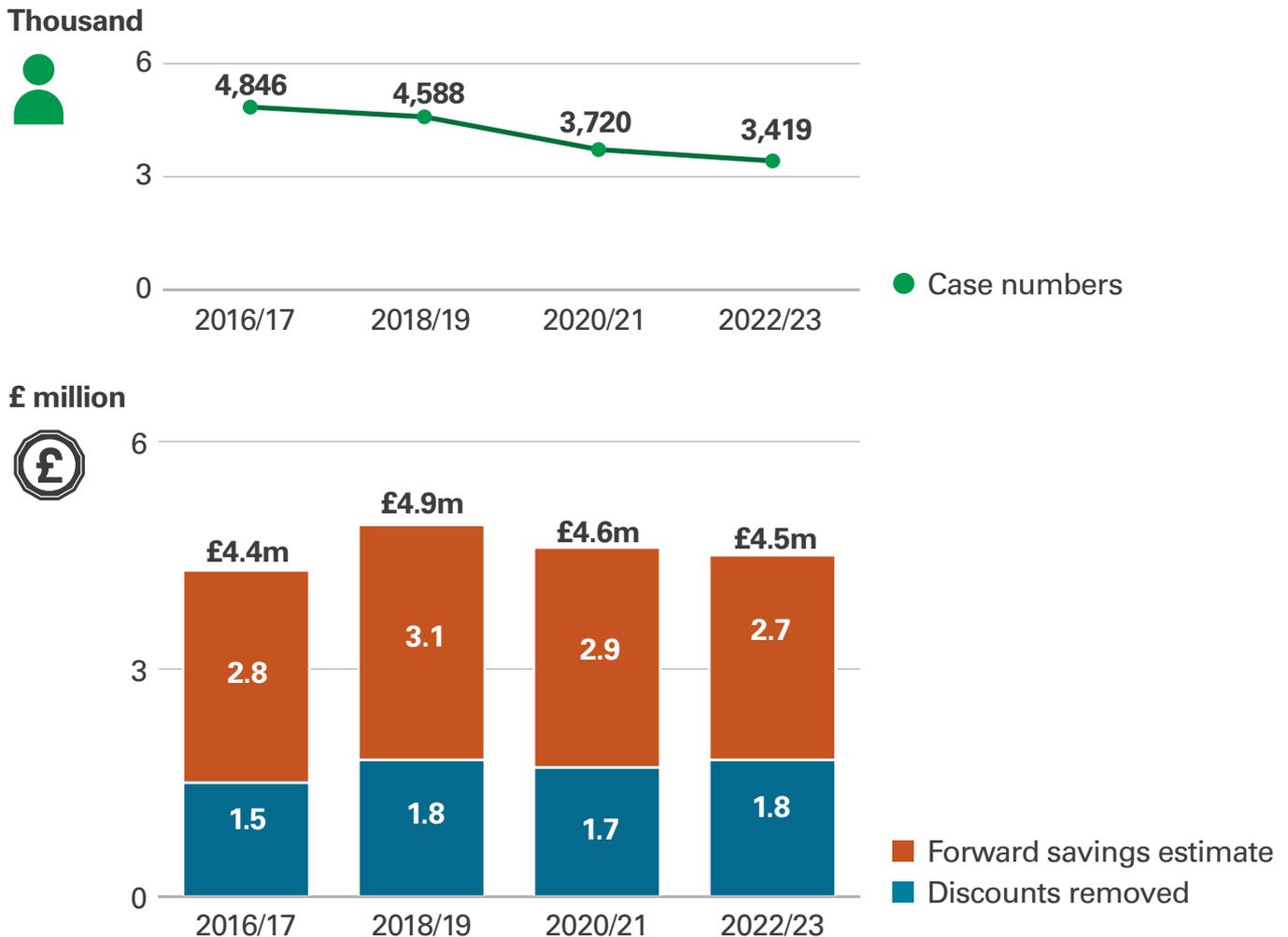
29. Only 19 councils recorded NFI activity in relation to SPDs, as more councils are now making use of third party providers for data matching and follow-up. Seven councils using third-party providers now record no NFI outcomes (an increase of two from the previous exercise).

¹ Total outcomes for this area ([Exhibit 2](#)) includes a notional amount of £0.91 million relating to the pilot exercise in 2020/21 (based on the Cabinet Office methodology at the time which applied £550 to each travel pass cancelled).

Exhibit 8.

Council Tax SPD savings and case numbers by NFI exercise

Case numbers and savings from single person discounts decreased in 2022/23.



Source: NFI management information

Council Tax Reduction Scheme (CTRS)

30. Council tax reduction is available to low-income households in Scotland. The NFI matches CTRS data to other datasets, such as payroll and pensions, for example, to identify undeclared income.

