

North Lanarkshire Council

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of North Lanarkshire Council and the Controller of Audit

October 2024

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Key messages

2023/24 annual accounts

- 1 Audit opinions on the annual accounts of the Council, its group and the two section 106 charities administered by the Council are unmodified, i.e. the financial statements and related reports are free from material misstatement.

Financial management

- 2 The Council continues to operate within its annual budget. While facing financial challenges through inflationary pressures on pay and non-pay costs as well as demand on services, the Council continues to demonstrate sound financial management maintaining general fund reserves in line with its Revenue Budget Strategy.
- 3 Continuity and security of IT operations remains an area of development and focus for the Council and there are key areas that could be strengthened.

Financial sustainability

- 4 The Council has effective and appropriate arrangements in place to plan the use of its resources and continue to deliver services into the medium term.
- 5 Like many other local authorities, the Council faces significant financial challenges. The Council's medium term financial plan projects a cumulative budget gap of £100.1 million over the five years to 2029/30.

Best Value

- 6 The Council's workforce planning approach is integrated with The Plan for North Lanarkshire, with a focus on developing the workforce of the wider North Lanarkshire area.
- 7 The Council is proactive in developing its workforce as well as that of the wider North Lanarkshire area. It has a range of initiatives to address recruitment challenges across key sectors such as social care and construction, including grow-your-own approaches.

Vision, leadership and governance

- 8 The Council has a clear ambitious vision as detailed in The Plan for North Lanarkshire.

- 9** Elected members and officers demonstrate a shared commitment to delivering the agreed strategic direction of the Council.

Use of resources to improve outcomes

- 10** The Council has reported a mixed picture of performance with a trend of improvement in several areas whilst challenges remain.
- 11** Overall, the Council's arrangements for the preparation and publication of Statutory performance information are adequate but improvements could be made in public performance reporting.
- 12** The Council's significant trading operation did not comply with the statutory requirement to break even for the second year running.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of North Lanarkshire Council. The scope of the audit was set out in an Annual Audit Plan presented to the 26 February 2024 meeting of the Audit and Scrutiny Panel. This Annual Audit Report comprises:

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

2. This report is addressed to the members of North Lanarkshire Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment

3. John Boyd, has been appointed by the Accounts Commission as auditor of North Lanarkshire Council for the period from 2022/23 until 2026/27.

4. We would like to thank Councillors, Audit and Scrutiny Panel members, senior management, and other staff, particularly those in Finance, for their cooperation and assistance in this year's audit and we look forward to working together constructively over the remainder of the five-year appointment.

Responsibilities and reporting

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

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

7. Weaknesses or risks identified are only those which have come to my attention during my team's normal audit work and may not be all that exist. Communicating these does not absolve management of North Lanarkshire Council from its responsibility to address the issues raised and to maintain adequate systems of control.

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

Auditor Independence

9. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £643,986 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

10. The annual audit adds value to North Lanarkshire Council by:

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

1. Audit of 2023/24 annual accounts

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

Main judgements

Audit opinions on the annual accounts of the Council, its group and the two section 106 charities administered by the Council are unmodified.

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

Audit opinions on the annual accounts are unmodified

11. The Council approved the annual accounts for North Lanarkshire Council and its group for the year ended 31 March 2024 on 31 October 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed on receipt of the unaudited annual accounts as £29.4 million

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

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

Exhibit 1

Materiality values

Materiality level	Council	Group
Overall materiality	£29.4 million	£29.5 million
Performance materiality	£20.5 million	£20.6 million
Reporting threshold	£1.47 million	£1.50 million

Source: Audit Scotland

14. The overall materiality threshold for the audit of the annual accounts of the Council was set with reference to gross expenditure, which was judged as the figure most relevant to the users of the financial statements.

15. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 70 per cent of overall materiality, reflecting audit findings reported in prior year and risks identified at planning.

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

Significant findings and key audit matters

17. Under ISA (UK) 260, we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the Council's accounting practices.

18. The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those matters judged to be of most significance. The significant findings including key audit matters, are summarised in [Exhibit 2](#).

Exhibit 2

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

Issue	Resolution
<p>1. Replacement of assets</p> <p>Last year we reported how the Council does not hold each significant part (i.e. component) of an item of property, plant and equipment separately on its fixed asset register. This means there is a risk that assets could be overstated by not removing the replaced component when capital expenditure is incurred on a specific asset.</p> <p>As part of our audit work on additions in year of property, plant and equipment, we identified two items from a sample of 11 where capital expenditure was incurred for replacements or repair of existing assets. However, the risk is pervasive to any asset that has had subsequent spend after revaluation, and to Plant and Equipment which is not subject to revaluation.</p> <p>As at 31 March 2024, Plant and Equipment with a gross book value of £33.6 million had been fully depreciated. There is a risk that these assets are no longer in use and may have been replaced. Management were able to verify £6.9 million of these assets were still in use, but were unable to verify the remaining £26.7 million. We are satisfied that there is not a material misstatement in the value of Property, Plant and Equipment.</p>	<p>We have confirmed that Management have undertaken a revaluation of land and buildings where there are material areas of subsequent expenditure (including council dwellings) and that revaluations will be undertaken in the following year.</p> <p>The other material asset category is Vehicles, Plant and Equipment. Officers have undertaken a review of assets held, focusing on those fully depreciated where there is increased likelihood of subsequent expenditure.</p> <p>While we are satisfied that the assets are free from material misstatement as at 31 March 2024, it is important that management establish a process to ensure assets replaced are appropriately removed from the asset register and accounted for as a disposal appropriately.</p> <p>Recommendation 1 (Refer Appendix 1, action plan)</p>

Source: Audit Scotland

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

19. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management</p>	<ul style="list-style-type: none"> Assess the design and implementation of controls over journal entry processing. 	<p>Results: We found no instances of material misstatement due to fraud or</p>

Audit risk	Assurance procedure	Results and conclusions
<p>override of controls</p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals and other adjustments at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments throughout the year where these are indicative of increased risk of management override. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. • We will assess any changes to the methods and underlying assumptions used to prepare significant accounting estimates compared to the prior year. 	<p>error caused by management override of controls.</p>
<p>2. Valuation of land and buildings</p> <p>The Council held land and buildings with a NBV of £2,815 million at 31 March 2023. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to valuations.</p> <p>Valuations should reflect conditions at 31 March 2024</p>	<ul style="list-style-type: none"> • Review the information provided to the external valuer to assess for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Obtain an understanding of the management's involvement in the valuation process to ensure there is appropriate control and oversight of the valuation process. • Critically assess the approach North Lanarkshire 	<p>Results: Assurance has been gained that there are no material misstatements in the carrying value of land and buildings.</p> <p>The Council acquired Cumbernauld shopping centre in June 2023. The property was revalued at 31 March 2024 at £6.8 million and included the use of perpetuity in the calculation despite plans to demolish the property. Going forward, the Council plans to value the property annually and include</p>

Audit risk	Assurance procedure	Results and conclusions
including those subject to valuation, those valued earlier in the year and those not re-valued. There is a risk that the carrying value of land and buildings does not reflect the current value as at 31 March 2024.	<p>Council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach.</p> <ul style="list-style-type: none"> • Challenge management’s assessment of why it considers that the land and buildings not revalued in 2023/24 are not materially misstated. We will critically assess the appropriateness of any assumptions. • Review the reconciliation between the financial ledger and the property asset register. • Critically assess the adequacy of North Lanarkshire Council’s disclosures regarding the assumptions in relation to the valuation of land and buildings. 	<p>the impact of its planned winding down in the valuation.</p> <p>The Council identified housing purchases in assets under construction (AUC) that had not been incorporated into the HRA revaluation process. Revaluation resulted in a downward revaluation of £8.9 million – the adjustment transferring the assets from AUC and subsequent revaluation is reported in Appendix 2A.</p>

Source: Audit Scotland AAP 2023/24

Areas of audit focus

20. In addition, we identified areas of audit focus in our 2023/24 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

21. Pension valuation: the pension valuation due to the material value and significant assumptions used in the calculation. We utilised the work of PwC as auditor expert in assessing the reasonableness of the methodology used and assumptions made by the Council’s actuary, Hymans Robertson LLP, in arriving at the IAS 19 pension valuation as at 31 March 2024.

22. In accordance with IFRIC 14, the pension asset recognised within the financial statements was capped at the estimated future benefit to the Council. We have reviewed the assumptions applied by the actuary in arriving at the asset ceiling cap and are satisfied that this is in accordance with IFRIC 14. The net pension asset recognised in 2023/24 was nil. The accounts also recognise a liability of £119.5 million in relation to unfunded liabilities on its balance sheet.

Areas of further work

23. As part of our risk assessment, we have also identified the following areas where further work would be performed. These are not risks of material misstatement to the primary financial statements but areas to be kept under review:

24. IFRS 16: from 1 April 2024, a new International Financial Reporting Standard, IFRS 16, will come into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the balance sheet, and also recognises the corresponding lease liability. This applies to all leases – property, land, vehicles, plant and equipment.

