
TAY ROAD BRIDGE JOINT BOARD

Clerk: Roger Mennie
Head of Democratic and Legal Services
Dundee City Council
21 City Square
Dundee
DD1 3BY

TO: ALL MEMBERS OF THE TAY
ROAD BRIDGE JOINT BOARD

Date 25th November 2019

Dear Member

TAY ROAD BRIDGE JOINT BOARD

You are requested to attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held in County Buildings, Cupar on Monday, 2nd December, 2019 at 11.00 am.

The agenda and papers are enclosed.

Please submit any apologies for absence to Arlene Hay, Committee Services Officer on telephone (01382) 434818 or email arlene.hay@dundeecity.gov.uk.

Yours faithfully

ROGER MENNIE

Clerk to the Joint Board

AGENDA OF BUSINESS

1 DECLARATION OF INTEREST

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

2 MINUTE OF PREVIOUS MEETING –Page 1

The minute of meeting of the Tay Road Bridge Joint Board held on 16th September, 2019 is submitted for approval, (copy attached).

3 OPERATIONAL RESTRICTIONS AND CLOSURES – Page 5

(Report No TRB30-2019 by the Bridge Manager, copy enclosed).

4 HEALTH AND SAFETY MONITORING 2019 – Page 9

(Report No TRB31-2019 by the Bridge Manager, copy enclosed).

5 APPOINTMENT OF CONSULTING ENGINEERING SERVICES – Page 13

(Report No TRB32-2019 by the Bridge Manager, copy enclosed).

6 REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION BUILDING – Page 17

(Report No TRB33-2019 by the Bridge Manager, copy enclosed).

7 ANTI-BRIBERY POLICY – Page 21

(Report No TRB23-2019 by the Treasurer, copy enclosed).

8 REVENUE MONITORING – SEVEN MONTHS TO 31ST OCTOBER 2019 – Page 33

(Report No TRB26-2019 by the Treasurer, copy enclosed).

9 CAPITAL MONITORING – SEVEN MONTHS TO 31ST OCTOBER 2019 – Page 39

(Report No TRB27-2019 by the Treasurer, copy enclosed).

10 REVENUE BUDGET 2020/2021-2022/2023 – Page – 47

(Report No TRB28-2019 by the Treasurer, copy enclosed).

11 CAPITAL PLAN 2020/2021-2022/2023 – Page 55

(Report No TRB29-2019 by the Treasurer, copy enclosed).

12 INTERNAL AUDIT – AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN 2019 TO 2022 – Page 61

(Report No TRB24-2019 by the Treasurer, copy enclosed).

13 INTERNAL AUDIT – ANNUAL AUDIT PLAN 2019/2020 – Page 78

(Report No TRB25-2019 by the Treasurer, copy enclosed).

14 AOCB

15 DATE OF NEXT MEETING

The next meeting of the Joint Board will be held on Monday, 2nd March, 2020 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

ITEM No ...2....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 16th September, 2019.

Present:-

Dundee City Council

Councillor Lynne SHORT
Depute Lord Provost CAMPBELL
Councillor Stewart HUNTER
Baillie Fraser MACPHERSON
Councillor George McIRVINE
Councillor Margaret RICHARDSON

Fife Council

Councillor Jonny TEPP
Councillor Bill CONNOR
Councillor Andy HEER

Also Present (Officers):-

David ARCHIBALD (Henderson Loggie)
Gary BRADY (Engineer)
Alan HUTCHISON (Bridge Manager)
John MOIR (for Treasurer)
Kenny MCKAIG (for Clerk)

Councillor Lynne SHORT, Chairperson, in the Chair.

Apologies for absence were submitted on behalf of Councillors Docherty and Thomson (Fife Council).

Councillor Short briefed Board members on activities she had been involved in since taking over as Chairperson.

I DECLARATION OF INTEREST

There were no declarations of interest.

II MINUTE OF PREVIOUS MEETING

The minute of meeting of the Tay Road Bridge Joint Board held on 17th June, 2019 was submitted and approved.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB19-2019 by the Bridge Manager appraising the Joint Board of the number and nature of operational restrictions and closures applied between 1st May and 31st July, 2019.

The Joint Board noted the content of the report as at 31st July, 2019.

IV INTRODUCTION OF NEW BYELAWS

There was submitted Report No TRB17-2019 by the Bridge Manager seeking approval for the publication in the local press and to make available for public inspection the 2019 updated Tay Road Bridge Joint Board Byelaws, included as Appendix 1 to the report.

The Joint Board approved the Byelaws for publication in the local press and for inspection by members of the public in Dundee City Council – City Square offices for a period of one calendar month and thereafter the submission of the Byelaws to Scottish Ministers for confirmation.

V ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT

There was submitted Report No TRB18-2019 by the Bridge Manager appraising the Joint Board of the annual review of Strategic Risk Management issues.

The Joint Board noted the content of the report as at 16th September, 2019 and the Strategic Risk Register which was attached as Appendix 1 of the report.

VI REVENUE MONITORING – 4 MONTHS TO 31ST JULY, 2019

There was submitted Report No TRB20-2019 by the Treasurer appraising Board members of the latest position regarding the Joint Board's 2019/2020 Revenue Budget.

The Joint Board noted the content of the Revenue Monitoring Report as at 31st July, 2019.

VII CAPITAL MONITORING – 4 MONTHS TO 31ST JULY, 2019

There was submitted Report No TRB21-2019 by the Treasurer appraising Board members of the latest position regarding the Joint Board's 2019/2020 Capital Budget.

The Joint Board noted the content of the Capital Monitoring Report.

VIII AUDITED ACCOUNTS 2018/2019

(a) EXTERNAL AUDITOR'S ANNUAL AUDIT REPORT

There was submitted and noted the Annual Audit Report on the Tay Road Bridge Joint Board for the year ended 31st March, 2019.

(b) RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2018/2019 AUDIT OF TAY ROAD BRIDGE JOINT BOARD

There was submitted Report No TRB22-2019 by the Treasurer responding to the report prepared by the Board's External Auditor on the audit of Tay Road Bridge Joint Board for the year ended 31st March, 2019.

The Joint Board:-

- (i) noted the content of the External Auditor's Report including the completed action plan at Appendix 1 of the report and in particular that Audit Scotland had indicated that they would issue an unqualified audit opinion on the 2018/19 Annual Accounts;
- (ii) endorsed the report as the Joint Board's formal response to the External Auditor's report;
- (iii) instructed the Treasurer to arrange for the Audited Annual Accounts to be signed and returned to the External Auditor; and
- (iv) instructed the Treasurer thereafter to arrange for the Annual Accounts, including copies of all audit certificates to be published on the Joint Board's website no later than 31st October, 2019.

(c) AUDITED ACCOUNTS FOR YEAR ENDED 31ST MARCH, 2019

There was submitted and noted the Annual Accounts for the year ended 31st March, 2019.

IX PROGRAMME OF MEETINGS 2020

Monday, 2nd March, 2020 at 10.00 am in Dundee;
Monday, 15th June, 2020 at 11.00 am in Fife;
Monday, 14th September, 2020 at 10.00 am in Dundee;
Monday, 7th December, 2020 at 10.00 am in Dundee.

The Joint Board agreed the above programme of meetings for 2020.

X AOCB**(i) PARK AND CHOOSE PROJECT**

The Chair suggested writing to the Cabinet Secretary for Transport, Infrastructure and Connectivity to request funds for the development of Park and Choose project.

This was agreed by Board members.

XI DATE OF NEXT MEETING

The next meeting of the Joint Board would be held on Monday, 2nd December, 2019 at 11.00 am in the County Buildings, Cupar.

Councillor Lynne SHORT, Chairperson.

ITEM No ...3.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019

REPORT ON: OPERATIONAL RESTRICTIONS AND CLOSURES

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB30-2019

1.0 PURPOSE OF REPORT

1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 August and 31 October 2019.

2.0 RECOMMENDATIONS

2.1 The Joint Board are asked to note the contents of this Report as at 31 October 2019.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications as a result of this report.

4.0 COMMENTARY ON RESTRICTIONS AND CLOSURES

4.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements, such as carriageway inspections. Miscellaneous incidents include escorting pedestrians from the carriageway.