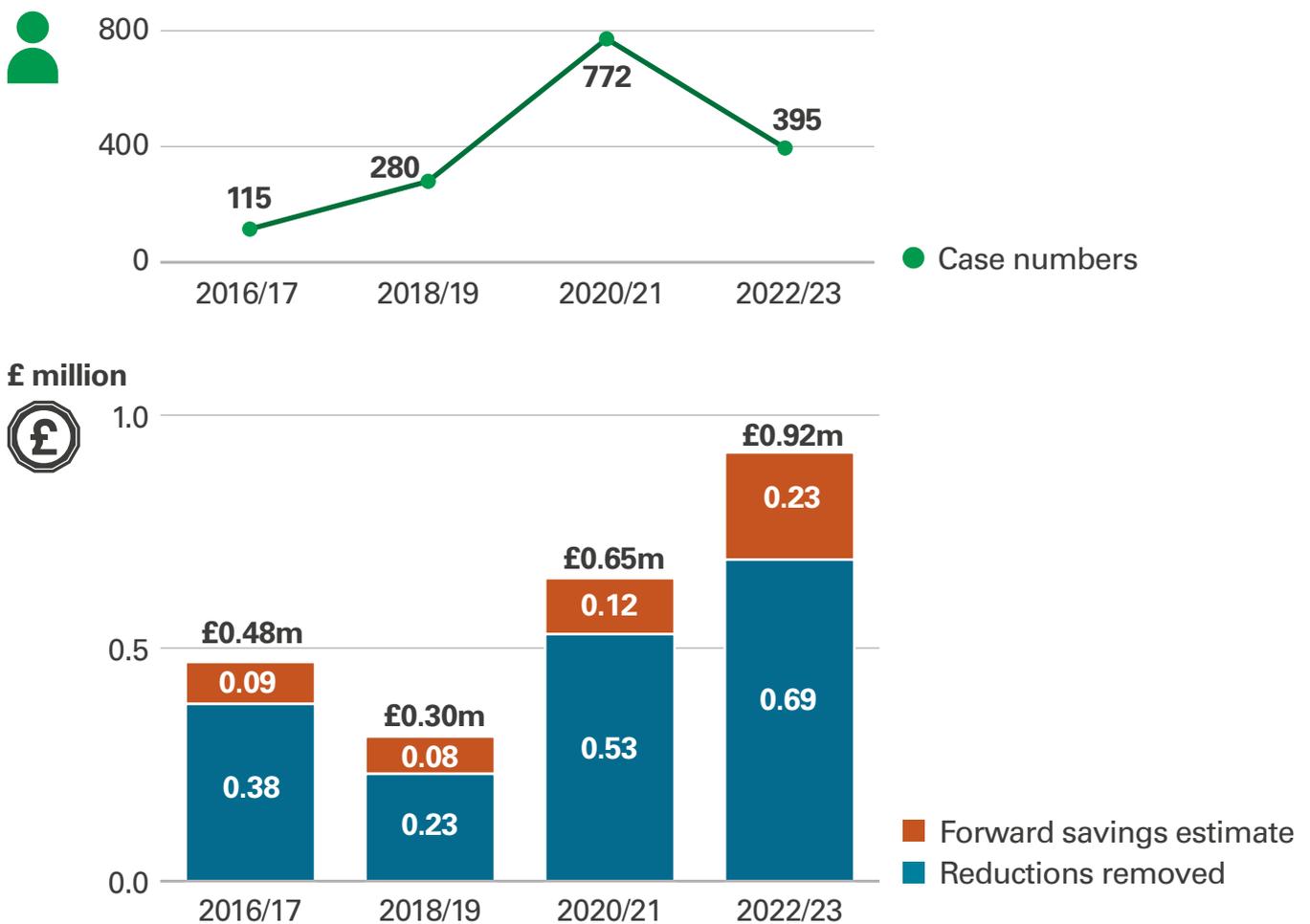
31. In 2022/23, additional council tax income of £0.92 million was identified because of follow-up on NFI matches (up from £0.65 million in 2020/21). Savings and case numbers are shown alongside those from the previous three NFI exercises in [Exhibit 9 \(page 18\)](#).

32. Actual additional income from the removal of council tax reductions has increased, as have forward savings estimates. The forward savings estimate methodology has, however, changed with savings now based on 33 weeks, compared to the 21 weeks previously used.

Exhibit 9.

Council Tax Reduction Scheme savings and case numbers by NFI exercise

Total potential savings from CTRS have increased to £0.92 million in 2022/23.



Source: NFI management information

33. Only 18 councils identified savings from CTRS, with most savings arising from matches to pensions (around 40 per cent) and payroll (around 30 per cent), where income had not been declared.

Housing Benefits

34. Housing benefits (HB) help people on low incomes pay their rent. HBs in payment continues to decrease as more benefit recipients move on to universal credit.

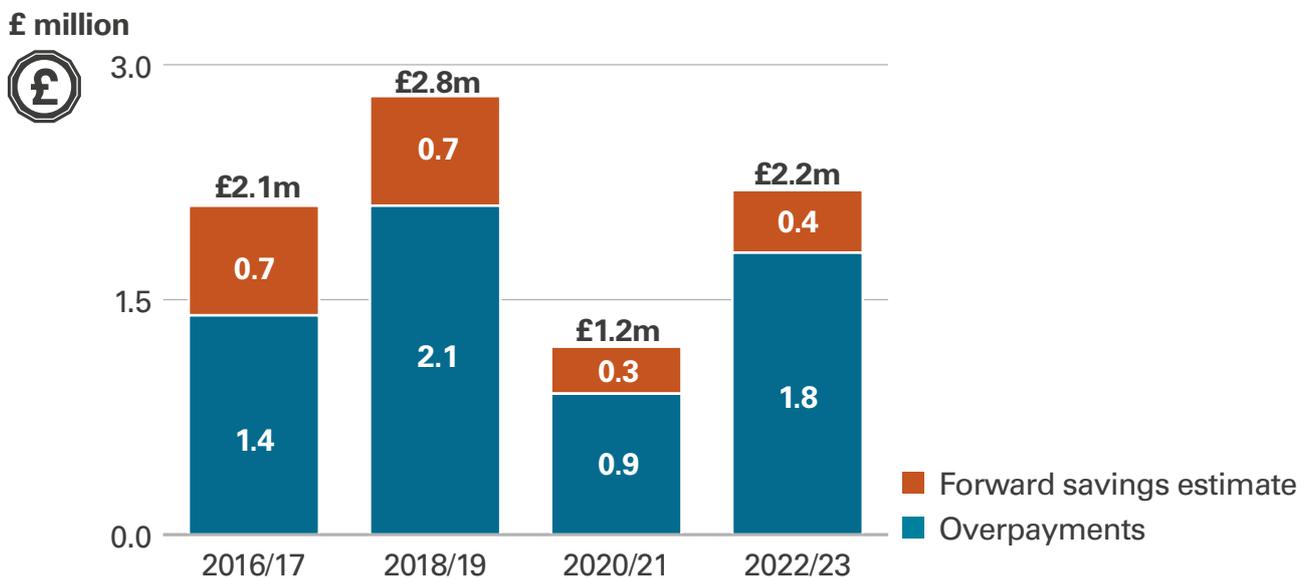
35. The DWP's Verify Earnings and Pensions alerts service has also impacted HB savings from NFI as alerts are sent directly to councils for investigation, allowing them to follow up outside the NFI process. We no longer match HB to payroll and pension as part of the NFI.