25. This will change the way in which North Lanarkshire Council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases.

26. In terms of recognition exemptions, IFRS 16 provides two major recognition and measurement exemptions to reduce the reporting burden on entities; short-term leases and low value leases. CIPFA has mandated the application of the recognition exemption for short term leases meaning that a lease that, at the commencement date, has a lease term of 12 months or less is exempt from the accounting treatment under IFRS 16.

27. For low value leases the recognition exemption is optional. The Council as lessee may elect not to apply the accounting treatment under IFRS 16 to low value leases. It is a matter for individual authorities to set a local policy to define what low value is in practice.

28. Under IFRS 16 the initial measurement of the lease liability is recognised at the commencement date and measured as the present value of the lease payments that are not paid at that date using the:

- interest rate implicit in the lease, or
- lessee's incremental borrowing rate (but only if the implicit rate cannot be readily determined)

29. IFRS 16 is a complex accounting standard and the Council utilised the services of Treasury advisors Arlingclose to calculate the impact of its implementation for service concession arrangements.

30. The expected impact of implementation of IFRS 16 is included in the disclosure notes in the accounts. It is estimated that its implementation will recognise a right of use of property assets and related liability of £1.7 million. In addition, the impact on the outstanding liability of leases and service concession arrangements relating to PPP schools, is estimated to increase liabilities of £86.4 million.

31. Valuation of infrastructure assets: the statutory override relating to valuation of infrastructure assets is due to end for the 2024/25 financial statements. On 24 June 2024, the Scottish Government published; [Introduction](#)

[- Local government finance circular 8/2024 - accounting for infrastructure assets: temporary statutory override - gov.scot \(www.gov.scot\).](#)

32. Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, most local authorities have been unable to comply with the requirement to assess the net book value of a replaced component of an infrastructure asset and have taken a network approach to the measurement of such assets, treating the amount of the replaced component as having no value.

33. A temporary statutory override was introduced in August 2022, applying to the 2022/23 and 2023/24 financial years, in order to allow time for the CIPFA LASAAC Local Authority Accounting Code Board to conclude the development of a permanent solution.

34. However, a permanent solution has not yet been agreed and CIPFA believe that this will continue to be an area of enhanced scrutiny for local government auditors. The statutory guidance will therefore be extended by a further 12 months, until 31 March 2025.

Recommendation 2

The Council should proactively work with CIPFA and the wider local government sector to arrive at an appropriate solution for the implementation of accounting for infrastructure assets.

35. Service concession arrangements: We reviewed the accounting adjustments and disclosures within the financial statements with regards to the implementation of the statutory accounting treatment for Service Concession arrangement flexibilities as set out in Finance Circular 10/22. Audit work confirmed that it had been accounted for correctly.

36. We kept these areas of further work under review throughout our audit. Based on the findings of the audit procedures performed, we have detailed our conclusions above.

A review to identify any buildings containing Reinforced Autoclaved Aerated Concrete is ongoing

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

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

39. The Council is currently undertaking a survey across its property estate to identify the presence of RAAC. Last year we reported that three buildings were identified as containing RAAC and were written down to nil value (total prior value of £10.4 million). The Council has confirmed that review of its corporate properties is complete with two further instances of RAAC identified. One of these properties has been written down to nil value, with the other being a leased building which is not held on the Council's balance sheet.

40. An initial desktop analysis of its housing properties identified that up to 400 properties could potentially have RAAC as part of their construction. Further analysis has found 148 properties may have had RAAC used as part of their construction. This assessment is ongoing and includes inspections and checks with the Council's appointed surveyors and structural engineers and direct liaison with any affected tenants. Remedial action has been taken in some properties but is not yet completed.

41. For those properties where RAAC was confirmed, the Council's Valuer included them as nil value in lieu of structural surveys and remedial costs. In accordance with IAS 36, the Council is required to make a formal estimate of the recoverable amount of the asset, which is the higher of its net selling price and its value in use (i.e. the cost of providing the service potential provided by the asset).

Recommendation 3

For those properties where RAAC has been identified, the Council should determine a more accurate measure of the level of impairment in line with the requirement of accounting standards.

There were a number of non-material misstatements identified within the financial statements

42. A number of non-material misstatements totalling £32.4 million were identified in the financial statements which were corrected for, see [Appendix 2A](#) for details of these adjustments. Adjustments were processed to the financial statements and we concluded that further audit procedures were not required. The misstatements arose from issues that were isolated and identified in their entirety and therefore do not indicate further systemic error.

43. The audit team identified one misstatement relating to assets which had been disposed of but not written out of the fixed asset register, which was not corrected by management in the audited accounts. We considered the size, nature and circumstances leading to the uncorrected misstatement, and concluded that it was not material. Further details of the uncorrected misstatement is included in [Appendix 2B](#).

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

44. The unaudited annual accounts were received in line with the agreed audit timetable on 28 June 2024.

45. Our original audit timetable included a target date for the delivery of our final outputs of September 2024. However, delays in commencing our audit work this year due to overruns on other audits, and the need to maintain the quality of our audit, led to a review of resource plans across all audits. We agreed a revised timetable with officers on the delivery of our audit fieldwork for completion by October 2024.

Reasonable progress was made on prior year recommendations

46. North Lanarkshire Council has made reasonable progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Our audit opinions on Section 106 charities were unmodified

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

48. Our audit opinions on the Section 106 charities are unmodified. These covered the 2023/24 statement of accounts on North Lanarkshire Council Educational Endowments and the JC McNaught Poor Children's Holiday Fund.

The trustees of the JC McNaught Poor Children's Holiday Fund should consider the future use of the trust

49. As the appointed auditors of the Section 106 charities administered by the Council, we are required to consider whether the funds held within the trusts are being used for the purposes intended. This includes reporting any inappropriate use of funds or prolonged lack of activity.

50. The trust has not made any payments in the last six years. The Council still aims to transfer to an Office of the Scottish Charity Regulator (OSCR) agreed beneficiary charity. The timescale for transfer is dependent on identifying a suitable beneficiary and subsequent approval by OSCR. There has been no progress for a number of years.

51. The Council should consider appointing an external trustee as this would remove the charity from the scope of section 106 and remove the audit requirement for charities below the de minimis.

2. Financial management

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

Conclusion

The Council continues to operate within its annual budget. While facing financial challenges through inflationary pressures on pay and non-pay costs as well as demand on services, the Council continues to demonstrate sound financial management maintaining general fund reserves in line with its Revenue Budget Strategy.

Continuity and security of IT operations remains an area of development and focus for the Council and there are key areas that could be strengthened.

The Council operated within budget in 2023/24

52. The Council approved its 2023/24 budget in February 2023. The budget was set at £978.6 million with net savings of £7.5 million. This included spend which is offset by ring fenced grants of £50.6 million and £7.7million of capital grant funding in lieu of pay award, resulting in a net expenditure position for monitoring purposes of £920.3 million. This was revised to a final budget of £928.3 million as a result of additional funding received in year primarily in relation to funding for pay deals, offset by a reduction in revenue funding due to a switch in funding between capital and revenue.

53. The Council reported a service underspend against budget of £17.4 million at provisional outturn. There were no significant under or overspends during 2023/24 at a service level.

The Council's Housing Revenue Account operated within budget

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

55. The Housing Revenue Account reported an in-year deficit of £9.5 million. This is largely a result of overspends in property costs of £6.9 million due to increased costs associated with repairs, void rent loss and ground maintenance costs. Furthermore, increased loan charge costs of £4.4 million reflecting the

impact of higher interest rates have also contributed. These overspends are partially offset by a number of underspends.

56. The HRA balance of £16.8 million forms part of the General Fund. £13.4 million of this has been approved for specific purposes (see below) which leaves an unallocated balance of £3.4 million.

- £1.3 million for Council Ambition
- £9.1 million for loan charges
- £1.7 million set aside for an approved contingency fund.

The Council has appropriate budget setting and monitoring arrangements in place

57. The Council continues to balance its budget each year and maintains the level of reserves in line with its Reserves Policy.

58. The Council monitors the budget position through the year by 4-weekly budget monitoring reports to the Business Management Team and quarterly reports taken to the service committees and the Finance and Resources Committee.

59. We reviewed budget monitoring reports throughout the year. The projected surplus increased as the year progressed. We concluded that budget monitoring reports provided an overall picture of the budget position at service level. The reports forecast the outturn position for the year and include good narrative explanations for significant variances against budget. This allowed both senior management and members to carry out effective scrutiny of the Council's finances.

The level of General Fund reserves has increased over recent years, but much is already allocated to agreed future spending commitments

60. One of the key measures of the financial health of a body is the level of reserves held. The level of usable reserves held by the Council increased from £325.4 million in 2022/23 to £342.6 million in 2023/24.