A summary of the restrictions applied between 1 August and 31 October 2019 is given below:-

4.1.1 Single Carriageway Closure

| Reason | Total Duration (Minutes) | Number of Occasions | Average Duration (Minutes) | Maximum Time Closed (Minutes) | Minimum Time Closed (Minutes) |
|--------------------------------------|---------------------------------|----------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Operational | 362 | 139 | 2.6 | 7 | 1 |
| Breakdown | 24 | 4 | 6 | 7 | 5 |
| Miscellaneous Incidents | 68 | 13 | 5.23 | 11 | 1 |
| Single Lane Closures for Maintenance | 611 | 18 | 33.94 | 166 | 5 |
| Police Incidents | 485 | 37 | 13.11 | 67 | 1 |

4.1.2 Full Bridge Closure

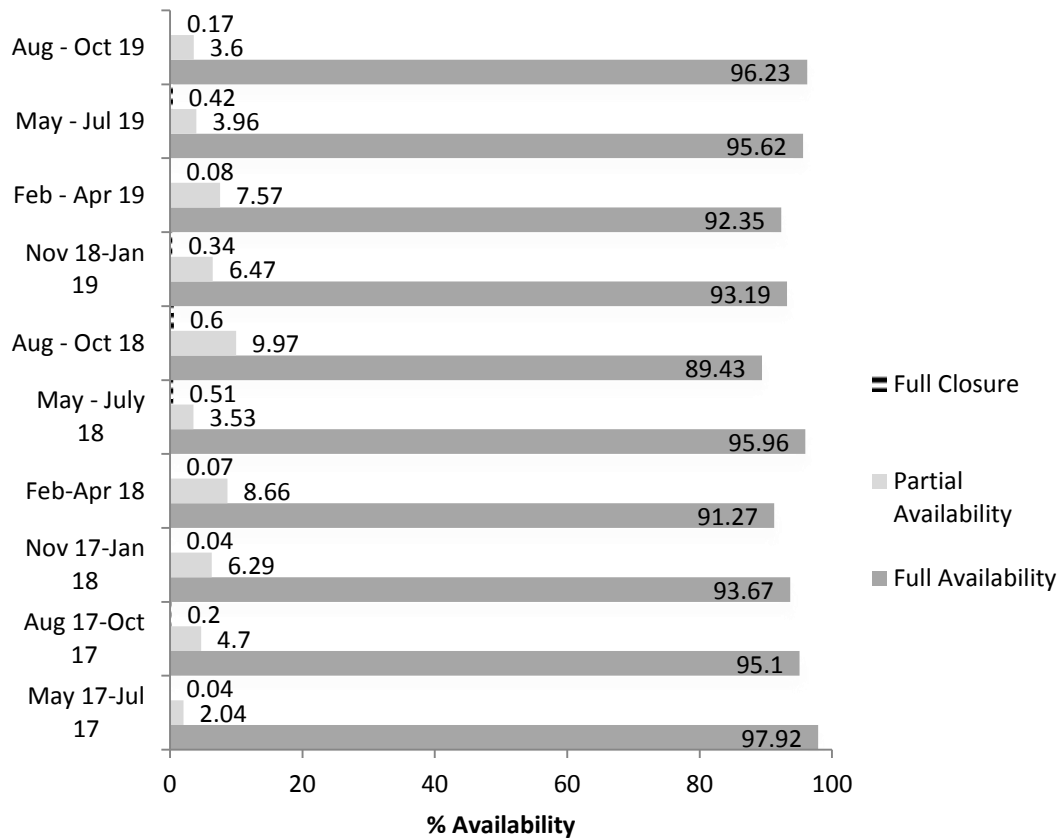
| Reason | Total Duration (Minutes) | Number of Occasions | Average Duration (Minutes) | Maximum Time Closed (Minutes) | Minimum Time Closed (Minutes) |
|------------------------------|---------------------------------|----------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Operational (Night Closures) | 0 | 0 | 0 | 0 | 0 |
| Police Incidents | 221 | 7 | 31.57 | 70 | 11 |
| Wind | 0 | 0 | 0 | 0 | 0 |

4.1.3 High Winds/Weather Restrictions

| Traffic Restricted | Total Duration (Minutes) | Number of Occasions | Average Duration (Minutes) | Maximum Time Closed (Minutes) | Minimum Time Closed (Minutes) |
|---------------------------|---------------------------------|----------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Double Deck Buses | 3000 | 9 | 333.3 | 705 | 74 |
| High Sided Vehicles | 0 | 0 | 0 | 0 | 0 |
| All Traffic | 0 | 0 | 0 | 0 | 0 |

4.1.4 Availability of Bridge

AVAILABILITY TO BRIDGE USERS



| | Aug – Oct 18 | Nov 18 – Jan 19 | Feb – Apr 19 | May-Jul 19 | Aug-Oct 19 |
|----------------------|--------------|-----------------|--------------|------------|------------|
| Full Availability | 89.43 | 93.19 | 92.35 | 95.62 | 96.23 |
| Partial Availability | 9.97 | 6.47 | 7.57 | 3.96 | 3.6 |
| Full Closure | 0.6 | 0.34 | 0.08 | 0.42 | 0.17 |

4.1.5 Summary of Bridge availability 1 August to 31 October 2019

| | |
|--|--------|
| Full availability (No restrictions) | 96.23% |
| Partial Availability (Some restrictions) | 3.6% |
| No Availability (Full Closure) | 0.17% |

5.0 TRAFFIC COUNT DATA

5.1 Traffic Count Data from Dundee Ramps

AADT – (Annual Average Daily Total 2019)

| | 4 th Quarter 2018 (Nov - Jan) | 1st Quarter 2019 (Feb - Apr) | 2nd Quarter 2019 (May - Jul) | 3 rd Quarter 2019 (Aug – Oct) |
|----------------------|---|---------------------------------------|---------------------------------------|---|
| Northbound to West | 6027 | 6833 | 6459 | 6659 |
| Northbound to East | 6535 | 6744 | 7434 | 7534 |
| Northbound Total | 12562 | 13577 | 13893 | 14193 |
| Southbound from West | 5461 | 5720 | 5779 | 6067 |
| Southbound From East | 8224 | 7874 | 8264 | 8489 |
| Southbound Total | 12696 | 13594 | 14043 | 14556 |
| Total Traffic | 25258 | 27171 | 27936 | 28749 |

5.2 Cyclist Count on the Walkway

A counter installed on the bridge walkway by Cycling Scotland commenced the counting of cyclists on 1 October 2019. This information, along with future pedestrian numbers and the speed of cyclists using the walkway, will be published quarterly in line with the reporting of traffic count data from the Dundee ramps.

5.2.1 The information available to date confirms the following:

The total number of cyclists using the Tay Road Bridge Walkway in October 2019 was **6491**.

6.0 POLICY IMPLICATIONS

6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

7.0 CONSULTATIONS

7.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

8.0 BACKGROUND PAPERS

8.1 None.

ALAN HUTCHISON
BRIDGE MANAGER
20 NOVEMBER 2019

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019
REPORT ON: HEALTH & SAFETY MONITORING 2019
REPORT BY: THE BRIDGE MANAGER
REPORT NO: TRB31-2019

1.0 PURPOSE OF REPORT

1.1 To appraise the Board Members of performance relating to Health & Safety in 2019.

2.0 RECOMMENDATIONS

2.1 The Board are asked to note the outcomes of the report and to agree to findings of the review in paragraph 4.4.

3.0 FINANCIAL IMPLICATIONS

3.1 None

4.0 COMMENTARY

4.1 General

In December 2009, the Board approved the corporate Health & Safety Policy Statement prepared by the Bridge Manager. In this document the Bridge Manager was given the remit to:-

- a) Review the document on an annual basis, or as necessary due to organisational or legislative changes
- b) Report to the Board annually on matters relating to Health & Safety matters

A copy of the Health & Safety Policy Statement is available on the Tay Road Bridge website at <http://tayroadbridge.co.uk/board-business/board-documents>

4.2 Significant Risks

The significant risks faced by Employees of the Tay Road Bridge Joint Board include:-

- Working at height
- Working on and/or over water
- Working adjacent to live traffic
- Working in exposed conditions and during periods of adverse weather
- Working in areas of difficult access
- Operating various items of machinery and plant

4.3 Staff Consultation

In addition to formal Health & Safety Committee meetings, Safety Representatives and appropriate members of staff are consulted at the early stages of preparation of Risk Assessments, Method Statements and Operational Procedures.

4.4 Review

The Bridge Manager has reviewed the Health & Safety Policy Statement and notes that Cllr Lynne Short has replaced Cllr Stewart Hunter as Chair of the Tay Road Bridge Joint Board and this has been reflected in an update. The H & S Policy document is available on line at <http://tayroadbridge.co.uk/board-business/board-documents>

4.5 Health & Safety Performance

Below is a table which contains categorised information relating to accidents and near misses recorded at the Tay Road Bridge.

PLEASE NOTE: One accident can fall into multiple categories.

| Accident Category | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------|------|------|------|------|------|
| RIDDOR fatal accident | 0 | 0 | 0 | 0 | 0 |
| RIDDOR Major Injury | 0 | 0 | 0 | 0 | 0 |
| RIDDOR over 7 day injury | 0 | 0 | 0 | 0 | 2 |
| Lost Time Injury | 0 | 1 | 0 | 1 | 1 |
| Minor Injury | 2 | 2 | 0 | 3 | 0 |
| Near Misses | 0 | 1 | 1 | 0 | 0 |
| Slip, trip, fall on the level | 0 | 0 | 0 | 0 | 0 |
| Manual Handling | 0 | 0 | 0 | 1 | 1 |
| Third party contractors | 0 | 0 | 0 | 0 | 0 |

NOTE: There was a total number of three accidents involving staff at the Tay Road Bridge in 2019

All accidents and near misses are investigated and the causes/proposed mitigation measures are formally recorded.

4.6 Occupational Health Issues

There were no Occupational Health related issues.

4.7 Training

Health & Safety training has been held throughout the period to maintain staff awareness and competency.

5.0 POLICY IMPLICATIONS

5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

6.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

7.0 BACKGROUND PAPERS

7.1 None

**ALAN HUTCHISON
BRIDGE MANAGER
20 NOVEMBER 2019**

ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019
REPORT ON: APPOINTMENT OF CONSULTING ENGINEERING SERVICES
REPORT BY: ENGINEER TO THE BOARD
REPORT NO: TRB32–2019

1 PURPOSE OF REPORT

- 1.1 To seek approval from the Joint Board to appoint WSP to provide professional multi-disciplinary engineering consultancy services to the Joint Board on a five year term contract. This is to allow knowledge and expertise to be developed through partnership working and ensure that strategies for the delivery of future major projects can be robustly evidenced.

2 RECOMMENDATIONS

- 2.1 It is recommended that:

- The Clerk to the Board be instructed to accept the offer from WSP to provide professional multi-disciplinary engineering consultancy services to the Tay Road Bridge Joint Board. The estimated cost for the provision of consultancy services over the term of this contract is £258,000.