36. There has, however, been an increase in reported savings in 2022/23 due to the inclusion of late DWP savings from the 2020/21 exercise which was affected by Covid-19. [Exhibit 10](#) shows the HB overpayments and forward savings reported for the current and previous three NFI exercises.

Exhibit 10.

Housing Benefit savings by NFI exercise

2022/23 includes significant late DWP savings from the 2020/21 exercise.



Source: NFI management information

37. HB matches involving suspected fraud are referred to the DWP for investigation and resultant savings are not attributed back to councils. In 2022/23 almost £2 million of savings arose from these referrals. £0.2 million of savings was identified locally by 17 councils, largely from the follow-up of matches to student loans.

Pensions

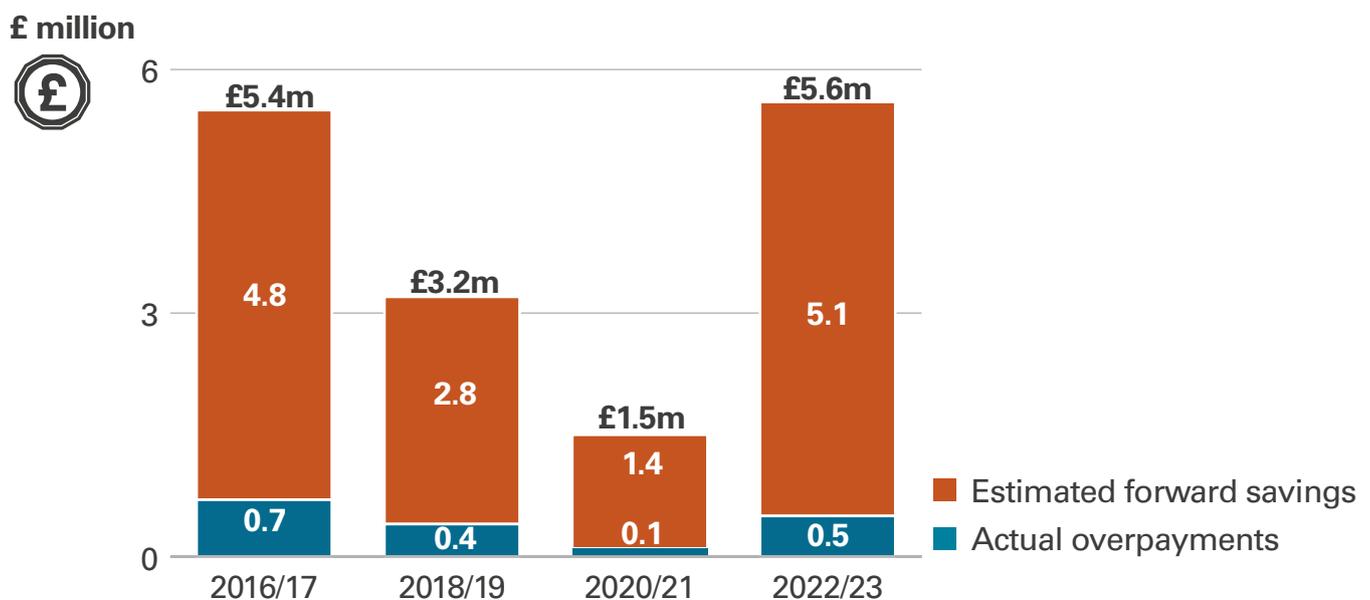
38. The NFI is an efficient and effective way for the Scottish Public Pensions Agency (SPPA) and councils that administer pensions to check that they are only paying pensions to people who are alive.

39. The follow-up of matches has led to the identification of actual overpayments of £0.5 million as at 31 March 2024, with projected forward savings amounting to a further £5.1 million. These savings are shown along with those reported for previous exercises in [Exhibit 11](#).

Exhibit 11.

Pensions savings by NFI exercise

Follow-up activity and recording of outcomes in 2020/21 was impacted by Covid 19.



Source: NFI management information

40. Forward savings are estimated based on a potential payment period from the date overpayments are identified until the date the deceased pensioner would have reached the age of 85 (consistent with actuarial assumptions used to value public sector pension schemes).

41. In 2022/23 we have seen improved follow-up of pensions matches. However, not all overpayments identified had been recorded by 31 March 2024. Late savings will be reported as part of the 2024/25 exercise as a result.