61. The General Fund is the largest usable reserve and is used to support the delivery of services. Total General Fund reserves now stands at £283.9 million and includes £226.3 million earmarked for specific future spending commitments such as:

- £70.0 million held for future contractual obligations for Public Private Partnership schools
- £44.8 million for strategic capital investment programme
- £17.9 million as a one-off mitigation for loans charges

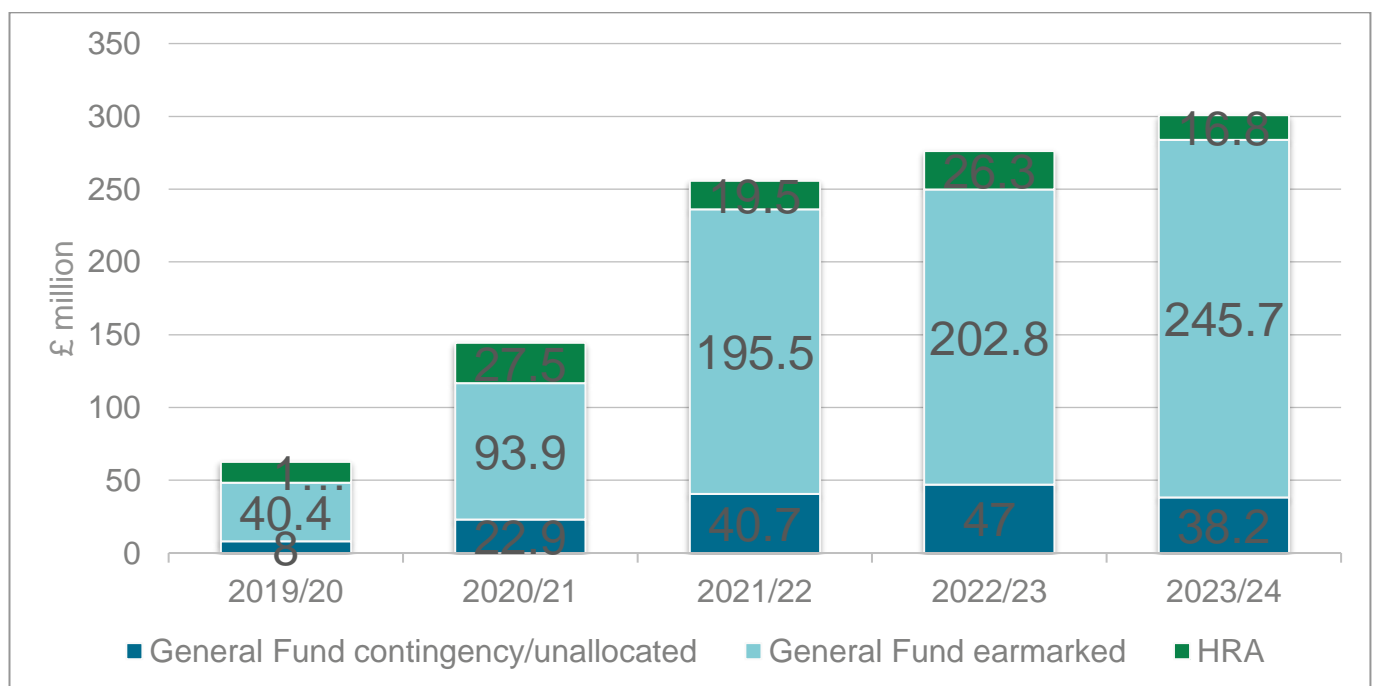
- £17.9 million for strategic workforce planning.

62. The Council also maintains a Change Management Fund of £19.4 million. This fund is used by the Council to support future budget pressures, one-off costs of approved savings and transformation initiatives. Therefore, its aim is to support financial planning in the medium to longer term.

63. The Council continues to hold a £8.0 million contingency within earmarked reserves. This is held to provide cover for unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows.

64. [Exhibit 5](#) provides an analysis of the General Fund and HRA over the last five years and shows the significant increase in reserves over the last three years due to surpluses. This is largely the result of Covid-19 funding in 2019/20 and 2021/22.

Exhibit 5 Analysis of General Fund balance



Source: North Lanarkshire Council Annual Accounts 2023/24

The Council achieved 99% of planned savings

65. The budget for 2023/24 included planned savings of £7.5 million. The Council achieved actual savings of £7.4 million against this target (99%). The shortfall was achieved through alternative savings.

66. Planned savings were achieved through:

- revising service operating models

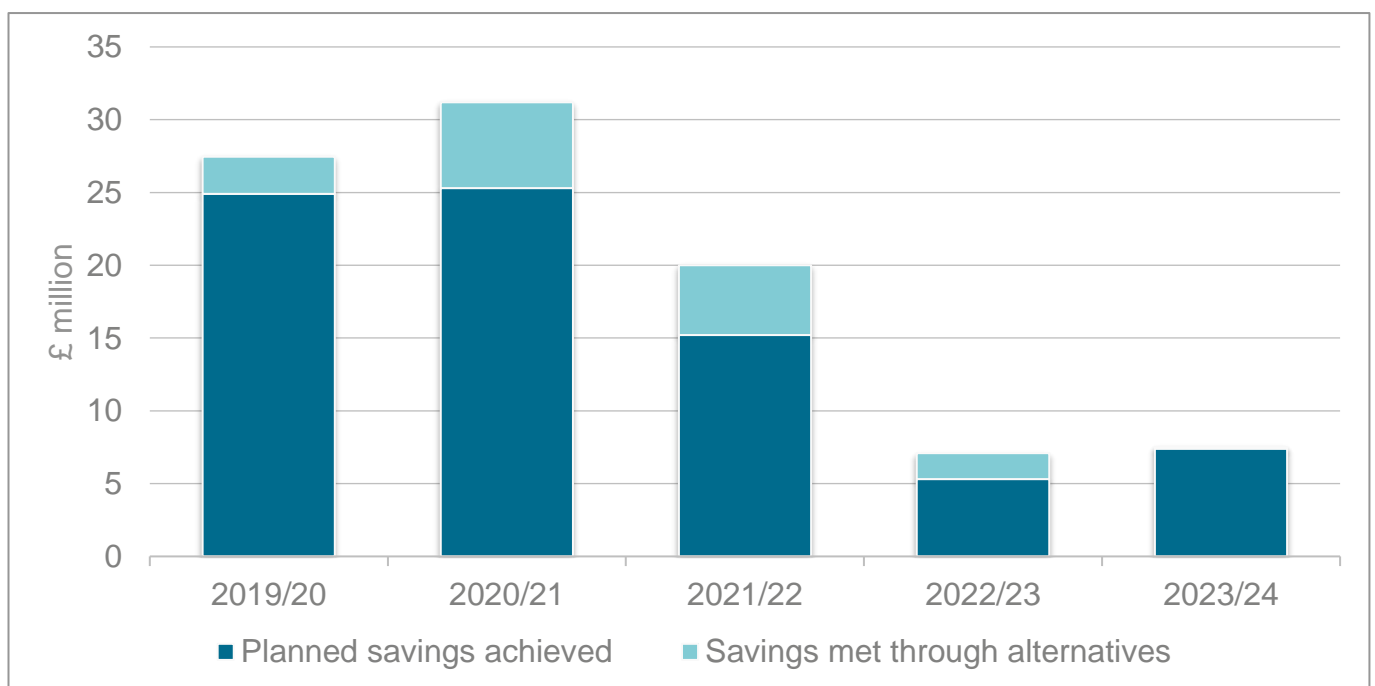
- introducing fees or charges for services
- reducing levels of service provision
- implementing efficiency measures.

67. The Council has a track record of delivering savings but given the scale of savings already delivered, its future financial plans are becoming increasingly challenging.

68. As illustrated in [Exhibit 6](#), the Council has delivered total cumulative savings of £93.3 million since 2019/20 – £78.1 million of these have been planned savings.

Exhibit 6

Savings – planned savings achieved and those met through alternatives



Source: North Lanarkshire Council's Annual Accounts 2019/20 to 2023/24

A new Strategic Investment Capital Programme was approved

69. Total capital expenditure in 2023/24 was £242.2 million which is an increase of £7.6 million since last year.

70. Although capital spend increased since last year, it is still lower than planned. This is due to a number of factors continuing to impact the construction industry including the availability of material and labour in addition to inflationary pressures.

71. The Council approved a new 5-year General Fund Strategic Capital Investment Programme in March 2024 which covers the period 2024/25 to 2028/29. The approved capital programme includes investment of £659.5 million planned over the five year period.

72. The Council's Housing Revenue Account's 30 year business plan includes forecast investment of £806 million in housing provision over the same 5-year period. This investment together with the General Fund investment, means almost £1.5 billion capital investment is planned over the next five years.

Borrowing levels have increased significantly to support the capital programme

73. At 31 March 2024, long term borrowing stood at £590.6 million, an increase of £114.5 million on the 2023 level of £476.1 million. During the same period, short term borrowing also increased from £281.2 million to £288.9 million.

74. Total external debt, which includes the Council's long-term liabilities, was within the authorised limit and operational boundary set in the Treasury Management Strategy. The current borrowing position complies with the Prudential Code, and the Council will continue to consider the affordability of future borrowing.