3 FINANCIAL IMPLICATIONS

- 3.1 The Treasurer advises that the above expenditure can be met from within the Capital Grants that are agreed annually with the Scottish Government through Transport Scotland.

4 IMPLICATIONS TO BRIDGE USERS

- 4.1 There will be no significant implications to Bridge Users.

5 BACKGROUND

- 5.1 As part of the Joint Boards Asset Management Plan, a programme of general and principal bridge inspections are delivered by an in-house team comprising the Bridge Manager and Maintenance Manager, both chartered engineers, who are supported by an Assistant Bridge Inspector. Supplemental experience and advice is provided by Dundee City Council, City Development Department, Bridges and Structures team.
- 5.2 Principal Inspections (PIs) of the bridge are a statutory requirement and permit the efficient planning of future maintenance requirements to ensure the continuing good condition of the structure. PI's are carried out every six years and require a detailed close up inspection of all elements of the bridge. General Inspections (GIs) are carried out every two years and involve a visual inspection of all elements of the bridge. These inspections help the Engineer and the Bridge Manager develop the forward capital plan for anticipated works on the bridge.

- 5.3 The current capital plan makes provision for significant spend (circa £10M) in the years 2021/22 and 2022/23 to complete a full resurfacing of the bridge and replacement of all expansion joints. However, a recent GI of the carriageway and a skid resistance check appears to show that the original bridge surfacing is still in a relatively good condition, despite the fact that projections in 2009 and 2014 suggested that the Joint Board could expect to carry out these major works in 2020/21. As a result of these latest inspections and surveys it is deemed prudent to re-evaluate the necessity to carry out such major works at this time. The appointment of a multi-disciplinary Consulting Engineer will provide expert advice to the Board of the most cost effective time and means to carry out total resurfacing and movement joint replacement to ensure best value is achieved. The provision of professional consulting engineering services for a five year term will allow knowledge and expertise to be developed through partnership working and make sure that a robust strategy for all replacement schemes can be evidenced.
- 5.4 Through this consultancy contract, gantry replacement design and procurement will also be sought, given that the inspection gantries are thirty years old and require significant ongoing maintenance to keep them operating. Circa £2M has currently been allocated to 2021/22 for the provision of new gantries to address this.
- 5.5 Thirteen engineering consultancy organisations previously accepted to Scotland Excel's Engineering and Technical Consultancy Framework, "Lot 1 – Roads and Structures" were invited to tender through the terms of this framework to provide multi-disciplinary consultancy services to the Tay Road Bridge Joint Board. These were invited on the basis of a price/quality rating of 20%/80% reflecting the importance of the selected consultancy having civil engineering experience appropriate to future planned capital works on the Tay Road Bridge. Six tender returns were received, scored and ranked as follows by a panel of three technical officers:-

| Consultant | Tender Value | Pricing Score | Quality Score | Total Score | Ranking |
|----------------|--------------|---------------|---------------|-------------|---------|
| WSP | £258,000 | 20.0% | 75.4% | 95.4% | 1 |
| Mott MacDonald | £260,000 | 19.8% | 74.1% | 93.9% | 2 |
| Aecom | £267,306 | 19.3% | 68.8% | 88.1% | 3 |
| Amey | £397,343 | 13.0% | 73.4% | 86.4% | 4 |
| Atkins | £437,433 | 11.8% | 73.6% | 85.4% | 5 |
| Arcadis | £332,643 | 15.5% | 68.5% | 84.0% | 6 |

6 POLICY IMPLICATIONS

- 6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

3

7 CONSULTATIONS

7.1 The Clerk, Treasurer and Bridge Manager have been consulted in the preparation of this report and are in agreement with the contents.

8 BACKGROUND PAPERS

8.1 None

**GARY BRADY
ENGINEER TO THE BOARD
20 NOVEMBER 2019**

ITEM No ...6....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019
REPORT ON: REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION BUILDING
REPORT BY: BRIDGE MANAGER
REPORT NO: TRB33-2019

1 PURPOSE OF REPORT

- 1.1 To seek approval from the Joint Board to appoint Robertson Construction Ltd as main contractor to carry out repairs to the Administration Office. This includes work to restore water tightness, improve the building's thermal properties and modernise the Control Room and all mess facilities to help staff efficiently deliver their day-to-day duties.

2 RECOMMENDATIONS

- 1.1 It is recommended that:

- The Clerk to the Board be instructed to accept the tender offer of £399,931.20 from Robertson Construction Ltd for the office refurbishment.
- Expenditure of **£505,895.76** be authorised for the office refurbishment inclusive of an allowance of **£105,964.56** associated with professional fees, contingencies and non-contract allowances.
- Authority is given to negotiate with and appoint Robertson Construction Ltd for the provision of third party specialist equipment upgrades, up to the value of **£130,000**. This includes an upgrade to the bridge monitoring systems, relocation of variable message sign controls, passenger lift management systems and a new fire alarm system to future proof electronic systems critical to the safe operation and management of the bridge and ensure business continuity during the office refurbishment.
- Authority is given to negotiate with and appoint Robertson Construction Ltd for the replacement of the main building windows, identified for replacement in the 2020/21 Capital Plan, up to the value of **£50,000**.

3 FINANCIAL IMPLICATIONS

- 3.1 The Treasurer advises that the above expenditure can be met from within the Capital Budgets for 2019/20 and 2020/21.

4 BACKGROUND

- 4.1 A fit for purpose Operational Centre is crucial to permit the TRBJB to effectively carry Out its statutory functions and support effective day-to-day operations and interface with the public.
- 4.2 In November 2015 Bauder (Roofing) Ltd carried out a fully survey of the flat roof of the Administration Office. This was requested following water damage to areas of the second floor ceiling, where staining and plaster damage had become evident, and to provide advice on how to improve the thermal efficiency of the roof structure.

- 4.3 Bauder confirmed that the existing main roof is a PVC single ply membrane system with rigid PUR/PIR board insulation, overlaying a profiled metal deck.
- 4.4 Bauder noted that the existing waterproofing is extremely poor and worthy of concern, with evidence of water ingress due to advanced deterioration and that the existing roof system was beyond salvage and should be removed and replaced. Bauder also noted that the thermal performance of the existing insulation is poor and well below current standards.
- 4.5 In 2016 a survey and report by Dundee City Council Architectural Services confirmed poor building insulation. Control room supervisors had reported to management the presence of draughts and complained that the room was either too hot or too cold to be a comfortable working environment. Other concerns related to the poor layout of the control room, with complaints that although equipment for monitoring the bridge had been added and has evolved over the years, the layout of the room was not conducive to efficient use of space and user comfort.
- 4.6 Repair proposals include the full replacement of the flat roof with a modern warm roof construction. This will improve the thermal efficiency of the building and alleviate risk to business continuity associated with roof leaks. Improvements to the control room cladding and new windows will improve thermal efficiency and improve working conditions for Supervisors and help them carry out their day-to-day duties efficiently.
- 4.7 Proposals also include the modernisation of the ground floor mess room facilities, including the creation of one single mess facility for all maintenance and operations staff.
- 4.8 The contract offer from Robertson Construction Ltd has been competitively procured through the Places for People Procurement Hub, which is a fully OJEU compliant public sector framework agreement for procuring minor construction works. The offer has been independently checked by Dundee City Council Capital Projects Team and found to be Value for Money and deemed to be compliant.

5 IMPLICATIONS TO BRIDGE USERS

- 5.1 The improvements to the control room will assist the Supervisors in delivery of their day-to-day duties and as a consequence will have a positive impact on bridge user safety.

6 POLICY IMPLICATIONS

- 6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

7 CONSULTATIONS

- 7.1 The Clerk, Treasurer and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

8 BACKGROUND PAPERS

8.1 None.

**ALAN HUTCHISON
BRIDGE MANAGER
21 NOVEMBER 2019**

ITEM No ...7....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019

REPORT ON: ANTI-BRIBERY POLICY

REPORT BY: THE TREASURER

REPORT NO: TRB 23-2019

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to submit to Board Members the proposed revised Anti-Bribery Policy for approval. A copy of the Anti-Bribery Policy is attached.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Joint Board approve the revised Anti-Bribery Policy which will complement the various guidance and procedure documents already in place for the employees and Members of Tay Road Bridge Joint Board.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications arising directly out of this Report.

4.0 BACKGROUND

4.1 The 2018/2019 Annual Governance Statement (TRB 13-2019) and the 2018/2019 Local Code of Corporate Governance (TRB 12-2019) both included a recommendation in their Improvement Agenda Action Plans for 2019/2020 for the Joint Board to develop an Anti-Bribery Policy.

4.2 The Board previously approved a Fraud Guidelines document (TRB 3-2016) which encompassed the Board's Anti-Fraud and Corruption Strategy and Anti-Bribery Policy. The purpose of revising the Anti-Bribery Policy is to summarise the Bribery Act 2010, set out the key anti-bribery and corruption principles to be observed and details the corporate and employee responsibilities required to ensure compliance. This Policy also provides information surrounding the already established and related framework of codes of conduct, policies and procedures as well as information and guidance on how to prevent, recognise and deal with potential instances of bribery.