Blue Badges

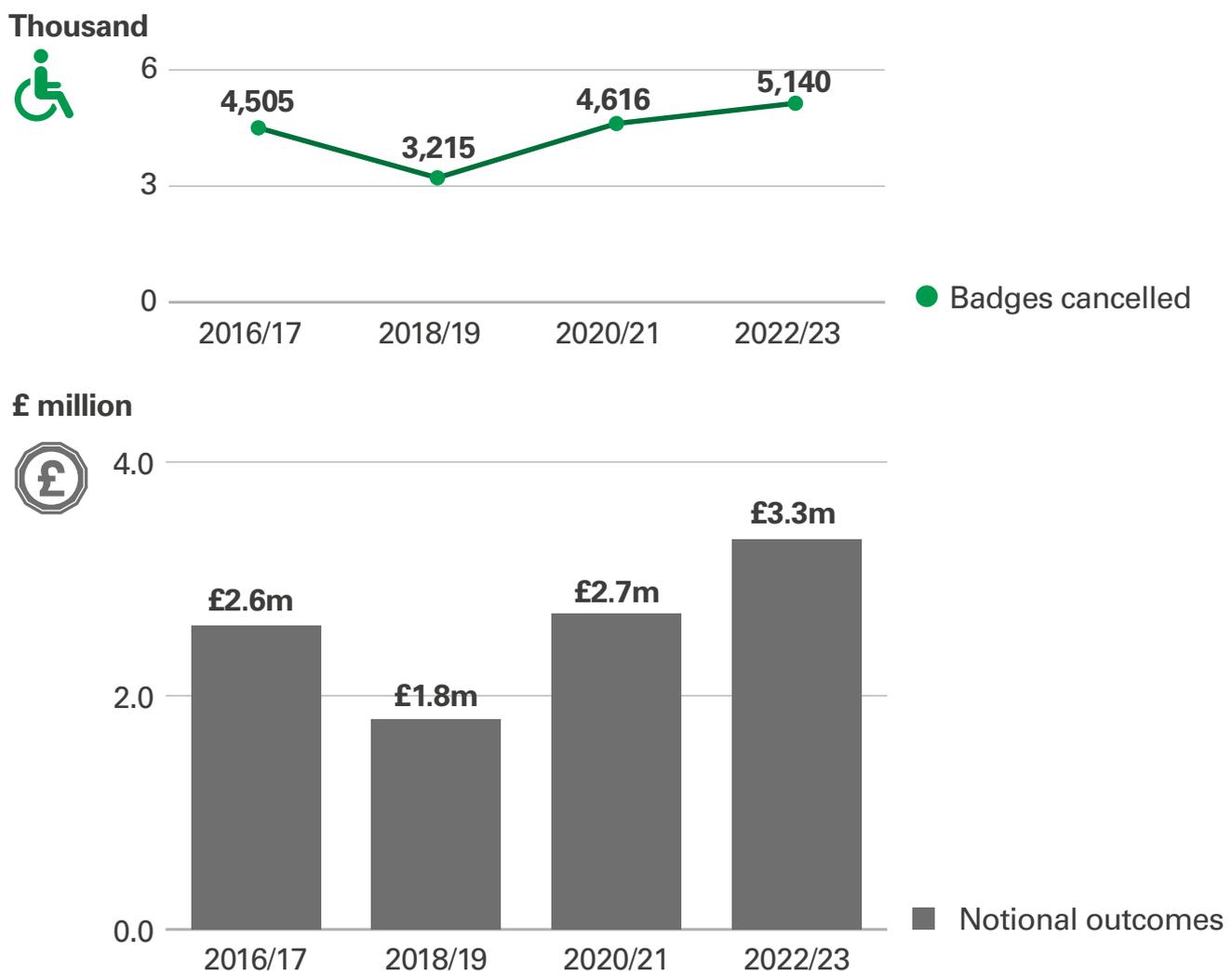
42. The Blue Badge scheme allows individuals with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated Blue Badge spaces, and on single or double yellow lines in certain circumstances. Badges are sometimes used by unauthorised persons after the badge holder has died. Not only is this an offence under the Disabled Persons' Parking Badges (Scotland) Act 2014, but it may also result in parking spaces being denied to people who legitimately use the Blue Badge scheme.

43. The NFI matches Blue Badges issued to records of deaths, enabling badges to be cancelled. The number of badges cancelled in 2022/23 has gone up to 5,140, as shown at [Exhibit 12](#).

Exhibit 12.

Blue Badges outcomes and case numbers by NFI exercise

There have been higher levels of recorded cancellation in 2022/23 than for recent exercises.



Source: NFI management information

44. The increased number of cancellations, together with a new estimate multiplier, has resulted in a higher notional outcome value. The Cabinet Office estimation methodology now applies £650 per badge cancelled (compared to £575 per badge in 2020/21).

Housing Tenancy

45. With reported housing shortages and high levels of homelessness, tenancy fraud is increasingly an issue for councils. Where fraudulent subletting exists, it means that properties are not available to house people who are in most need and this can be costly to councils.

46. The NFI uses council housing tenancy data to identify possible cases where tenants may have sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

47. As a result of the 2022/23 exercise, councils were able to identify and recover ten properties. A housing association property was also identified and made available for social housing. The numbers of properties recovered along with the notional outcome estimates for the last four exercises are shown at [Exhibit 13 \(page 23\)](#).