North Lanarkshire Council has appropriate financial control arrangements in place

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

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

76. From a review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach and testing of the operating effectiveness of specific key controls relating to journal workflows, we did not identify any significant internal control weaknesses which could affect North Lanarkshire Council's ability to record, process, summarise, and report financial and other relevant data and result in a material misstatement in the financial statements.

We identified a number of areas where IT arrangements could be strengthened

77. Audit work on the general IT environment considered the Council's arrangements for: strategy and staffing, network structure and security, cyber

security, Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) and system development and acquisition.

78. The capacity of the Council's Business and Digital team remains challenging with vacancy rates of 20 per cent leading to skills gaps and workforce pressures in key areas. The Council has plans in place to grow the workforce, for example through a programme for school leavers and a modern apprenticeship programme but these will take time and the Council should ensure the current capacity of the Business and Digital team is sufficient.

79. Continuity and security of IT operations remains an area of development and focus for the Council. The Council has a two-pronged approach in place through Business Continuity and Disaster Recovery to manage IT Operations. All service Business Continuity Plans must detail how they will maintain critical service delivery in the event of ICT failures. High value systems are required to have dedicated ICT Disaster Recovery Plans.

80. Business and Digital continue to develop standards, processes, governance and toolkits to support services in assessing the criticality of their systems and preparing appropriate ICT Disaster Recovery plans and testing arrangements. Business Continuity planning is a key area of current focus for the Council.

81. There is an ongoing project, led by Business and Digital to support all services to document their IT systems, assess their business value/criticality, identify system owners and develop an ICT Business Continuity Plan, in line with Council requirements, that describe how and when priority activities will be recovered.

82. The Council has an overall corporate Business Continuity Plan which brings together the content in the individual service business continuity plans. The Corporate Business Continuity Plan is still in its infancy and has not yet been tested. The Council has a planned date for general testing of the Business Continuity arrangements, which will focus on a corporate risk and raise Business Continuity awareness Council wide. A clear timeline has also been set for both corporate and service level testing.

83. A Business Continuity Champion Group has been created with membership of two Business Continuity Plan champions from each service. Group members are responsible for co-ordinating the review of Business Continuity Plans in their service and subsequently update. Group members also make requests that testing is carried out within their service.

84. It is important that business continuity planning and disaster recovery arrangements consider internal and external dependencies including suppliers. There are currently variations in the extent business continuity arrangements consider this. The Council acknowledges this is an area for further development and it is working with its services to ensure consistency.

85. We also noted that the Council does not receive formal assurances regarding the IT control environment for systems which are externally hosted. We understand that work is already underway to address this through the Performance Optimisation sub-group of the Digital North Lanarkshire Programme of Work.

Recommendation 4

The Council should ensure there is appropriate oversight of its continuity and security of IT operations, and ensure the necessary assurances are obtained for externally hosted systems.

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

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

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

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

National Fraud Initiative

89. The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Council participates in this biennial exercise. The 2022/23 exercise concluded during the 2023/24 financial year and the final report was published in August 2024 [The National Fraud Initiative in Scotland 2024 \(audit.scot\)](#)

90. The value of outcomes from the NFI, recorded since the 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.

91. The Council continues to participate in the National Fraud Initiative (NFI). Internal Audit provided an update on progress of cases to the Audit and Scrutiny Panel in May 2024. Internal Audit reported that 86 per cent of matches had been reviewed, resulting in 640 errors with £90,210 savings identified.

92. The Council's arrangements for investigating and reporting data matches identified by the NFI are satisfactory.

3. Financial sustainability

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

Conclusion

The Council has effective and appropriate arrangements in place to plan the use of its resources and continue to deliver services into the medium term.

Like many other local authorities, the Council faces significant financial challenges. The Council's medium term financial plan projects a cumulative budget gap of £100.1 million over the five years to 2029/30.

93. [Exhibit 7](#) sets out the wider scope risks relating to Financial Sustainability identified in the 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Audit work has addressed the wider scope risks identified in the Annual Audit Plan

Exhibit 7

Risks identified from my wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>1. Financial sustainability</p> <p>North Lanarkshire Council continues to operate in an increasingly complex and challenging environment where it aims to provide the best possible services within the resources available.</p> <p>Although a surplus position of £13.2 million is projected for 2023/24, the Council has identified a gap of £29 million for the three years to 2026/27.</p>	<ul style="list-style-type: none"> Review and evaluate the Council's annual budget setting arrangements. Review and evaluate of the Council's budget monitoring arrangements. Review and evaluate of the Council's medium to long term financial planning. Ongoing review of the Council's financial position and delivery of planned savings. 	<p>Results and conclusion:</p> <p>The Council's updated medium term financial plan identified a gap of £62.0 million for the three years to 2027/28. The Council recognises the financial challenges facing the organisation. Its medium term financial plan supports the Council in addressing these significant financial challenges.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Ongoing pressures in the capital programme also present a challenge to the Council through inflation and increased material costs.</p> <p>There is a risk that reprofiling of projects could impact on medium to longer terms service delivery plans.</p> <p>There is a risk that the Council does not have robust plans to identify and deliver the required savings to address the projected shortfall.</p>		
<p>2. Financial governance and decision making to achieve financial sustainability</p> <p>Officers have identified the level of savings which will be required in the three years to 2026/27 to address the projected funding gap. Savings plans will be developed to support delivery of these.</p> <p>In our Annual Audit Report for 2022/23, we noted that Council quickly reversed a significant decision undertaken by the Policy and Strategy Committee to close a number of leisure and community facilities to achieve a financial sustainable operating model. The original decision to close the facilities highlighted the significant challenges facing the Council and the reversal requires alternative areas of savings or disinvestment to be identified.</p> <p>There is a risk that the Council will not take the difficult decisions necessary</p>	<ul style="list-style-type: none"> • Review and evaluate the Council's annual budget setting arrangements and medium to long term financial planning. • Review and evaluate the Council's processes to identify and monitor savings. • Ongoing review of papers and minutes. • Ongoing attendance at relevant Committees. 	<p>Results and conclusion:</p> <p>The Council has a strong track record of delivering savings. The Council is currently projecting that £20.3 million of £21.7 million of approved savings are expected to be delivered within 2024/25.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>to achieve financial sustainability. Where decisions are not taken or are later reversed, there is a risk that planned savings will not be achieved and this could impact on the financial resilience of the Council.</p>		
<p>3. Impact on performance and service delivery resulting from achievement of financial sustainability</p> <p>A significant level of savings will be required over the next three financial years for North Lanarkshire Council to address the funding gaps identified.</p> <p>In our Best Value thematic report for 2023, we noted some positive trends in performance with challenges remaining in areas such as child poverty, unemployment and educational attainment.</p> <p>There is a risk that decisions undertaken to achieve savings will impact on service delivery and the Council's ability to achieve the aims and objectives of the Plan for North Lanarkshire and the Programme of Work which supports this.</p>	<ul style="list-style-type: none"> • Review and evaluate performance monitoring arrangements and monitoring. • Review and evaluate the Council's processes to identify and monitor savings. • Ongoing review of papers, minutes and media. • Ongoing attendance at relevant Committees. 	<p>Results and conclusion:</p> <p>Performance monitoring reports in 2023/24 showed positive trends in a number of key economic and social indicators, while also noting that challenges remained in improving conditions and outcomes in other areas. The approved savings of £21.7 million by the Council in 2024/25 may increase short-term pressure on services which could impact on future delivery and performance.</p> <p>The Council should continue to monitor the impact of planned financial savings on the wider delivery and performance of its services.</p>

A medium term financial plan supports the Council in addressing significant financial challenges

94. The General Fund Revenue Budget for 2024/25 of £1,016.8 million was approved by the Council in February 2024. This included spend which is offset by ring fenced grants of £15.3 million, resulting in a net expenditure position for monitoring purposes of £1,001.5 million. Further funding resulted in an overall budget of £1,010.7million for 2024/25.

95. A savings target of £21.7 million was approved as part of the budget setting process for 2024/25. Each Service area reports on the achievement of their savings within the relevant service monitoring report. Latest reports to the

Finance and Resources Committee project that £20.2 million of these approved savings are expected to be delivered within 2024/25. This leaves an in-year gap of £1.4 million which is planned to be met through replacement savings.

96. In addition to cost efficiencies across different service areas, the achievement of these planned savings is being supported by the limited use of non-recurring savings associated with reduced employer pension contributions and the use of earmarked reserves in 2024/25.

97. An update to the medium term financial plan for the period 2025/26 to 2029/30 was approved by Committee in June 2024. The Council has also agreed a Revenue Budget Framework to manage the 2025/26 budget position.

98. The medium term financial plan is updated annually and forms the basis of the Council's savings plans. The plan includes a range of risk-based outcomes which are presented over three scenarios: optimistic, envisaged and pessimistic.

99. The Council's projections over the five years to 2029/30 forecast an envisaged cumulative budget gap of £100.1 million, as detailed in [Exhibit 8](#). The envisaged cumulative budget gap over the next three years is £62.0 million.