5.0 POLICY IMPLICATIONS

5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

6.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7.0 BACKGROUND PAPERS

7.1 [UK Bribery Act 2010](#)

**GREGORY COLGAN
TREASURER**

20 NOVEMBER 2019



Tay Road Bridge

ANTI-BRIBERY POLICY

October 2019

CONTENTS

| Section | | Page |
|----------------|--|-------------|
| 1 | Introduction | 3 |
| 2 | Definition of Bribery | 3 |
| 3 | The Bribery Act 2010 | 3 |
| 4 | Compliance | 4 |
| 5 | Board Responsibilities | 5 |
| 6 | Preventing Bribery – Adequate Procedures | 5 |
| 7 | Employee Responsibilities | 6 |
| 8 | Reporting Arrangements | 6 |
| 9 | Review | 7 |
| | | |

1 Introduction

- 1.1 Tay Road Bridge Joint Board (the Board) has a zero tolerance approach to bribery and is fully committed to consistently operating the highest standards of conduct whilst delivering its services.
- 1.2 For the purpose of this Policy, the term “Employee” applies to all Board Members, Board Officers, employees and individuals acting on the Board’s behalf and are responsible for maintaining the Board’s reputation and for conducting Board business honestly and professionally.
- 1.3 All Board employees should strive to act at all times, in line with this Policy (and all other related Board policies), in an open, honest and ethical way, helping to protect and maintain the Board’s honourable reputation. There is an expectation that everyone else working for and with the Board, including agency and casual workers, contractors, suppliers, partners and other third parties / external service providers, will do the same.
- 1.4 The Board is committed to preventing bribery and complying with all relevant legislation, including the [Bribery Act 2010](#) (the Act). Allegations of bribery will be investigated by senior officers of the Board in line with relevant procedures and, where appropriate, escalated to senior officers in Dundee City Council (the Council) and notified to Police Scotland. Where bribery allegations involving Board employees are substantiated, this will lead to formal disciplinary action.
- 1.5 This Policy summarises the Act, sets out the key anti-bribery and corruption principles to be observed and details the corporate and employee responsibilities required to ensure compliance. This Policy also provides information surrounding the already established and related framework of codes of conduct, policies and procedures as well as information and guidance on how to prevent, recognise and deal with potential instances of bribery.

2 Definition of Bribery

- 2.1 Bribery is a criminal offence relating to the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust.
- 2.2 An advantage can be described as a financial or other type of reward (such as a gift, gratuity, hospitality and / or access to commercially sensitive or other data), given to individuals to encourage them to improperly perform tasks / carry out actions, or to reward them for having already done so. This includes seeking to influence a decision-maker by providing them with benefits that exceed those that would be reasonably expected as part of a process or procedure.

3 The Bribery Act 2010

- 3.1 The Act came into force on 1 July 2011 and is concerned solely with bribery. Fraud, theft and other offences, such as money laundering offences, are not covered by the Act.

- 3.2 The Act establishes a framework for the following key criminal offences surrounding bribery, relating to individuals and / or organisations:
- The offering, promising or giving of a bribe to another person (Active Bribery) – Section 1 of the Act.
 - The requesting, agreeing to receive or acceptance of a bribe (Passive Bribery) – Section 2 of the Act.
 - Bribery of foreign public officials – Section 6 of the Act.
 - Failure of organisations to put in place adequate procedures to prevent bribery – Section 7 of the Act.
- 3.3 It is irrelevant under the Act whether the bribe is made directly from one individual to another or through a third party, or whether the advantage is for the benefit of the individual performing the function or the benefit of another individual. Employees should always be aware of the possibility that they may be targeted for attempted bribery.
- 3.4 There are serious consequences, at both an individual and organisational level, for non-compliance with the Act. In relation to individuals, consequences under Sections 1, 2 and 6 include imprisonment (the maximum penalty under the Act is ten years imprisonment), unlimited fines and termination of employment / contract with the Board. Potential risks for the organisation under Section 7 include unlimited fines, significant reputational damage and subsequent loss of public confidence.

4 Compliance

- 4.1 The Board ensures that it is operating high standards of conduct at all times and is complying with the requirements of the Act through this Policy and the following framework of related codes of conduct, policies and procedures:
- Standing Orders;
 - Schemes of Administration for Financial Regulations;
 - Schemes of Administration for Tender Procedures;
 - Schemes of Administration for Delegation of Powers;
 - The National Code of Conduct for Councillors;
 - The National Code of Conduct for Local Government Employees in Scotland;
 - Operating Procedures and Guidelines;
 - Fraud Guidelines and Anti-Fraud and Corruption Strategy;
 - Local Code of Corporate Governance;
 - Employees' Conditions of Service and Employment Policies;
 - Whistleblowing Policy and supporting procedures; and
 - Register of Officers' Interests.
- 4.2 A number of steps are taken to help ensure and monitor understanding and compliance with the framework, including formal sign off and dissemination of policies and procedures, delivery of training and awareness programmes (including induction and refresher training), active monitoring and review by management, follow-up and reporting arrangements.
- 4.3 In relation to this Policy specifically, employees will receive a copy of the document and be required, both at the point of commencing employment with the Board and at defined intervals thereafter, to confirm that they have read and understood its requirements. Failure to adhere to this Policy or any other related code of conduct,

policy or procedure in the framework may result in disciplinary action being taken against an employee, up to and including dismissal.

5 Board Responsibilities

5.1 The Board expressly forbids employees or associated persons from offering or accepting bribes or unlawful inducements to or from anyone for any purpose. The use of an associated person or third party as a 'go-between' to channel bribes to others is also unacceptable.

5.2 The Board is committed to the prevention and detection of bribery and is responsible for:

- ensuring procedures are in place to prevent bribery;
- making all employees aware of their responsibilities through this Policy, the National Code of Conduct for Local Government Employees in Scotland and other related codes of conduct, policies and procedures;
- training employees to enable them to recognise acts of bribery and take any action that may be required;
- ensuring training on this Policy forms part of the induction process for all new employees, and that all employees are reminded of their responsibilities regarding bribery;
- encouraging employees to be vigilant and report any reasonably held suspicions of bribery, using the Board's Whistleblowing policy if necessary;
- investigating all instances of alleged bribery, notifying Police Scotland where bribery is suspected and assisting as appropriate and during any resultant prosecution;
- seeking, wherever possible, to recover any losses suffered as a result of an act of bribery; and
- including appropriate anti-bribery clauses in employment and commercial contracts.

6 Preventing Bribery – Adequate Procedures

6.1 An organisation will have a statutory defence against prosecution for bribery offences if it puts in place "adequate procedures" designed to prevent bribery. What is considered "adequate" depends on the bribery risks as well as the nature, size and complexity of the organisation. Adequate procedures need to be applied **proportionately**, based on the level of risk.

6.2 In determining such procedures, the Government has indicated that organisations should be informed by six principles:

- Top Level Commitment - Have top level management been active in making sure that employees and the key people who do business with you and for you, understand that you do not tolerate bribery;
- Risk Assessment - What are the bribery risks that the Board might face, i.e. the markets that it operates in or the people it deals with;
- Proportionate Procedures (proportionate to the bribery risks faced) - This is dependent upon the size of the organisation and if it is operating in countries or markets where the risk of bribery is higher;
- Due Diligence - Knowing exactly who you are dealing with can help to protect the Board from taking on or engaging people who might be less than trustworthy;

- Communications (the Anti-bribery Policy and procedure are embedded and understood) - Ensuring that policies and procedures are communicated to employees and others who perform services on the Board's behalf enhance awareness and helps to deter bribery. In higher risk situations, the Board might insist on additional training; and
- Monitoring and Review - The risks the Board faces and the effectiveness of procedures may change over time. The Board therefore needs to ensure that if the bribery risks that it faces change then it must ensure its policies change.

The Board's arrangements embody these six principles.

7 Employee Responsibilities

7.1 The prevention, detection and reporting of bribery (as well as other forms of corruption) are the responsibility of all employees working for the Board. With that in mind, all employees **must**:

- comply with this policy;
- avoid any activity that breaches this Policy or could be perceived as a breach of this Policy;
- comply with policy on accepting gifts, gratuities or hospitality, seeking advice if necessary; and
- raise any concerns as soon as possible if you believe or suspect that a breach of this Policy has occurred or may occur in the future.

Employees **must not**:

- give or promise to give, or offer a payment, gift or hospitality with the expectation or hope that a personal, commercial, regulatory or contractual advantage will be received, or to reward any such advantage already given;
- give or promise to give, or offer a payment, gift or hospitality to a colleague, third party, agent / representative to facilitate or speed up a process or a procedure;
- accept a payment, gift, gratuity or hospitality from a third party if you know or suspect that it is being offered or provided with an expectation that a business advantage will be given by the Board in return; and
- retaliate against, threaten or victimise anyone who has refused to be involved in bribery, or who has raised concerns under this Policy.

The list above is not exhaustive but is intended to provide examples of conduct likely to breach this policy.

8 Reporting Arrangements

8.1 If an employee has any concern or suspicion that they, or a colleague, may be involved in or affected by improper activities of the nature described in this Policy, they can report this in a variety of ways.

8.2 Preferably, the employee will speak to their supervisor / manager. However, they may not feel able to do that e.g. their supervisor may be involved or the individual may just want to make an anonymous report. Whatever the reason, if an employee wants to take another route, they can:

- speak to a senior manager;
 - report online:
 - on Dundee City Council's internet site. Click on '**Your Services**' and select '**A-Z**' then go to '**Fraud Reporting and Whistleblowing**', or
 - on Dundee City Council's intranet, One Dundee: Click on '**Do It Online**' and in the '**Report**' column, select '**Whistleblowing**'.
 - Send an email to whistleblowing@dundeecity.gov.uk
 - telephone 01382 431250 or 0300 123 5829;
 - send a letter marked 'PRIVATE AND CONFIDENTIAL' to: Dundee City Council, Corporate Services, Corporate Fraud Team, 50 North Lindsay Street, DUNDEE, DD1 1NZ; or
 - seek the help of their Trade Union.
- 8.3 Employees should report their concerns to the Board in the first instance, but are entitled to raise their concerns with external bodies - 'prescribed persons' which in Scotland are principally the Secretary to the Accounts Commission for Scotland and the Auditor General for Scotland. Employees will be told about this option but it will be stressed that they should use internal processes first.
- 8.4 If a member of the public tells an employee about a bribery concern or suspicion they have, then that employee should make a note of the person's details and their concerns and pass on the details as described at 8.2 above. Thank the member of the public and explain to them that someone else from the Board will contact them to acknowledge receipt and, if required, obtain further information. Whilst there are several routes available for members of the public to report concerns to the Board, employees should not redirect them to these unless specifically asked. The employee should take responsibility for ensuring the bribery concern or suspicion is properly reported.