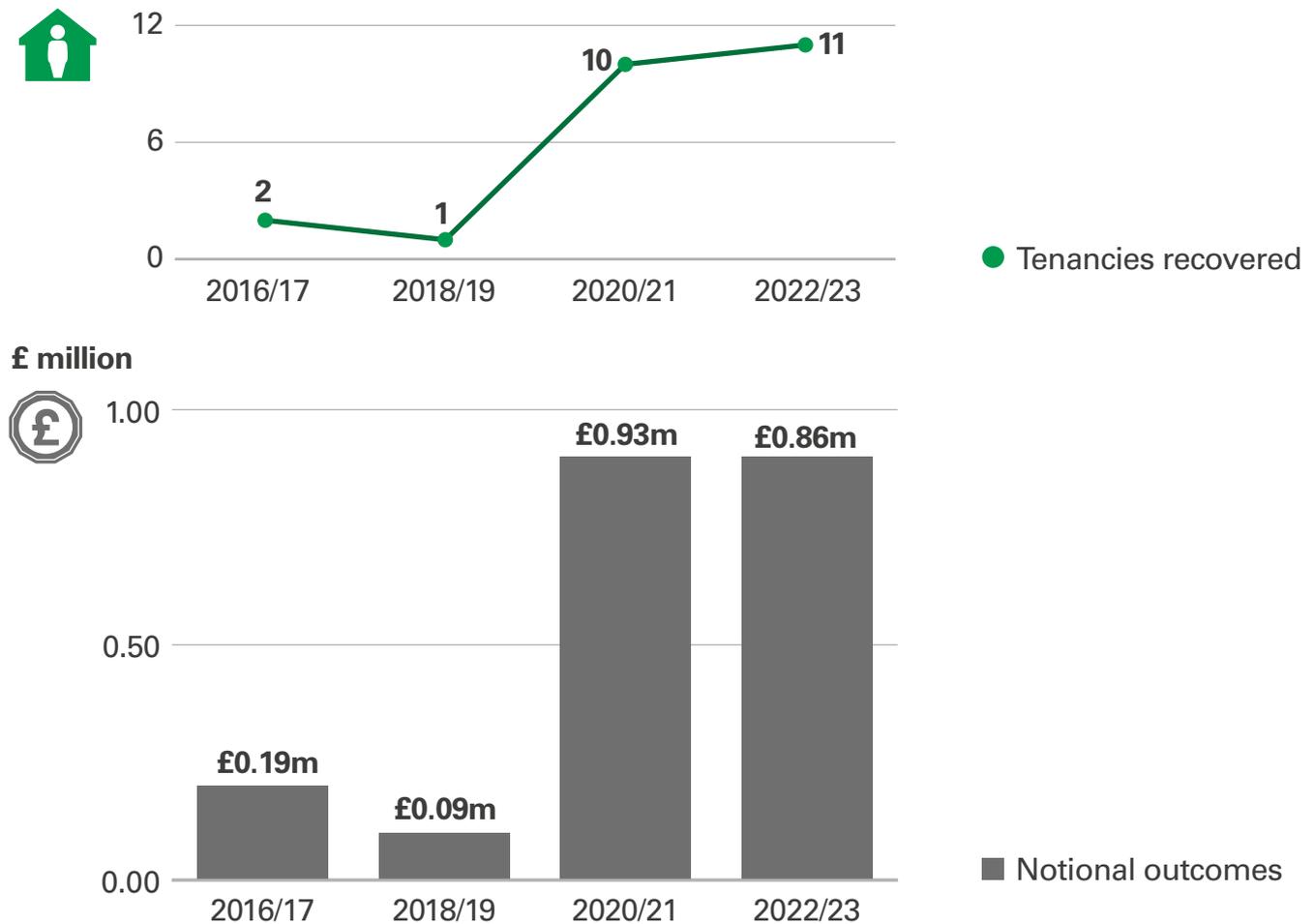
48. Notional outcomes of £78,300 are allocated per property recovered (£93,000 in 2020/21). This is based on an average four-year fraudulent tenancy and includes estimated costs of temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

49. In addition to recovery of properties, NFI has enabled several councils to update tenancy details where there has been legitimate succession following a bereavement.

Exhibit 13.

Housing Tenancy outcomes and case numbers by NFI exercise

Tenancies recovered as a result of NFI have remained in double figures in 2022/23.