Exhibit 8

Envisaged budget gap 2025/26 to 2029/30

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Budget gap £'million	£21.6	£21.3	£19.1	£19.4	£18.7	£100.1

Source: North Lanarkshire Council 5 Year Medium Term Financial Plan 2025/26 to 2029/30 & Revenue Budget Strategy

100. Through the Revenue Budget Strategy, the Council continues to review its suite of savings alongside ways to maximise income generation and minimising costs with the aim to generate further financial savings.

101. The Council recognises that it has the fourth lowest level of Council Tax across all Scottish local authorities. This has led to the Council undertaking an analysis of options in relation to a future Council Tax Strategy for North Lanarkshire. The results of this analysis have yet to be reported.

The Council is transitioning to a new leadership and operating model

102. The Council's future operating model aims to have a greater focus on communities through integrated service delivery and community led approaches. All services will undergo significant transformational change in order to achieve this.

103. Services across the Council are individually reviewing their future operating models. As part of this review, services are considering how to redesign delivery of their services in a way that best meets the needs of communities in the future.

104. As part of our Best Value thematic work on workforce innovation, we reported how over 2024, Chief Officers are presenting workforce transition plans to the One Service Board. These set out how services will support the Council's future operating model over the next three to five years, accounting for current and future workforce challenges, and emerging service priorities. The plans include an assessment of how services will utilise community hubs in the future, as a shift from traditional council assets.

4. Best Value

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

Conclusions

The Council's workforce planning approach is integrated with The Plan for North Lanarkshire, with a focus on developing the workforce of the wider North Lanarkshire area.

The Council is proactive in developing its workforce as well as that of the wider North Lanarkshire area. It has a range of initiatives to address recruitment challenges across key sectors such as social care and construction, including grow-your-own approaches.

Our follow up work of Best Value improvement recommendations from 2022/23 concluded that the Council has now addressed these recommendations.

Best Value work in 2023/24

105. For 2023/24, the scope of Best Value work included conclusions on:

- Workforce Innovation (2023/24 thematic work)
- Council service performance improvement
- Effectiveness of council performance reporting
- Progress made against Best Value improvement actions made in previous years

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

Workforce Innovation

107. Annual thematic Best Value work is set by the Accounts Commission. For the 2023/24 financial year, auditors were asked to focus on workforce innovation within the Council. The results of this work were reported to elected members at the Audit and Scrutiny Panel in August 2024. This report will be published on the Audit Scotland website soon.

108. The key findings in this report are:

- The Council's workforce planning approach is integrated with The Plan for North Lanarkshire, with a focus on developing the workforce of the wider North Lanarkshire area. In December 2023 the Council published its 'One Workforce' report, a further iteration of the Workforce for the Future Strategy. It aligns with the Programme of Work 2023-28 and is supported by robust service workforce plans. The Council engages with staff and trade unions in developing its plans. Senior Officers carried out an extensive programme of staff roadshows in Summer 2024 to inform staff of the council's strategic vision. There is opportunity for the Council to reflect on how it incorporates the views of staff and trade unions to support transparent decision making.
- A refreshed Digital and IT Strategy was developed for 2024-2027, which supports the digital priority within the Programme of Work. The Council has made advancements in its digital agenda since the Covid-19 pandemic, such as through the rollout of Microsoft365, and through innovative developments in education. The Council is yet to realise wider benefits. A core aim of the strategy is for North Lanarkshire to develop a skilled digital workforce. Work is underway to support this ambition.
- The Council updated its smarter working and hybrid working policies in April 2024. The updated policy prescribe staff to work from an office for a greater proportion of time, compared with the previous requirements. As community hubs are rolled out, staff will increasingly work from hubs as an alternative to working from home where this supports service delivery. The Council monitors its hybrid working approach through ongoing feedback from managers.
- The Council is proactive in developing its workforce as well as that of the wider North Lanarkshire area. It has a range of initiatives to address recruitment challenges across key sectors such as social care and construction, including grow-your-own approaches. The Council's Brighter Futures programme supports development of the wider North Lanarkshire workforce, through employability and skills initiatives. Work is underway in key sectors such as digital and construction to address skills gaps across the wider labour market. There are strong linkages with education providers to support the Council's workforce ambitions. There are programmes in place to support succession planning.
- The Council works across a range of partnerships to deliver services for communities. There is a partnership approach to workforce planning through the Health and Social Care Partnership, and the Council works with other bodies through platforms such as the Glasgow City Region. Like most councils, the Council does not have any shared services with workforce implications at scale. The development of the community hubs will present further opportunities for collaborative working. The Council does not report on temporary and agency staffing numbers. There is room to include this in its published data.

- The Council regularly monitors and reports against its workforce planning activity, to relevant committees and through updates against the Programme of Work. The Council reports against 28 health check indicators to monitor progress against its place-based vision. There is a strong emphasis on ongoing evaluation. This could be strengthened further through monitoring activity to distinguish between workforce planning for the Council, and that of the wider area.

109. The audit recommendations made in this report, with the management responses, are included in [Appendix 1](#) of this report.

110. The Council is currently recruiting for three Chief Officer posts, including the section 95 officer role. This will represent a significant change in the chief officer group and one the Council will need to manage effectively.

Follow up of Best Value improvement recommendations from previous years

111. North Lanarkshire Council received a full Best Value Assurance report in May 2019. As part of our annual work programme, we followed up on agreed actions from that report.

112. At its meeting in June 2019, the Council agreed the eight recommendations within the Best Value Assurance Report. In 2022/23 we reported that for the last two recommendations, one was now complete and the other superseded and therefore we considered this closed.

113. Last year, the annual thematic Best Value work set by the Accounts Commission focussed on councils' leadership of the development of new local strategic priorities. We made three audit recommendations and good progress has been made by the Council. See [Appendix 1](#) which reports all three recommendations have been implemented.

5. Vision, leadership and governance

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

Conclusion

The Council has a clear ambitious vision as detailed in The Plan for North Lanarkshire.

Elected members and officers demonstrate a shared commitment to delivering the agreed strategic direction of the Council.

The Council has a clear ambitious vision

114. The Council uses a placed based approach, working with partners to deliver its strategic vision 'The Plan for North Lanarkshire'. This sets out a shared ambition to make 'North Lanarkshire the place to Live, Learn, Work, Invest, and Visit.' It is supported by a Programme of Work which was refreshed in March 2023, covering the period until 2028, and contains seven strategic priorities:

- Transforming Places – an enhanced programme to accelerate transformation of town centres and communities.
- Invest in North Lanarkshire – accelerated outcome delivery and investment via a more streamlined advisory service and aligned operating model and infrastructure plan.
- Sustainable Futures – focus commitments to Net Zero Carbon and the associated energy solutions and investments required to make it a reality.
- Resilient People – deliver whole family support locally, when families need it, in a way that addresses the impacts of poverty and reduces inequality.
- Brighter Futures – support and improve educational attainment, employment opportunities, entrepreneurship, and volunteering.

- Digital North Lanarkshire – develop a skilled digital workforce, promote an innovative, sustainable culture and be the digital leader for a transformed North Lanarkshire.
- One Service – ensure services are delivered, regardless of owner, in a streamlined, efficient, and supportive model, with the overall vision of inclusive growth and prosperity for all.

115. A single integrated one council Delivery Plan which supports the refreshed Programme of Work reported to the Policy and Strategy Committee in March 2024.

116. During summer 2024, a programme of staff roadshows has taken place to inform staff of the Council's strategic vision. The roadshows have received considerable investment, with 72 events held across 21 venues in North Lanarkshire. Over 2,200 staff attended the roadshows. The sessions were used to engage with staff on ambitions from The Plan for North Lanarkshire.

Elected members and officers demonstrate a shared commitment to delivering the agreed strategic direction of the Council

117. Last year we reported that the Council had established a Financial Planning Advisory Group in 2023/24 which had cross party membership. The aim was to encourage cross party working to strengthen the budget setting process however this proved challenging.

118. Whilst the Financial Planning Advisory Group was disbanded, there was detailed work undertaken by Finance to support budget briefing sessions across the political parties. This led to four budgets being presented and a budget agreed.

119. Public finances are under significant pressure and as funding decreases and demand for services increases, councils face tough spending decisions. Elected members and senior officers demonstrate a shared commitment to delivering the agreed strategic direction of the Council. However, increasingly difficult choices will have to be made in identifying priorities, making decisions and setting budgets, which can increase tensions among members and between members and officers, affecting their ability to work together.

Governance arrangements remain appropriate

120. Members and management of the Council are responsible for ensuring effective governance arrangements are in place, to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded. Effective governance arrangements also enable the Council to monitor how effectively it is using its resources.

121. The Council's Strategic Governance Framework approved initially in 2020 and reviewed and updated annually thereafter, acts as the Council's local code of governance. It is aligned to the national *Delivering Good Governance in Local*

Government: Framework and is used to demonstrate the Council's commitment to the principles of good governance.