9 Review

- 9.1 This policy will be kept under review by Bridge Officers and revised where necessary, to reflect organisational changes, best practice, operational experience and legislative updates, in order to maintain its effectiveness. It will be fully reviewed in December 2022.

| | Implementation of Original Policy: | | December 2019 |
|-----------------|------------------------------------|--------------------|--------------------|
| Revision Number | Planned Review Date | Actual Review Date | Summary of Changes |
| 1 | December 2022 | | |
| 2 | | | |
| 3 | | | |

ITEM No ...8.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019

REPORT ON: REVENUE MONITORING – 7 MONTHS TO 31 OCTOBER 2019

REPORT BY: THE TREASURER

REPORT NO: TRB 26-2019

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to appraise Board Members of the latest position regarding the Joint Board's 2019/2020 Revenue Budget.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 October 2019.

3.0 FINANCIAL IMPLICATIONS

3.1 The 2019/2020 Revenue Budget predicted a deficit of £35,000 (see Report 23-2018). The current outturn position for the financial year 2019/2020 is projecting a break-even position based on the financial information available at 31 October 2019 (as detailed in Appendix A).

3.2 Following the removal of tolls the Board's Revenue Expenditure is now financed by an annual Revenue Grant from Scottish Government.

3.3 Transport Scotland's Internal Audit reviewed their management of grant funding arrangements which included their administration of grant payments to and carry forward requests from the Joint Board. One of the recommendations of this review was that any unspent grants carried forward from previous years was required to be repaid in this financial year. The amount that was repaid was £1.235m. This results in a projected Revenue Grant carried forward into 2020/2021 of £nil.

3.4 The projected break-even position, if it materialised, would result in a General Fund Reserve of £1,160,591 at 31 March 2019. This level of retained reserves is subject to negotiation with the Scottish Government.

3.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the current year's gross expenditure, including CFCR, to each of the Board's five strategic objectives.

3.6 An underspend of £5,000 is projected in relation to Administration Supplies and Services. This is due to insurance premiums being lower than anticipated due to re-negotiation process (see TRB 15-2019).

3.7 An underspend of £23,000 is projected in relation to Plant and Equipment Supplies and Services. This is due to a £8,000 saving in relation to equipment maintenance on the traffic signs as the majority of these were installed recently and maintenance is covered by a new contract supplied with the installation. There are also savings of £5,000 in relation to cathodic protection equipment maintenance and £10,000 in relation to cathodic protection professional fees due to there being a current capital project to replace the cathodic protection equipment.

- 3.8 An underspend of £4,000 is projected in relation to Bridge Maintenance Property Costs. This is due to a saving in relation to ground maintenance work at the Fife landfill.
- 3.9 Reduced income of £79,000 is projected in relation to Scottish Government Revenue Grant. This is due to a change in the process for receiving this grant since October 2019 with monthly grant applications now being made on the basis of actual expenditure incurred (see TRB20-2019).
- 3.10 Reduced income of £14,000 is projected in relation to Interest on Revenue Balances. This is due to the Board having a reduced level of average monthly balances as a result of repaying unspent grants from previous years to the Scottish Government (see TRB 20-2019 and TRB 22-2019).
- 3.11 An underspend of £46,000 is projected in relation to Capital Funded from Current Revenue (CFCR) Miscellaneous Projects. This is due to expenditure on miscellaneous assets being lower than anticipated.
- 3.12 An underspend of £25,000 is projected in relation to CFCR Gantry Miscellaneous. This is due to there being no requirement for expenditure during this financial year.
- 3.13 An underspend of £25,000 is projected in relation to CFCR Paintwork to Box Girders. This is due to there being no requirement for expenditure during this financial year due to the condition of the existing paintwork.

4.0 RISK ASSESSMENT

- 4.1 In preparing the Board's Annual Revenue Budget (see Report TRB 23-2018), the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period. In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:
- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings;
 - the level of General Fund Reserve balances available to meet any unforeseen expenditure;
 - the level of other cash backed reserves available to meet any unforeseen expenditure;
 - the possibility of identifying further budget savings and efficiencies during the year if required; and
 - the possibility of identifying new income streams during the year.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

- 6.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7.0 BACKGROUND PAPERS

- 7.1 None

GREGORY COLGAN
TREASURER

22 NOVEMBER 2019

TAY ROAD BRIDGE JOINT BOARD**REVENUE MONITORING AS AT 31 OCTOBER 2019**

| | Revenue Budget 2019/20 £ | Expenditure to 31 October 2019 £ | Final Projection 2019/20 £ | Variance from Budget £ | Paragraph Reference |
|---|-----------------------------------|--|-------------------------------------|---------------------------------|------------------------|
| EXPENDITURE | | | | | |
| <u>Administration</u> | | | | | |
| Staff Costs | 183,288 | 104,066 | 183,288 | - | |
| Property Costs | 33,150 | 15,725 | 33,150 | - | |
| Supplies and Services | 137,043 | 94,001 | 132,043 | (5,000) | 3.6 |
| Transport Costs | 975 | 228 | 975 | - | |
| Third Party Payments | 93,375 | 453 | 93,375 | - | |
| | 447,831 | 214,473 | 442,831 | (5,000) | |
| <u>Operations</u> | | | | | |
| Staff | 489,898 | 283,197 | 489,898 | - | |
| Supplies & Services | 10,700 | 2,382 | 10,700 | - | |
| | 500,598 | 285,579 | 500,598 | - | |
| <u>Plant and Equipment</u> | | | | | |
| Property | 28,500 | 12,247 | 28,500 | - | |
| Supplies & Services | 177,900 | 116,128 | 154,900 | (23,000) | 3.7 |
| Transport | 34,450 | 23,448 | 34,450 | - | |
| Third Party Payments | 18,750 | 3,395 | 18,750 | - | |
| | 259,600 | 155,218 | 236,600 | (23,000) | |
| <u>Bridge Maintenance</u> | | | | | |
| Staff | 305,484 | 159,278 | 305,484 | - | |
| Property | 32,000 | 8,107 | 28,000 | (4,000) | 3.8 |
| Supplies & Services | 52,950 | 10,428 | 52,950 | - | |
| Transport | 300 | 22 | 300 | - | |
| Third Party Payments | 21,850 | - | 21,850 | - | |
| | 412,584 | 177,835 | 408,584 | (4,000) | |
| GROSS EXPENDITURE | 1,620,613 | 833,105 | 1,588,613 | (32,000) | |
| INCOME | | | | | |
| Scottish Government Revenue Grant | 1,700,000 | 850,000 | 1,621,000 | (79,000) | 3.9 |
| Interest on Revenue Balances | 25,000 | - | 11,000 | (14,000) | 3.10 |
| Kiosk Rent | 10,213 | 5,107 | 10,213 | - | |
| Miscellaneous | 400 | 132 | 400 | - | |
| GROSS INCOME | 1,735,613 | 855,239 | 1,642,613 | (93,000) | |
| TOTAL NET REVENUE EXPENDITURE / (INCOME) | (115,000) | (22,134) | (54,000) | 61,000 | |

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

| | Revenue Budget 2019/20 £ | Expenditure to 31 October 2019 £ | Final Projection 2019/20 £ | Variance from Budget £ | Paragraph Reference |
|--|-----------------------------------|--|-------------------------------------|---------------------------------|------------------------|
| Miscellaneous Projects | 100,000 | 17,835 | 54,000 | (46,000) | 3.11 |
| Gantry Miscellaneous | 25,000 | 10 | - | (25,000) | 3.12 |
| Paintwork to Box Girders | 25,000 | - | - | (25,000) | 3.13 |
| TOTAL CFCR | 150,000 | 17,845 | 54,000 | (96,000) | |
| TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES | 35,000 | (4,289) | - | (35,000) | |

APPENDIX B**LINKING THE 2019/2020 REVENUE BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES**

| | Strategic Objective | 2019/2020 Budget £ | Expenditure to 31 October 2019 £ | 2019/2020 Projected £ |
|---|--|-----------------------------------|---|--------------------------------------|
| 1 | Meeting User Expectations | 840,514 | 496,845 | 835,514 |
| 2 | Fiscally Sustainable | 78,325 | 713 | 78,325 |
| 3 | Transparent Governance and Clear Decision Making Processes | 18,590 | (860) | 18,590 |
| 4 | A Modern, Diverse and Well Trained Workforce | 29,000 | 4,525 | 29,000 |
| 5 | Quality and Standards | <u>804,184</u> | <u>349,727</u> | <u>681,184</u> |
| | TOTAL GROSS EXPENDITURE | <u>1,770,613</u> | <u>850,950</u> | <u>1,642,613</u> |

ITEM No ...9....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 DECEMBER 2019

REPORT ON: CAPITAL MONITORING - 7 MONTHS TO 31 OCTOBER 2019

REPORT BY: THE TREASURER

REPORT NO: TRB 27-2019

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to appraise Board Members of the latest position regarding the Joint Board's 2019/2020 Capital Plan.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 October 2019.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Joint Board's 2019/2020 Capital Expenditure Programme of £1,795,000 was approved by the Board on 3 December 2018 (Report TRB 24-2018). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.
- 3.2 The capital outturn for the financial year 2019/2020 (as detailed in Table 1 on Appendix A) is projected to be £1,071,000 (i.e. a net decrease of £724,000 from the originally approved budget) based on the financial ledger information up to 31 October 2019 and this will be funded from 2019/2020 Capital Grant of £365,000, Capital Grant carried forward from previous years of £645,000, Capital Receipts of £7,000 and Capital Funded from Current Revenue (CFCR) of £54,000.
- 3.3 An explanation of the major variances is shown in section 4 of the report.
- 3.4 Transport Scotland's Internal Audit reviewed their management of grant funding arrangements which included their administration of grant payments to and carry forward requests from the Joint Board. One of the recommendations of this review will be that any unspent grants carried forward from previous years will require to be repaid in this financial year. The amount that was repaid was £1.366m. This is calculated based on the projected outturn figure as at the September 2019 Board meeting. This results in a projected Capital Grant carried forward into 2020/2021 of £nil (as detailed in Table 2 on Appendix A).
- 3.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the current year's gross expenditure, including CFCR, to each of the Board's five strategic objectives.