Source: NFI management information

Housing Waiting Lists

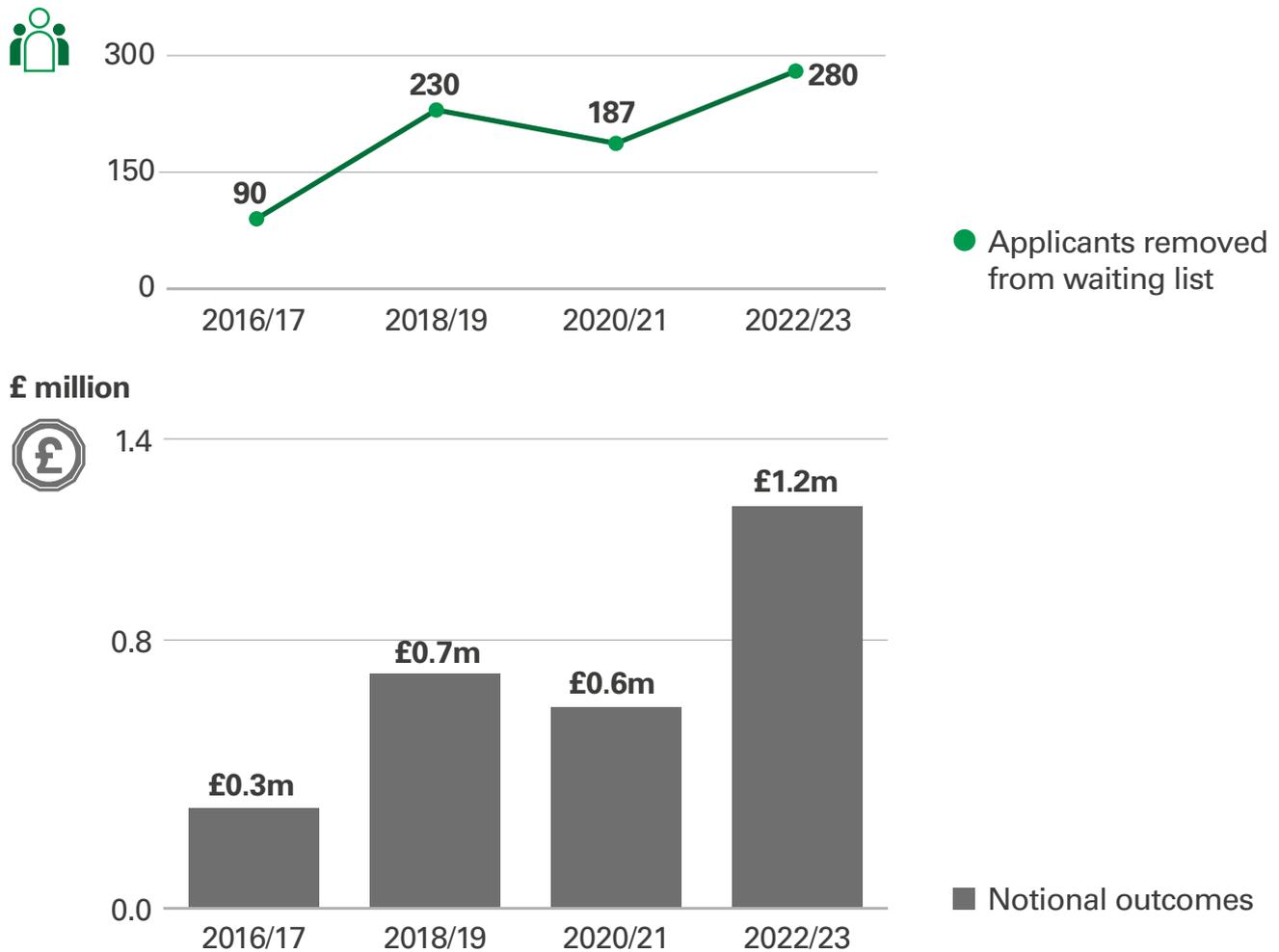
50. Councils maintain waiting lists for council housing, and in some cases for all social housing in their area. The NFI matches waiting list data to housing tenancy data and other data sets, enabling undisclosed changes in circumstances to be picked up. This enables removal of ineligible applicants from the waiting list, stops inappropriate allocations, and accelerates allocations to people in genuine need of social housing.

51. In 2022/23 we have seen an increase in the number of applicants removed from waiting lists as a result of NFI. Notional outcomes have also increased as shown in [Exhibit 14 \(page 24\)](#).

Exhibit 14.

Housing Waiting List outcomes and case numbers by NFI exercise

More applicants have been removed from the waiting list in 2022/23 than in previous exercises.



Source: NFI management information

52. Notional outcomes are attributed to applicants removed from the waiting list on the basis that social housing could have been allocated inappropriately. The estimation methodology allocates £4,283 per case removed from the waiting list (an increase from £3,240 per application in 2020/21).

5. Pilot exercises and future developments

Social Security Scotland took part in a pilot data-matching exercise which identified limited fraud and error. We are also exploring the possibility of involving wider public sector bodies in the 2024/25 NFI exercise on a voluntary basis.

Social Security Scotland – benefits pilot 2022

53. In 2022 a pilot exercise was undertaken with Social Security Scotland (SSS) to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once (eg, from more than one Scottish address). The pilot exercise included payments made in the three-month period from April to June 2021.

54. Around 45,000 lines of data relating to benefit payments were submitted for matching, resulting in the identification of 367 claimants who appeared to be residing outwith Scotland. Following review and corroboration of addresses by SSS there were just 17 cases where claimants were not entitled to benefits. Overpaid benefits of £16,450 were identified, a further £20,000 could have been paid out in relation to these claims, over the remaining eligibility periods.

55. Despite the identification of fraud and error, the number and value of cases was not deemed sufficient to justify the inclusion of this match type in the main biennial NFI exercise in 2022/23. The intention is to run another pilot in 2024/25 which may also include Adult Disability Payments for the first time.

Inclusion of bodies on a voluntary basis

56. There are potential benefits from expanding the NFI to include more public sector bodies in Scotland. We invited Scottish housing associations and universities to participate in the 2024/25 NFI on a voluntary pilot basis.

57. While no universities have volunteered for participation, we are working with several interested housing associations. At this time, it is unclear how many of those interested will actually participate.

Appendix

Estimated outcomes methodologies

In some cases NFI outcomes include an estimated element for forward savings or for where no monetary value can be recovered

The NFI uses the term 'outcomes' to refer to the financial value of fraud, error and overpayment that can be attributed to NFI data matching. In some cases NFI outcomes include an estimated element which seeks to capture:

- The value of loss from a fraud or error detected because of an NFI match, in instances where no monetary value can be recovered - such as the value of recovering a property from a tenant who has fraudulently obtained that tenancy. We have called these 'notional outcome estimates' in our report.
- The value of any future losses that may have been incurred without intervention as a result of an NFI match. For example, the value of future overpayments prevented through detecting and stopping a fraudulent or erroneous housing benefit claim. We have called these 'forward savings' in our report.