122. The Council's governance arrangements have been set out in the Annual Governance Statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate. This is informed by our regular attendance at the Audit and Scrutiny Panel and review of Council and other committee papers as appropriate.

123. The Annual Governance Statement reports that "*Apart from the whistleblowing allegations received by Audit Scotland regarding the existing Mears LLP housing and property maintenance contract, details of which were reported as part of the routine progress report at the May 2024 Panel, I am pleased to be able to report that there were no other weaknesses, material frauds or irregularities identified during 2023/24 that I require to bring to your attention.*"

124. We received correspondence regarding the Council's housing and property maintenance contract with Mears Scotland LLP (Mears). Internal Audit conducted a review into the allegations and key findings and conclusions arising from this work were reported in March 2024.

125. Concerns were raised by a whistleblower regarding Mears amending completion dates for work undertaken to ensure key performance targets set by the Council were met which over-stated performance. Other concerns raised included possible monetary loss to the Council and the over-stating of performance contributing to other potential bidders not engaging with the Enterprise Project tender process.

126. Internal Audit concluded that there was evidence of Mears staff changing completion dates for housing and corporate property repair jobs. Internal Audit also reported that it was satisfied that this had not resulted in any monetary loss to the Council. However Internal Audit's report also found that there was significant scope for improvements in how the relevant Service were monitoring and overseeing performance under the existing contract.

127. The Council approved the new Enterprise contract in May 2024. This will see the joint venture cease. Further details on the timeline of the contract are included at [paragraph 150](#).

6. Use of resources to improve outcomes

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

Conclusions

The Council has reported a mixed picture of performance with a trend of improvement in several areas whilst challenges remain.

Overall, the Council's arrangements for the preparation and publication of Statutory performance information is adequate but improvements could be made in public performance reporting.

The Council's significant trading operation did not comply with the statutory requirement to break even for the second year running.

The Council has a strategic performance framework in place

128. The Best Value: Revised Statutory Guidance 2020 also sets out that performance management arrangements should be in place to promote the effective use of the local authority's resource, which includes effective performance reporting.

129. The Council measures the impact of how council activities improve services and outcomes for people and communities of North Lanarkshire through its Strategic Performance Framework.

130. The reporting of the Local Government Benchmarking Framework (LGBF) measures is integrated within the Strategic Performance Framework. This helps to ensure alignment of performance measures with The Plan for North Lanarkshire and Programme of Work, and also ensures that scrutiny of performance does not focus on a single performance indicator considered in isolation without a more complete picture of wider council performance throughout the year.

131. Since April 2024, the Council's website hosts a new [dashboard for LGBF measures](#) which was launched by the Improvement Service in 2023. This provides an easy way to view a live picture of the most up-to-date performance

for a benchmarking measure at a point in time. It also enables North Lanarkshire's performance to be compared with other councils and the national average. This LGBF dashboard is being signposted in performance reports to service committees since June 2024.

132. The Council revised its performance reporting arrangements last year with the introduction of the Performance Reporting Schedule to support the Strategic Performance Framework. This includes Chief Officer reviews at service committees, corporate reporting, and service specific reporting.

133. In 2023/24, the Performance Reporting Schedule allowed the Audit and Scrutiny Panel to exercise its scrutiny role through making available information on Chief Officers six monthly performance reviews at service committees, service specific reporting to meet business and/or statutory obligations, and corporate reporting.

134. We note elected members undertook training earlier in the year aimed at raising awareness and roles and responsibilities in scrutinising performance. This was identified through the Audit and Scrutiny Panel's self-evaluation in November 2023.

The Council has reported a mixed picture of performance with a trend of improvement in several areas whilst challenges remain

135. The [Best Value: Revised Statutory Guidance 2020](#) sets out that councils should be able to demonstrate a trend of improvement over time in delivering its strategic priorities.

136. The management commentary in the annual accounts reports a mixed picture of performance, with several areas demonstrating positive trends in performance whilst clear challenges remain.

137. There remains growth in the local economy and gross weekly pay for local residents continues to be higher than the national average. Significant increases in breastfeeding rates is another positive trend.

138. Performance remains challenging in a number of areas:

- the proportion of children in poverty remains higher than the national average and there is disparity across North Lanarkshire's communities.
- there is improvement in educational attainment for all pupils gaining 5+ awards at level 6, as well as pupils living in the 20 per cent most deprived areas but there are no signs of this gap closing.
- the position for latest business survival rates in North Lanarkshire varied with a decrease to 54 per cent from 58 per cent in the previous year.

Overall, the Council's arrangements for the preparation and publication of Statutory performance information is adequate

but improvements could be made in public performance reporting

139. The [Accounts Commission's 2021 Statutory Performance Direction](#) defines the performance information that councils must publish. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced, and engaging performance information.

140. The Accounts Commission Statutory Performance Information Direction (December 2021) requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1).
- own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

141. We have evaluated the Council's arrangements for fulfilling the above requirements and concluded that overall, the Council complies with the Direction. However, the Council's public performance reporting could be improved. The Council does not publish a summary of its performance which is easy for its citizens and communities to determine how well its services are performing and what action is needed to improve service performance.

Recommendation 5

The Council should improve its public performance reporting to provide its citizens and communities with a clear summary of performance.

The Council's significant trading operation did not comply with the statutory requirement to break even for the second year running

142. Under the Local Government in Scotland Act (2003) the trading accounts of significant trading operations have a prescribed objective to break even over a rolling three year period.

143. The creation of a single combined Trading Account was approved in January 2014 to monitor and report the commercial trading activity of the Council (currently includes Building Cleaning, Waste Management and Town Centre Activities).

144. The Council reported a deficit of £0.4 million over the three year period. This includes a technical accounting adjustment for IAS 19 Employee Benefits. Excluding these costs, the trading operation would have generated a three year surplus of £0.3 million.

145. The adjustments for IAS 19 are made to comply with accounting standards. The pension adjustment values all future pension liabilities for employees at the balance sheet date as if these pension payments were to be made now. This does not reflect the projected pattern of when pensions will be paid. As a trading organisation, the STO results require to be reported including this adjustment.

146. The Council has updated its presentation of the Trading Account note in the 2023/24 annual accounts to reflect the cash and non-cash elements of Trading Account operations. The Council's view is that the STO continues to represent best value.

There has been delays in the Council submitting its Whole of Government Accounts return to Treasury

147. Whole of Government Accounts (WGA) is the consolidated financial statements for all components of government in the UK. Most public bodies are required to submit returns for the preparation of WGA. The returns are consolidated into WGA by HM Treasury who are responsible for the process. WGA is audited at a UK level by the National Audit Office (NAO).

148. Appointed auditors in Scotland are required by the Code of Audit Practice, as part of their audit appointment, to examine and report on WGA returns prepared by Scottish audited bodies. Auditors are required to report the results of their examination in an Assurance Statement. The examination and reporting process performed by auditors is therefore described as auditor assurance.

149. Treasury prescribe a threshold for auditor assurance. No examination is required for bodies, who are below the threshold. However, auditors are still required to partially complete the Assurance Statement and submit it to the NAO. We have been unable to complete this work due to management failing to submit its WGA return since 2021/22.

North Lanarkshire – Enterprise Strategic Vehicle – Housing and Corporate Maintenance Improvement Contract

150. In 2018 the Council initiated its planning for an Enterprise Strategic Commercial Partnership (ESCP) concept with a plan to enter into a partnership to provide strategic advice and, delivery of asset maintenance services management and delivery of projects ancillary to the delivery of Core Services for 20 years (plus up to five years extension). Following market engagement, a procurement was launched in April 2021, which subsequently attracted insufficient market interest to proceed and was discontinued.

151. In December 2021 the Council had approved a new delivery model. This moved away from a joint venture model with a proposed hybrid approach with a small number of strategic 'best in class' service providers on shorter contractual terms. The revised delivery model (the 'Enterprise Project') was different to that envisaged under the ESCP, and included undertaking three major public procurements, one of which to establish a contract for Housing and Corporate Maintenance and Improvement Services (the Housing and Corporate Contract).

152. In the procurement of the Housing and Corporate Contract, while there was positive market engagement, there were limited responses to the tender with only a single selection stage response received. As the bidder satisfied the selection criteria, in December 2022 the Policy and Strategy Committee approved that the procurement should progress with one bidder (Mears Limited), with appropriate risk mitigation in place, to formal tender submission stage.

153. The Council took steps to ensure itself that the proposals continued to represent value for money in a single bidder scenario. This included the use of pricing benchmarks and a Should Cost Model (SCM) which is a means of providing a forecast of what a service, project or programme 'should' cost over its whole life to provide comparative information.

154. The Council commissioned an independent re-validation exercise of the service delivery model. This was to ensure that given the economic and financial changes since the initial option appraisal undertaken at the outset of the Housing and Corporate Contract Procurement, that this approach remained appropriate. In August 2023 the Council concluded that following the options revalidation exercise, along with consideration of risks, that the current procurement exercise remained appropriate.