4.0 REASONS FOR CAPITAL EXPENDITURE NET DECREASE

4.1 The main reasons for the net decrease of £724,000 can be summarised as follows:

| | £000 |
|--|---------------------|
| <u>Slippage from 2018/2019:</u> | |
| CP Monitoring Equipment | 130 |
| Lift Replacement | 4 |
| New Switch Gear | 87 |
| LED Lighting to Bridge and Fife Car Park | 50 |
| | |
| <u>Budget Adjustments:</u> | |
| New Vehicles | 19 |
| Carriageway Resurfacing | (148) |
| New Gantries | (100) |
| Bridge Office Refurbishment | (142) |
| New Switch Gear | (32) |
| LED Lighting to Bridge and Fife Car Park | (19) |
| Miscellaneous Projects (CFCR) | (46) |
| Gantry Miscellaneous (CFCR) | (25) |
| Paintwork to Box Girders (CFCR) | (25) |
| | |
| <u>Slippage into 2020/2021:</u> | |
| CP Hardware | (250) |
| Inspection of Columns and Piers | (227) |
| | |
| Total Budget Adjustments | <u>(724)</u> |

Details of current capital works and the main reasons for movements on each project are:

- 4.2 New Vehicles: The original 2019/2020 budget of £30,000 was for replacement of one vehicle. For operational reasons it was decided that two vehicles required to be replaced at cost of £49,000. Capital receipts of £7,000 were received from the trade-in of replaced vehicles.
- 4.3 Carriageway Resurfacing: The original 2019/2020 budget was £200,000. The tender report for the appointment of a consulting engineer informs the outturn position (see Engineering Works report TRB 16-2019 & Tender Report TRB 32-2019 at Dec Board), this is anticipated to be £52,000.
- 4.4 Cathodic Protection (CP) Hardware: The original 2019/2020 budget of £250,000 for the replacement of CP hardware at the base of the columns has slipped into 2020/2021 as it would be more efficient to complete the project at same time as Inspection of Columns and Piers.
- 4.5 Inspection of Columns and Piers (see Tender Report TRB 5-2019): The original 2019/2020 budget was £300,000, however the outturn has reduced to £73,000 as the original contractor is insolvent. The remaining £227,000 has slipped into 2020/2021 as the project will need to be re-tendered and the works require to be scheduled for the summer to take advantage of better weather conditions.
- 4.6 CP Monitoring Equipment: This project was originally scheduled for 2018/2019 with £150,000 budget, see Tender report TRB 30-2018. Due to delays, £130,000 of the project slipped into this financial year.
- 4.7 Replacement of Expansion Joints: The original 2019/2020 budget of £25,000 is projected to be spent.

- 4.8 New Gantries: The original 2019/2020 budget was £100,000. The tender report for the appointment of a consulting engineer informs the outturn position (see Engineering Works report TRB 16-2019) & Tender Report TRB 32-2019 at Dec Board), this is anticipated to be £nil in 2019/2020.
- 4.9 Bridge Office Refurbishment: The original 2019/2020 budget of £700,000 was reduced to £300,000 as per estimate from professional consultancy provided by Dundee City Council City Development Service (as per TRB 6-2019). The Tender report for the programmed works (see Report TRB 33-2019) anticipates expenditure in 2019/2020 of £558,000. This increase is due to re-profiling of the work required.
- 4.10 Lift Replacement: There is a retention payment of £4,000 due in 2019/2020.
- 4.11 New Switch Gear: This project was originally scheduled for 2018/2019 with a budget of £231,000 (Tender report TRB 4-2018). Due to delays from utility company, £87,000 of the project slipped into this financial year. Further reduction of £32,000 was realised due to lower than anticipated professional fees and contingencies.
- 4.12 LED Lighting to Bridge and Fife Car Park: This project was originally scheduled to be split between £50,000 in 2018/2019 and £40,000 in 2019/2020, see tender report TRB 27-2018. Due to delays, the whole project slipped into this financial year. Project has been completed with estimated outturn of £71,000 due to savings against contingency and traffic management.
- 4.13 Miscellaneous Projects (CFCR): The original 2019/2020 budget was £100,000. This was anticipated to be spent on Scour Survey, replacing flower beds at sides of western off-ramp, new weather monitoring equipment, and anticipated design costs relating to works at the steep slope at the Fife car park. The outturn has been reduced to £54,000 as the design costs for the slope at the Fife Car Park will be carried out by the consulting engineer in the future and the weather monitoring equipment will be replaced within the Bridge Office Refurbishment project. This has been offset by expenditure on new folding ladders on the Central Walkway.
- 4.14 Gantry Miscellaneous (CFCR): The original 2019/2020 budget was £25,000. This is not anticipated to be spent so outturn is reduced to nil.
- 4.15 Paintwork to Box Girders (CFCR): The original 2019/2020 budget was £25,000. This is not anticipated to be spent so outturn is reduced to nil.

5.0 RISK ASSESSMENT

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.
- 5.2 Construction cost inflation levels are volatile, and they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.
- 5.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken wherever possible.

- 5.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 5.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 5.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.
- 5.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

6.0 CONCLUSION

- 6.1 The Board's 2019/2020 capital programme is showing a projected capital spend of £1,071,000 which will be funded from the current year's Scottish Government grant, unspent Capital Grant carried forward from previous years, Capital Receipts and Capital Funded from Current Revenue.
- 6.2 The 2019/2020 capital expenditure programme will continue to be monitored on a regular basis throughout the remainder of the current financial year.

7.0 POLICY IMPLICATIONS

- 7.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

8.0 CONSULTATIONS

- 8.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

9.0 BACKGROUND PAPERS

- 9.1 None.

GREGORY COLGAN
TREASURER

22 NOVEMBER 2019

TAY ROAD BRIDGE JOINT BOARD

APPENDIX A

TABLE 1: CAPITAL EXPENDITURE MONITORING - 7 MONTHS TO 31 OCTOBER 2019

| <u>Expenditure</u> | <u>Strategic Objective</u> | <u>Capital Budget 2019/20 £000</u> | <u>Slippage from 2018/19 £000</u> | <u>Budget Adjust £000</u> | <u>Slippage into 2020/21 £000</u> | <u>Revised Capital Budget 2019/20 £000</u> | <u>Actual to 31 Oct 2019 £000</u> | <u>Projected Outturn 2019/20 £000</u> | <u>Variance from Budget £000</u> |
|---|----------------------------|------------------------------------|-----------------------------------|---------------------------|-----------------------------------|--|-----------------------------------|---------------------------------------|----------------------------------|
| | | | | | | | | | - |
| New Vehicles | 5 | 30 | - | 19 | - | 49 | 49 | 49 | - |
| Carriageway Resurfacing | 1 | 200 | - | (148) | - | 52 | - | 52 | - |
| CP Hardware | 5 | 250 | - | - | (250) | - | - | - | - |
| CP Monitoring Equipment | 5 | - | 130 | - | - | 130 | 119 | 130 | - |
| Inspection of Columns & Piers | 5 | 300 | - | - | (227) | 73 | 73 | 73 | - |
| Replacement of Expansion Joints | 1 | 25 | - | - | - | 25 | 8 | 25 | - |
| New Gantries | 5 | 100 | - | (100) | - | - | - | - | - |
| Bridge Office Refurbishment | 5 | 700 | - | (142) | - | 558 | - | 558 | - |
| Lift Replacement | 1 | - | 4 | - | - | 4 | - | 4 | - |
| New Switch Gear | 5 | - | 87 | (32) | - | 55 | 11 | 55 | - |
| LED Lighting to Bridge and Fife Car Park | 5 | 40 | 50 | (19) | - | 71 | 71 | 71 | |
| Miscellaneous Projects (CFCR) | 5 | 100 | - | (46) | - | 54 | 18 | 54 | - |
| Gantry – Miscellaneous (CFCR) | 5 | 25 | - | (25) | - | - | - | - | - |
| Paintwork to Box Girders (CFCR) | 5 | 25 | - | (25) | - | - | - | - | - |
| Total Gross Expenditure | | <u>1,795</u> | <u>271</u> | <u>(518)</u> | <u>(477)</u> | <u>1,071</u> | <u>349</u> | <u>1,071</u> | <u>-</u> |
| Funded by: | | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Capital Grant 2019/2020 | | 750 | - | (385) | - | 365 | 188 | 365 | - |
| Unapplied Capital Grant Brought Forward from Previous Years | | 895 | 271 | (44) | (477) | 645 | 136 | 645 | - |
| Capital Receipts | | - | - | 7 | - | 7 | 7 | 7 | |
| Capital Funded from Current Revenue (CFCR) | | 150 | - | (96) | - | 54 | 18 | 54 | - |
| Total Funding | | <u>1,795</u> | <u>271</u> | <u>(518)</u> | <u>(477)</u> | <u>1,071</u> | <u>349</u> | <u>1,071</u> | <u>-</u> |