Most NFI datasets have a methodology to calculate estimated outcomes. These methodologies account for:

- data relevant to the fraud problem, including national published data and data from previous NFI cases
- the policy context relative to the fraud problem
- any regional variances that may result in the generation of estimate methodologies specific to a region or area
- alignment where possible with relevant estimated savings methodologies used in other central government departments.

All methodologies are reviewed prior to the start of each new NFI exercise. Any changes are reviewed by the Cabinet Office NFI Governance Board and approved by the Cabinet Office Fraud Prevention Panel. This panel consists of cross government counter fraud experts (including representatives from DWP, HMRC, NHS, MOD, BEIS, DFID, NAO, etc.) who review and challenge, where necessary, methodologies for calculating the estimated value of fraud prevention initiatives across government departments.

Once approved, these methodologies are built into the NFI web application to enable the estimated outcomes element to be automatically generated.

A summary of the outcomes methodology calculations applied to NFI datasets is set out in the following table:

Data match	Basis of calculation of forward savings and estimated outcomes
Council tax single person discount	Forward savings – Annual value of the discount cancelled multiplied by two years.
Council tax reduction scheme	Forward savings – Weekly change in council tax discount multiplied by 33 weeks (increased from 21 weeks in 2020/21).
Housing benefit	Forward savings – Weekly benefit reduction multiplied by 21 weeks.
Pensions	Forward savings – Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Housing Tenancy	Notional outcomes – £78,300 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies (reduced from £93,000 in 2020/21).
Housing waiting lists	Notional outcomes – £4,283 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property (increased from £3,240 in 2020/21).
Blue Badges	Notional outcomes – Number of badge holders confirmed as having died multiplied by £650 to reflect lost parking and congestion charge revenue (increased from £575 in 2020/21).
Concessionary bus travel	Forward savings – Number of bus passes used fraudulently multiplied by £420. Based on average fraudulent use and reflecting two years forward use.
Payroll	Notional outcomes – £5,685 for each employee dismissed or resigns as a result of NFI matching. (up from £5000 in 2020/21).

The National Fraud Initiative in Scotland 2024



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NFI Self-Appraisal Checklist 2024

Part A: For those charged with governance	Yes/no/partly	Is action required ?	Who by and when ?
Leadership, commitment and communication			
<p>1. Are we aware of emerging fraud risks and have we taken appropriate preventative and detective action?</p>	<p>Yes</p> <p>We receive alerts surrounding emerging risks from various agencies / national groups, e.g. Police Scotland, National Anti-Fraud Network (NAFN), Scottish Local Authorities Chief Internal Auditors Group (SLACIAG), Scottish Local Authorities Investigators Group (SLAIG), Audit Scotland and circulate them as appropriate to key members of staff in the Council for awareness / potential action.</p> <p>Staff in the Corporate Fraud Team actively participate in professional networks and groups.</p> <p>There is a Council Fraud Strategy & Response Plan and a Fraud Risk - Areas for Review Plan.</p> <p>Members of the Standards, Audit and Risk Committee have received induction training, which included Corporate Fraud.</p> <p>Relevant national reports, including those compiled by Audit Scotland, are reviewed and acted upon.</p> <p>Corporate Fraud</p>	<p>No action required.</p>	

	<p>awareness raising sessions, including fraud risks, were developed and delivered during 2023/24. In addition, a new mandatory Corporate Fraud e-learning package was developed and launched by the Council in December 2023.</p>		
<p>2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?</p>	<p>Yes</p> <p>Fife Council is committed to participating in the NFI exercises. These exercises are included as anti-fraud measures within the Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption, agreed by the former Standards & Audit Committee.</p> <p>Updates on NFI exercises, including outcomes, are reported to management and Standards, Audit and Risk Committee.</p> <p>The Chief Executive, Executive Directors and Heads of Service are notified of the NFI exercise.</p> <p>Participation in NFI exercises has been communicated to staff via an Outlook Administrator e-mail and Fife Council's Intranet and Internet pages. National Fraud Initiative - NFI Fife Council.</p> <p>NFI Key Contacts are members of staff in the Corporate Fraud Team.</p>	No action required.	

<p>3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error? And do we make reference to NFI in our governance codes and statements?</p>	<p>Yes</p> <p>As 2 above, NFI is included in our Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption.</p> <p>The Council's Local Code of Corporate Governance refers to the Fraud Strategy and Response Plan within the evidence to support two of the seven Core Principles outlined in the CIPFA Delivering Good Governance in Local Government Framework; more specifically, Core Principle 1 - Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law; and Core Principle 6 - Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management.</p> <p>The Annual Governance Statement specifically mentions the Council's participation in the NFI exercise and provides some information about what it is, as well as the related benefits.</p>	<p>No action required.</p>	
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<p>4. Does our Key Contact have sufficient authority and time to ensure that NFI is delivered effectively?</p>	<p>Yes</p> <p>The Key Contacts in Fife Council co-ordinate and monitor the Council's participation in the NFI exercise in line with paragraph 1.2 of this report.</p> <p>To support Key Contacts, staff resources are made available throughout the Council to upload datasets, investigate / follow-up data matches.</p> <p>One of the Key Contacts, the Corporate Fraud Officer, is retiring in November this year and the post is currently advertised. As an interim measure, to ensure continuity of service and ongoing support for services re the NFI, a member of staff from Audit and Risk Management has been assigned to the Corporate Fraud Team and is in the process of being trained.</p>	<p>No action required.</p>	
<p>5. Has the approach to follow up of different NFI match types been clearly set out and reported as part of the bodies NFI planning process?</p>	<p>Yes</p> <p>In line with previous years, appropriate training / guidance will be provided to staff groups who will be working on the different types of matches so that corresponding follow up approaches and expectations are clear.</p>	<p>No action required.</p>	
<p>6. Are NFI progress and outcomes reported regularly to senior management and elected / board members (e.g. the audit committee or equivalent)?</p>	<p>Yes</p> <p>As 2 above, outcomes and progress with NFI are reported to Standards, Audit & Risk Committee and management.</p> <p>Any concerns surrounding progress with</p>	<p>No action required.</p>	