155. The Council's internal audit service provided independent assurance throughout the procurement process around the adequacy and effectiveness of the Council's governance arrangements in respect of the project. In addition, in March 2024 Internal Audit provided assurance that the project continued to be managed in accordance with corporate expectations and in a manner consistent with good practice, and that management's assessment of best value as a result of the single bidder scenario provided a reasonable basis to inform and support decision making.

156. The previous service provision arrangement with a joint venture with Mears LLP was due to expire in January 2024 and the Council had planned for the procurement process to have been completed by this date. However, the decision to award the contract was deferred until May 2024.

157. While the decision around the deferral was not formally minuted, we understand the decision was taken to ensure members were fully informed of the outcomes of Internal Audit investigation work into whistleblowing allegations received regarding the existing housing and property repairs contract arrangements. The Council extended the contract to June 2024 to enable the work to be completed. Following discussions at the Council meeting in March 2024, officers provided members with a summary of the procurement journey and internal assurances to members alongside the contract decision paper in May 2024.

158. The Council approved the award of the Housing and Corporate Contract to Mears Limited in May 2024 with services commencing from July 2024. The accounting implications of the new contract arrangement should be reflected in the 2024/25 Annual Accounts, including the implications of the end of the Joint Venture arrangements. We will consider the accounting treatment and implications of the contract as part of our 2024/25 annual audit.

159. The Council has reflected throughout the process to learn opportunities for improvement, including those from the initial procurement stage to completion. As part of the reflection, the Council should consider whether the procurement summary document presented to members summarising the procurement journey and decisions reached to date could be a regular item for complex procurement exercises. We also identified minor opportunities around documentation throughout the process, particularly where these relate to papers that commercial sensitivities mean they are excluded from press/public or decisions taken to defer papers so that there is a historic record of these.

Appendix 1. Action plan 2023/24

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Replacement of assets</p> <p>As part of our audit work on additions in year of property, plant and equipment, we identified two items from a sample of 11 where capital expenditure was incurred for replacements or repair of existing assets.</p> <p>Risk – There is a risk that assets could be overstated by not removing the replaced component when capital expenditure is incurred on a specific asset.</p>	<p>Management should establish a process to ensure assets replaced are appropriately removed from the asset register and accounted for as a disposal appropriately.</p> <p>See Exhibit 2</p>	<p>Partially accepted</p> <p>In the absence of componentisation, it is unclear as to how we can put in place a process to remove the value of elements of assets which have been replaced. However we will commit to a review of expectations around componentisation with a view to future discussions with External Audit.</p> <p>Responsible officer: Chief Officer (Finance)</p> <p>Agreed date: June 2025</p>
<p>2. Statutory override</p> <p>The statutory override relating to valuation of infrastructure assets is due to end for the 2024/25 financial statements.</p> <p>Risk – A permanent solution has not yet been agreed and CIPFA believe that this will continue be an area of enhanced scrutiny for local government auditors.</p>	<p>The Council should proactively work with CIPFA and the wider local government sector to arrive at appropriate solution for the implementation of accounting for infrastructure assets.</p> <p>Paragraph 34.</p>	<p>Accepted</p> <p>The Council will work with CIPFA and the wider Local Government sector as appropriate to inform a decision on the accounting treatment for infrastructure assets.</p> <p>Responsible officer: Chief Officer (Finance)</p> <p>Agreed date: Ongoing</p>
<p>3. Reinforced autoclave aerated concrete (RAAC)</p>	<p>For those properties where RAAC has been identified, the Council should determine a more accurate measure of</p>	<p>Accepted</p> <p>Further engagement with the Council’s valuers is required</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>For those properties where RAAC was confirmed, the Council's Valuer included them as nil value in lieu of structural surveys and remedial costs. Accounting Standards require a formal estimate of the recoverable amount of the asset.</p> <p>Risk – There is a risk that properties containing RAAC are not held at the correct value in the accounts.</p>	<p>the level of impairment in line with the requirement of accounting standards.</p> <p>Paragraph 41.</p>	<p>to determine an appropriate methodology, subject to full investigation being carried out to determine the extent of costs/remedial works required.</p> <p>Responsible officer: Chief Officer (Finance) and Chief Officer (Assets and Procurement)</p> <p>Agreed date: June 2025</p>
<p>4. Continuity and security of IT operations</p> <p>Business and Digital support services to develop appropriate ICT Disaster Recovery arrangements. Disaster recovery testing varies across systems and services. The Corporate Business Continuity Plan has not yet been tested.</p> <p>The Council does not receive formal assurances regarding the IT control environment for systems which are externally hosted.</p> <p>Risk – There is a risk that the Council does not have the required assurance over its IT operations.</p>	<p>The Council should ensure there is appropriate oversight of its continuity and security of IT operations and ensure the necessary assurances are obtained for externally hosted systems</p> <p>Paragraph 85.</p>	<p>Accepted</p> <p>Services will continue to own and manage their Business Continuity arrangements – with support and guidance from the Resilience Planning Team.</p> <p>Business Continuity testing framework has been implemented. It is recommended that Services test their plans annually and a corporate test will be arranged every 3 years.</p> <p>Responsible officer: Depute Chief Executive</p> <p>Agreed date: November 2026</p> <p>Oversight of IT security and IT Disaster Recovery will continue to be managed through established corporate working groups and Service Management Teams.</p> <p>Development of assurances on externally hosted systems will be monitored through the established arrangements of the Digital North Lanarkshire Programme of Work.</p> <p>Responsible officer: Chief Officer (Business and Digital)</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>5. Public performance reporting</p> <p>The Council does not publish a summary of its performance which is easy for its citizens and communities to determine how well its services are performing and what action is needed to improve service performance.</p> <p>Risk – North Lanarkshire’s citizens and communities cannot determine how the Council is performing.</p>	<p>The Council should improve its public performance reporting to provide its citizens and communities with a clear summary of performance.</p> <p>Paragraph 141.</p>	<p>Agreed date: April 2025</p> <p>Accepted</p> <p>Following various programme of work reports to each committee cycle throughout the year, regular news articles and updates on delivery and performance are reported through the council’s website. With the Programme of Work to 2028 and its associated governance arrangements well established, work will be undertaken during 2025/26 to formally review and re-develop public performance reporting arrangements.</p> <p>Responsible officer: Chief Officer (Business and Digital)/ Chief Officer (Strategic Communication and Engagement)</p> <p>Agreed date: March 2026</p>

2023/24 recommendations from the BV thematic report

Issue/risk	Recommendation	Agreed management action/timing
<p>4. Acting on staff engagement feedback</p> <p>The council engages with staff and trade unions via staff surveys, roadshows, and trade union forums. However, it is not always clear how the council utilises feedback in to council decisions and policies.</p>	<p>As the council develops its staff engagement approach, it should ensure that as well as providing information to staff on council decisions, it also incorporates the views of staff and trade unions to support transparent decision making, and evidence how it is acting on findings from the Summer 2024 Roadshow sessions.</p>	<p>Accepted</p> <p>There are several strands of work underway which will allow the council to progress this recommendation, including a refreshed staff survey and a review of trade union consultation arrangements. These will be taken forward along with the feedback from our 2024 Roadshow sessions to deliver an improved engagement approach.</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>Responsible officer: Fiona Whittaker, Chief Officer (People Resources)</p> <p>Agreed date: December 2025</p>
<p>5. Hybrid working policy</p> <p>Flexible and hybrid working policies are more structured in North Lanarkshire, relative to other councils and organisations. This may make the council a less attractive place to work, in the context of ongoing recruitment challenges.</p>	<p>The council should continue to monitor the impact of its hybrid working approach. It should continually assess the impact of increasing the number of office days, in terms of performance, staff wellbeing, and recruitment and retention.</p>	<p>Accepted</p> <p>The council will continue to monitor the impact of its permanent Hybrid Working Scheme, through both manager and staff surveys, and in terms of performance, recruitment and retention in hybrid roles.</p> <p>Responsible officer: Fiona Whittaker, Chief Officer (People Resources)</p> <p>Agreed date: January 2026</p>
<p>6. Temporary workforce</p> <p>The council does not report data on temporary, including agency staff, although it is held by services.</p>	<p>The council should include data reporting on its temporary workforce as part of published workforce data, and once available it should include data on agency workers.</p>	<p>Accepted</p> <p>Work is underway to implement a more centralised approach to reporting on and managing temporary workforce resources, including agency workers. This work will be fully progressed to improve future reporting.</p> <p>Responsible officer: Fiona Whittaker, Chief Officer (People Resources)</p> <p>Agreed date: December 2025</p>