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

| | <u>£000</u> |
|---|-----------------|
| Unapplied Capital Grant Brought Forward | 2,011 |
| <u>Add:</u> Capital Grant Received 2019/2020 | 365 |
| <u>Less:</u> Capital Grant Utilised 2019/2020 | (1,010) |
| <u>Less:</u> Repayment of Unapplied Capital Grant Brought Forward from Previous Years | (1,366) |
| Unapplied Capital Grant Carried Forward to 2020/2021 | <u>-</u> |

LINKING THE 2019/2020 CAPITAL BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES

| Strategic Objective | <u>Capital Budget 2019/2020 £000</u> | <u>Revised Capital Budget 2019/2020 £000</u> | <u>Actual Expenditure to 31 Oct 2019 £000</u> | <u>2019/2020 Projected £000</u> |
|--|--|--|---|---|
| 1 Meeting User Expectations | 225 | 81 | 8 | 81 |
| 2 Fiscally Sustainable | - | - | - | - |
| 3 Transparent Governance and Clear Decision Making Processes | - | - | - | - |
| 4 A Modern, Diverse and Well Trained Workforce | - | - | - | - |
| 5 Quality and Standards | <u>1,570</u> | <u>990</u> | <u>341</u> | <u>990</u> |
| TOTAL GROSS EXPENDITURE | <u>1,795</u> | <u>1,071</u> | <u>349</u> | <u>1,071</u> |

ITEM No ...10.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 2 DECEMBER 2019

REPORT ON: REVENUE BUDGET 2020/2021 TO 2022/2023

JOINT REPORT BY: TREASURER AND BRIDGE MANAGER

REPORT NO: TRB 28-2019

1.0 PURPOSE OF REPORT

- 1.1 To appraise Board Members on the proposed Tay Road Bridge Revenue Budget for the financial years 2020/2021 to 2022/2023.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Board approve the Revenue Budget for 2020/2021 subject to confirmation of grant funding by the Scottish Government and note the provisional Revenue Budget for 2021/2022 and 2022/2023.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Board's 2020/2021 Revenue Budget shows a break-even position which is arrived at after assuming receipt of a Resource Grant from the Scottish Government of £1,588,891. The General Fund Reserve balance is projected to be £1,160,591 as at 31 March 2021.

4.0 REVENUE BUDGET 2020/2021 TO 2022/2023

- 4.1 The budget for staff costs includes a provision for the pay award of 3% for 2020/2021 and the estimated pay award of 2% for each of the financial years 2021/2022 and 2022/2023. The budget also takes into consideration the effects of staff turnover whereby leavers who were employed at the top of their salary scales have been replaced by new starters who are employed at the lowest increment on the salary scale. It also takes into account the increased Scottish Living Wage.
- 4.2 The triennial actuarial valuation of the Tayside Pension Fund was carried out in 2017 and took effect from 1 April 2018. This valuation exercise has resulted in an unchanged employer's contribution rate of 17%.
- 4.3 No general inflationary increase on non-staff costs has been allowed for in the 2020/2021 Revenue Budget. A 1% general inflationary increase on non-staff costs have been allowed for in 2021/2022 and 2022/2023 and specific allowances have been made for anticipated increases or decreases in individual budgets.
- 4.4 The three yearly Revenue Budget has been prepared in accordance with previous years' budgets. A copy of the detailed Revenue Budget 2020/2021 to 2022/2023 is enclosed at Appendix A.
- 4.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the gross expenditure of the Revenue Budget 2020/2021 to 2022/2023 to each of the Board's five strategic objectives.

- 4.6 The Scottish Government will not be in a position to make its budget announcement until after the new UK Government has made its own budget announcement, sometime after the UK General Election on 12 December 2019. However, indicative discussions suggest that the level of funding will remain constant for 2020/2021. However there is no guarantee that this level of funding will be maintained in future years.

5.0 RESERVES AND BALANCES

- 5.1 Section 12(1) of the Local Government in Scotland Act 2003 states that "It is the duty of a local authority to observe proper accounting practices". CIPFA have previously issued guidance on Local Authority Reserves and Balances (including updates in November 2008 and July 2014), and this guidance is considered to constitute proper accounting practice. The key requirements of the guidance, as they affect the Board, are two-fold:

- i the setting out of a clear protocol covering the purpose, utilisation, management, control and review of reserves and balances.
- ii the inclusion in the annual budget report of a statement on reserves and balances detailing the proposed strategy over the budget period, after taking into account the strategic, operational and financial risks facing the Board.

- 5.2 The Board agreed report TRB 25-2009 Guidance on Reserves and Balances on 14 December 2009. This report included a protocol for the operation of the Board's Reserves and Balances, thereby addressing the first key requirement detailed in paragraph 5.1 above. The proposed protocol includes the following element which in itself addresses the second key requirement detailed in paragraph 5.1 above:

In the Annual Budget report that is considered by the Board, the Treasurer shall include the following:

- i a note highlighting the estimated opening and closing General Reserve balances for the financial year ahead.
- ii a note advising as to the adequacy of the General Reserve balances over the budget period(s) under consideration, after taking into account the strategic, operational and financial risks facing the Board.
- iii a note reporting on the annual review of earmarked Reserves.

- 5.3 In accordance with the element of the proposed protocol that relates to the annual budget report, the following statements are made by the Treasurer:

- i The Board's Revenue Expenditure is fully funded by grant and any underspend achieved will result in unspent grant being repaid or carried forward, with the agreement of the Scottish Government, to fund future years' Revenue Expenditure. The 2019/2020 Revenue monitoring currently projects a break-even position. Taking the above factors into account, the level of Revenue Grant Balance carried forward at 31 March 2020 is projected to be £nil.

The Board's Audited Statement of Accounts 2018/2019 showed a General Reserve Balance of £1,160,591 at 31 March 2019.

The level of uncommitted General Reserve Balances at 31 March 2020 is estimated at £1,160,591. There are no further known expenditure commitments or additional income that would materially affect this projected balances figure.

- ii after taking into account the strategic, operational and financial risks facing the Board it is considered that the minimum level of uncommitted balances that the Board should maintain is £800,000 in order to provide a contingency against unexpected events and to also act as a working balance to minimise overdraft positions resulting from uneven cash flows.
- iii the Board's earmarked reserve (i.e. the Capital Grants Unapplied Reserve) has been reviewed and is considered to be adequate for its intended purpose.

6.0 RISK ASSESSMENT

6.1 In preparing the Board's Annual Revenue Budget the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period.

6.2 The main risk factors considered were:

- the possibility of new cost pressures or responsibilities emerging during the course of the financial year.
- anticipated changes in service provision.
- the certainty of significant income streams.
- the inherent uncertainty surrounding matters such as interest rates and price inflation.
- the possibility of major items of unforeseen expenditure.
- the possibility of identifying further budget savings and efficiencies, if required.
- the adequacy of the Board's insurance arrangements.

6.3 In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:

- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings.
- the level of General Reserve balances available to meet any unforeseen expenditure.
- the level of other cash backed reserves available to meet any unforeseen expenditure.
- the possibility of identifying further budget savings and efficiencies during the year if required.
- the possibility of identifying new income streams during the year.