	<p>the NFI exercise would be escalated to senior management. This has not arisen to date.</p>		
<p>7. Where we have not submitted data or used the matches returned to us (e.g. council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?</p>	<p>Yes</p> <p>The Council submits all mandatory data sets and, with the exception of Council Tax Single Person Discount (CTSPD) matches, uses the matches returned.</p> <p>In relation to CTSPDs, the Council utilises a third party, Datatank, to carry out a review using data from a credit reference agency. Results from the Datatank exercise are reported to Standards, Audit and Risk Committee and management at the same time as NFI reporting.</p>	<p>No action required.</p>	
<p>8. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?</p>	<p>Yes</p> <p>The NFI Key Contacts report operationally to the Service Manager, Audit & Risk Management. The Corporate Fraud Team Lead is also a qualified and experienced internal auditor.</p> <p>Explanations for and actions arising from the outcomes are discussed with the Service Manager, Audit & Risk Management and are followed up where necessary.</p> <p>The Council's approach to NFI is also subject to an annual review by External Audit.</p>	<p>No action required.</p>	
<p>9. Do we review how frauds and errors arose and use this information to improve our internal controls?</p>	<p>Yes</p> <p>Explanations for and actions arising from the outcomes are reported to Standards, Audit & Risk</p>	<p>No action required.</p>	

	<p>Committee and management, as at 2 above.</p> <p>Weaknesses in internal controls will also be discussed, with a view to making improvements, with the Services and the Service Manager, Audit & Risk Management.</p> <p>If we feel there is a fraud risk that needs to be investigated further, we will consider the best course of action to do that e.g. audit plan.</p>		
<p>10. Do we need and have access to fraud investigation officers to enable frauds to be followed up fully?</p>	<p>Yes</p> <p>There is currently a part-time Corporate Fraud Lead and a full time Corporate Fraud Officer.</p> <p>Agreement was obtained during 2023/24 to establish a new, full time Corporate Fraud Lead Officer post and steps are being taken to progress this.</p>	<p>No action required.</p>	
<p>11. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g. successful prosecutions)?</p>	<p>Yes</p> <p>Externally, reports are published via the Standards, Audit and Risk Committee papers. Internally, fraud examples are communicated via the mandatory Corporate Fraud e-learning and awareness raising sessions.</p>	<p>No action required.</p>	

30 September 2024

Agenda Item No. 9

Standards, Audit and Risk Committee Workplan

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

Wards Affected: All

Purpose

This report supports the Committee's consideration of the workplan for future meetings of the Committee.

Recommendation(s)

It is recommended that the Committee review the workplan and that members come forward with suggestions for specific areas they would like to see covered in any of the reports.

Resource Implications

Committee should consider the resource implication for Council staff of any request for future reports.

Legal & Risk Implications

Committee should consider seeking inclusion of future items on the workplan by prioritising those which have the biggest impact and those which seek to deal with the highest level of risk.

Impact Assessment

None required for this paper.

Consultation

The purpose of the paper is to support the Committee's discussion and therefore no consultation is necessary.

1.0 Background

- 1.1 Each Committee operates a workplan which contains items which falls under the headings: items for decision and Scrutiny/Monitoring. These items will often lead to reactive rather than proactive scrutiny. Discussion on the workplan agenda item will afford members the opportunity to shape, as a committee, the agenda with future items of business it wishes to review in more detail.

2.0 Conclusions

- 2.1 The current workplan is included as Appendix one and should be reviewed by the committee to help inform scrutiny activity.

List of Appendices

1. Standards, Audit and Risk Committee forward work plan.

Background Papers

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

None

Report Contact

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Standards, Audit and Risk Committee of 31 October 2024 - Provisional for Accounts			
Title	Service(s)	Contact(s)	Comments
Minute - 30 September 2024			
Fife Council and Charitable Trusts Annual Accounts			

Standards, Audit and Risk Committee of 28 November 2024			
Title	Service(s)	Contact(s)	Comments
Minute - 31 October 2024			
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Standards Update – annual reports, hearing outcomes and consultations	Finance and Corporate Services	Lindsay Thomson	
Forward Work Programme			

Standards, Audit and Risk Committee of 13 February 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 28 November 2024			
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Standards, Audit and Risk Committee of 24 April 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 13 February 2025			
External Audit Annual Plan to Year Ended 31 March 2025	Finance and Corporate Services	Pamela Redpath	
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Unallocated			
Title	Service(s)	Contact(s)	Comments
Internal Audit Charter	Finance and Corporate Services	Pamela Redpath	TBC
Safeguarding Public Money: are you getting it right?		Pamela Redpath	TBC