Follow-up of prior year AAR recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p>b/f 1. Land and buildings valuations</p> <p>The Council values its land and buildings, with the</p>	<p>The Council should continue to consider its approach to the valuation of land and buildings going forward and</p>	<p>Work in progress</p> <p>Financial year 2023/24 is the first of the agreed five year rolling programme. The</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>exception of council dwellings, at 1 April and not the 31 March year end. Given recent significant inflationary pressures on build cost rates there is an increasing risk of a material movement between the date of revaluation and 31 March.</p> <p>Risk – There is a risk that the current value of land and buildings does not reflect carrying value at 31 March.</p>	<p>continue to ensure this is appropriate to assess whether asset values have moved materially in year and as at 31 March. The Council should work with its valuers to ensure valuations are in accordance with Accounting Code requirements. Appropriate scrutiny of the valuation work completed should be undertaken to ensure these are consistent with the Council's records.</p> <p>Agreed action –</p> <p>The Council will continue to review its revaluation policy in line with code requirements and in conjunction with the professional valuers. This will take cognisance of the recommended actions from the Audit Scotland round table discussion including that 'where the valuation exercise is carried out in-year but earlier than 31 March for reasons of expediency, any material changes in value in the interim should be adjusted for'. The Council will give full consideration to the practicalities of undertaking valuations at 31 March to ensure this will not impact the annual statutory requirement to submit the unaudited accounts by 30 June. The Council will also continue to assess whether there is a material difference between the carrying value in the fixed asset register and current value, and ensure the accounts are code compliant.</p> <p>Original date – June 2024</p>	<p>Council has worked with its valuers to revise its approach to the valuation of land and buildings. The Council now values a 20 per cent representative sample of asset classes each year with a valuation date of 31 January 2024.</p> <p>While this is a significant movement from prior year, the Council should consider its approach to the valuation of land and buildings going forward to ensure it is appropriate to assess whether asset values have moved materially in year and as at 31 March year end.</p> <p>Updated agreed action –</p> <p>The Council will continue to consider its approach to the valuation of land and buildings taking into account the requirements of the Code of Practice on Local Authority Accounting, alongside the practicalities and impact on the timely preparation of the annual accounts that any potential changes might have.</p> <p>Responsible officer: Chief Officer (Finance)</p> <p>Revised date: Ongoing</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>b/f 2. Capital processes</p> <p>We identified a number of issues relating to capital processes. These included assets missing from the revaluation exercise. The process to identify impairments should be more robust to ensure all assets are fully considered. In addition, the way in which assets are held on the fixed asset register should be reviewed to ensure compliance with Code requirements in respect of componentisation.</p> <p>Risk – There is a risk that assets are not held at the correct value in the accounts.</p>	<p>The Council should review a number of its capital processes to ensure the value of assets is correctly held in the accounts, including:</p> <ul style="list-style-type: none"> • The Council should review the revaluations provided by its valuers to ensure all assets have been included. • The Council should review its capital impairment process to ensure it is robust enough to identify potential indicators of impairment across all assets. • The Council should also consider how assets are held on its fixed asset register to ensure compliance with the componentisation requirements of the Code. <p>Agreed action –</p> <p>The Council will:</p> <ul style="list-style-type: none"> • review the revaluation practices to ensure all relevant assets are incorporated • review the process of identifying impairments to ensure all assets are considered • review and consider how assets are held on its fixed asset register to ensure full compliance with the componentisation aspects of the code. <p>Original date – June 2024</p>	<p>Work in progress</p> <p>The recommendation on componentisation has not been actioned, see Recommendation 1 above for further details.</p>
<p>b/f 3. Significant trading operation</p> <p>Under the Local Government in Scotland Act (2003) the trading accounts of significant</p>	<p>The Council should review the trading operation to examine the cost effectiveness of the service provided to ensure that it</p>	<p>Work in progress</p> <p>The Council's significant trading operation has not achieved a breakeven</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>trading operations have a prescribed objective to break even over a rolling three year period.</p> <p>The Council's trading operation reported a deficit of £0.1 million over the three year period.</p>	<p>continues to represent best value for the Council.</p> <p>Agreed action –</p> <p>As currently presented the Trading Account shows a rolling three year deficit. However, this performance incorporates non-cash adjustments for Employee Benefits. Following the same accounting treatment as Council, these costs would be reversed back out resulting in a cumulative three year surplus being reported, demonstrating continued value for money in the operation of the Council's Trading Account.</p> <p>The Council will seek to amend the presentation of the Trading Account note for 2023/24 annual accounts to reflect the cash and non-cash elements of the Trading Account operations.</p> <p>Original date – June 2024</p>	<p>triennial position, reporting a deficit of £0.4 million.</p> <p>The Council has revised the presentation in the annual accounts to show that, excluding technical pensions adjustments, the trading operation would have generated a three year surplus of £0.3 million. The Council's view is that this demonstrates its continued value for money.</p>

Follow-up of prior year BV thematic recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p>b/f 1. Involvement of members in strategic planning</p> <p>Reflecting the roles and responsibilities detailed within the Strategic Policy Framework, reviews of the Programme of Work are officer led. For the new Programme of work to 2028, members had the opportunity to review proposals to ensure</p>	<p>The Council should look to improve its existing processes for engaging elected members on the overall strategic planning process.</p> <p>Agreed action –</p> <p>As part of its scheduled annual review, we will refresh the narrative presently contained within the Strategic</p>	<p>Implemented</p> <p>The annual update to the Strategic Policy Framework and its supporting guidance was amended to reflect the critical role in terms of engagement with Elected Members in respect of the Council's strategies, policies, and plans.</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>alignment with previously approved strategies and also had final approval. However the process was heavily officer led.</p> <p>Risk – There is a risk that the strategic priorities do not reflect local need.</p>	<p>Policy Framework in respect of elected members’ strategic planning role and will thereafter emphasise through the CMT and Community Co-ordinator role the importance of engaging elected members on the strategic elements of the integrated Programme of Work Delivery Plan. Elected member role in strategic planning to also be clearly documented in the developing Programme of Work Governance Framework.</p> <p>Original date – 30 September 2024</p>	
<p>b/f 2. Engagement with communities</p> <p>The Council is proactive in engaging with a wide range of communities but it is currently unable to show how successful the range of engagement activity is to demonstrate it is listening to feedback.</p> <p>Risk – There is a risk that strategic priorities agreed do not reflect local needs.</p>	<p>The Council should consider how it measures the level of engagement with communities and equalities groups.</p> <p>Agreed action –</p> <p>This will be aligned with actions arising from new communication strategy to be considered by council in March 2024. The strategy will also define what is meant by seldom-heard communities and groups.</p> <p>Original date – March 2024</p>	<p>Implemented</p> <p>The Communications and Engagement Strategy approved in June 2024 documents that for community partnership and engagement, the Council will report annually in June to the Communities Committee about the number of individuals and community organisations participating in the delivery of the local outcome improvement plans. The Strategy also includes details of how the Council will measure its engagement with equalities groups and those whose voices are at risk of being seldom-heard.</p>
<p>b/f 3. Elected members training and development programme</p> <p>The Council refreshed its induction programme with</p>	<p>The Council should work with members to understand the reasons for the poor attendance to ensure its</p>	<p>Implemented</p> <p>The results from the survey sent to elected members have now been incorporated</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>consultation with elected members but it was so poorly attended by members that it was cancelled as a result.</p> <p>Risk – There is a risk that the elected members do not have the skills and knowledge to undertake their role.</p>	<p>training and development programme is fit for purpose.</p> <p>Agreed action –</p> <p>The number of attendees at development sessions has been low, however there has been a slight increase in numbers attending recent events. The Talent & OD team will continue to communicate regularly with Political Group Business Managers to encourage discussions around training, low attendance, and engagement to be included on business meeting agendas.</p> <p>A survey will be sent to all Elected Members to help identify any restrictions and reasons for low attendance.</p> <p>Development of the Elected Members area on LearnNL will continue, with all development session recordings and presentation slides being uploaded for members to access at any time. A monthly communication is sent to all Elected Members with direct links to new recorded sessions.</p> <p>Original date – November 2023</p>	<p>into the Elected Members Development Programme.</p> <p>Elected Members sessions have continued on Teams to ensure it attracts maximum attendance and are accessible to all members. The Council has reported good attendance for these sessions.</p>

Appendix 2A. Summary of corrected misstatements

We report all corrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £1.47 million.

The table below summarises misstatements that were noted during our audit and were corrected in the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
Accounting Misstatements					
1. Allocation of capital grant income between HRA and general fund	HRA income	11,000			
	Non-service specific cost income	9,000			
	Taxation and non-specific grant income		20,000		
2. HRA assets completed transfer from assets under construction and subsequent revaluation	NCA – assets under construction				8,854
	Expenditure	6,595			
	Revaluation Reserve			2,259	
3. Cumbernauld town centre downward revaluation	NCA – Other land & buildings				3,525
	Expenditure	3,525			

Appendix 2B. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £1.47 million.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements. Cumulatively these errors are below our performance materiality level as explained in [Exhibit 1](#). We are satisfied that these errors do not have a material impact on the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
Accounting Misstatements					
1. Assets disposed of but not written out of the fixed asset register	NCA – other land & buildings				1,904
	CIES	1,031			
	NCA – accumulated depreciation	873			

North Lanarkshire Council

2023/24 Annual Audit Report

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