7.0 POLICY IMPLICATIONS

7.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

8.0 CONSULTATIONS

8.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

9.0 BACKGROUND PAPERS

9.1 None

GREGORY COLGAN
TREASURER

22 NOVEMBER 2019

REVENUE BUDGET 2020/2021 TO 2022/2023**APPENDIX A**

| | 2019/2020 Budget £ | 2019/2020 Projected £ | 2020/2021 Budget £ | 2021/2022 Budget £ | 2022/2023 Budget £ |
|---|-----------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <u>Administration</u> | | | | | |
| Staff | 183,288 | 183,288 | 189,544 | 193,335 | 197,202 |
| Property | 33,150 | 33,150 | 30,650 | 30,957 | 31,266 |
| Supplies & Services | 137,043 | 132,043 | 132,088 | 133,409 | 134,743 |
| Transport | 975 | 975 | 300 | 303 | 306 |
| Third Party Payments | <u>93,375</u> | <u>93,375</u> | <u>108,135</u> | <u>109,216</u> | <u>110,308</u> |
| | <u>447,831</u> | <u>442,831</u> | <u>460,717</u> | <u>467,220</u> | <u>473,825</u> |
| <u>Operations</u> | | | | | |
| Staff | 489,898 | 489,898 | 512,212 | 516,336 | 526,663 |
| Supplies & Services | <u>10,700</u> | <u>10,700</u> | <u>8,400</u> | <u>8,484</u> | <u>8,569</u> |
| | <u>500,598</u> | <u>500,598</u> | <u>520,612</u> | <u>524,820</u> | <u>535,232</u> |
| <u>Plant & Equipment</u> | | | | | |
| Property | 28,500 | 28,500 | 22,000 | 22,220 | 22,442 |
| Supplies & Services | 177,900 | 154,900 | 161,500 | 163,115 | 164,746 |
| Transport | 34,450 | 34,450 | 33,100 | 33,431 | 33,765 |
| Third Party Payments | <u>18,750</u> | <u>18,750</u> | <u>7,750</u> | <u>7,828</u> | <u>7,906</u> |
| | <u>259,600</u> | <u>236,600</u> | <u>224,350</u> | <u>226,594</u> | <u>228,859</u> |
| <u>Bridge Maintenance</u> | | | | | |
| Staff | 305,484 | 305,484 | 302,175 | 308,218 | 326,383 |
| Property | 32,000 | 28,000 | 26,000 | 26,260 | 26,523 |
| Supplies & Services | 52,950 | 52,950 | 49,750 | 50,248 | 50,750 |
| Transport | 300 | 300 | 200 | 202 | 204 |
| Third Party Payments | <u>21,850</u> | <u>21,850</u> | <u>21,200</u> | <u>21,412</u> | <u>21,626</u> |
| | <u>412,584</u> | <u>408,584</u> | <u>399,325</u> | <u>406,340</u> | <u>425,486</u> |
| GROSS EXPENDITURE | <u>1,620,613</u> | <u>1,588,613</u> | <u>1,605,004</u> | <u>1,624,974</u> | <u>1,663,402</u> |
| <u>Income</u> | | | | | |
| Scottish Government Resource Grant | 1,700,000 | 1,621,000 | 1,588,891 | 1,608,861 | 1,647,289 |
| Interest on Revenue Balances | 25,000 | 11,000 | 5,500 | 5,500 | 5,500 |
| Kiosk Rent | 10,213 | 10,213 | 10,213 | 10,213 | 10,213 |
| Miscellaneous | <u>400</u> | <u>400</u> | <u>400</u> | <u>400</u> | <u>400</u> |
| GROSS INCOME | <u>1,735,613</u> | <u>1,642,613</u> | <u>1,605,004</u> | <u>1,624,974</u> | <u>1,663,402</u> |
| TOTAL NET REVENUE EXPENDITURE / (INCOME) | <u>(115,000)</u> | <u>(54,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

| | 2019/2020 Budget £ | 2019/2020 Projected £ | 2020/2021 Budget £ | 2021/2022 Budget £ | 2022/2023 Budget £ |
|--|--------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|
| Miscellaneous Projects | 100,000 | 54,000 | - | - | - |
| Gantry Miscellaneous | 25,000 | - | - | - | - |
| Paintwork to Box Girders | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL CFCR ` | <u>150,000</u> | <u>54,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES | <u>35,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

APPENDIX B**LINKING THE 2020/2021 TO 2022/2023 REVENUE BUDGET TO THE BOARD'S STRATEGIC OBJECTIVES**

| Strategic Objective | 2019/2020 Budget £ | 2019/2020 Projected £ | 2020/2021 Budget £ | 2021/2022 Budget £ | 2022/2023 Budget £ |
|--|-----------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 1 Meeting User Expectations | 840,514 | 835,514 | 859,207 | 874,757 | 890,601 |
| 2 Fiscally Sustainable | 78,325 | 78,325 | 86,385 | 87,249 | 88,121 |
| 3 Transparent Governance and Clear Decision Making Processes | 18,590 | 18,590 | 19,237 | 19,429 | 19,624 |
| 4 A Modern, Diverse and Well Trained Workforce | 29,000 | 29,000 | 22,500 | 16,665 | 28,832 |
| 5 Quality and Standards | <u>804,184</u> | <u>681,184</u> | <u>617,675</u> | <u>626,874</u> | <u>636,224</u> |
| TOTAL GROSS EXPENDITURE | <u>1,770,613</u> | <u>1,642,613</u> | <u>1,605,004</u> | <u>1,624,974</u> | <u>1,663,402</u> |

ITEM No ...11....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 2 DECEMBER 2019

REPORT ON: CAPITAL PLAN 2020/2021 TO 2022/2023

REPORT BY: TREASURER

REPORT NO: TRB 29-2019

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to approve the Board's Capital Plan for the period 2020/2021 to 2022/2023 inclusive.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Board approve the Capital Plan as detailed in Appendix A of this report subject to confirmation of grant funding by the Scottish Government.

3.0 FINANCIAL IMPLICATIONS

3.1 The Abolition of Bridge Tolls (Scotland) Act 2008 received Royal Assent on 24 January 2008. From 1 April 2008 the Board's annual capital expenditure programme has been financed through a Scottish Government Capital Grant.

3.2 The revised capital programme and agreed capital grant funding which are highlighted in Appendix A, show planned expenditure and income as follows:

| <u>Financial Year</u> | <u>Capital Budget £000</u> | <u>Grant Funding £000</u> |
|------------------------------|---|--|
| 2020/2021 | 1,475 | 1,475 |
| 2021/2022 | 7,080 | tbc |
| 2022/2023 | 10,525 | tbc |

3.3 The Bridge Manager and the Engineer to the Board have prepared the 3 year Capital Plan which is detailed in Appendix A of this report.

3.4 Appendix A also shows the agreed capital grant funding from the Scottish Government and the respective funding deficits in each financial year which will need to be the subject of further discussions with the Scottish Government.

3.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the gross expenditure of the Capital Budget 2020/2021 to 2022/2023 to each of the Board's five strategic objectives.

4.0 RISK ASSESSMENT

4.1 There are a number of risks which may have an impact on the Capital Budget programme. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.

4.2 Construction cost inflation levels are volatile, and they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may

lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.

- 4.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken wherever possible.
- 4.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 4.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 4.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.
- 4.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

- 6.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7.0 BACKGROUND PAPERS

- 7.1 None

GREGORY COLGAN
TREASURER

21 NOVEMBER 2019

TAY ROAD BRIDGE JOINT BOARDPROPOSED CAPITAL EXPENDITURE PROGRAMME 2020/2021 - 2022/2023

| <u>Project Title</u> | <u>Strategic Objective</u> | <u>Projected Outturn 2019/20 £000</u> | <u>2020/21 £000</u> | <u>2021/22 £000</u> | <u>2022/23 £000</u> |
|---|----------------------------|---------------------------------------|---------------------|---------------------|----------------------|
| New Vehicles | 5 | 49 | - | 30 | - |
| Carriageway Resurfacing | 1 | 52 | 200 | 3,600 | 3,600 |
| CP Monitoring Equipment | 5 | 130 | - | - | - |
| CP Hardware | 5 | - | 250 | - | - |
| CP Replacement | 5 | - | - | 250 | 2,000 |
| Inspection of Columns and Piers | 5 | 73 | 250 | - | - |
| Replacement of Expansion Joints | 1 | 25 | 25 | 750 | 750 |
| Major Paintwork to Box Girders | 5 | - | - | 100 | 4,000 |
| Bridge Office Refurbishment | 5 | 558 | 200 | - | - |
| Lift Replacement | 1 | 4 | - | - | - |
| New Switch Gear | 5 | 55 | - | - | - |
| LED Lighting to Bridge & Fife Car Park | 5 | 71 | - | - | - |
| New Gantries | 5 | - | 175 | 2,000 | 50 |
| Scour Protection | 5 | - | 25 | 225 | - |
| Fife Landfall Improvements | 5 | - | 200 | - | - |
| Paintwork to Box Girders | 5 | - | 25 | - | - |
| Gantry – Miscellaneous | 5 | - | 25 | 25 | 25 |
| Miscellaneous Projects | 5 | <u>54</u> | <u>100</u> | <u>100</u> | <u>100</u> |
| | | <u>1,071</u> | <u>1,475</u> | <u>7,080</u> | <u>10,525</u> |
| <u>Funded by</u> | | | | | |
| Capital Grant | | 365 | 1,475 | tbc | tbc |
| Capital Grant carried forward from previous years | | 645 | - | - | - |
| Capital Funded from Current Revenue (CFCR) | | 54 | - | - | - |
| Capital Receipts | | <u>7</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>1,071</u> | <u>1,475</u> | <u>-</u> | <u>-</u> |
| Additional Capital Funding Required | | <u>-</u> | <u>-</u> | <u>7,080</u> | <u>10,525</u> |

LINKING THE 2020/2021 TO 2022/2023 REVENUE BUDGET TO THE BOARD'S STRATEGIC OBJECTIVES

| | Strategic Objective | 2019/2020 Projected £000 | 2020/2021 Budget £000 | 2021/2022 Budget £000 | 2022/2023 Budget £000 |
|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| 1 | Meeting User Expectations | 81 | 225 | 4,350 | 4,350 |
| 2 | Fiscally Sustainable | - | - | - | - |
| 3 | Transparent Governance and Clear Decision Making Processes | - | - | - | - |
| 4 | A Modern, Diverse and Well Trained Workforce | - | - | - | - |
| 5 | Quality and Standards | <u>990</u> | <u>1,250</u> | <u>2,730</u> | <u>6,175</u> |
| | TOTAL GROSS EXPENDITURE | <u>1,071</u> | <u>1,475</u> | <u>7,080</u> | <u>10,525</u> |

ITEM No ...12.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 2 DECEMBER 2019

**REPORT ON: INTERNAL AUDIT - AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN
2019 to 2022**

REPORT BY: TREASURER

REPORT NO: TRB 24-2019

1.0 PURPOSE OF REPORT

1.1 To present to the Board the Internal Audit Needs Assessment and Strategic Plan 2019 to 2022, which is attached as an appendix to this report.

2.0 RECOMMENDATIONS

2.1 The Board is asked to approve the three year Strategic Audit Plan which has been based on the detailed Internal Audit Needs Assessment.

3.0 FINANCIAL IMPLICATIONS

3.1 The cost of Internal Audit Services is included in the approved Revenue Budget.

4.0 MAIN TEXT

4.1 The Board has a responsibility to develop and maintain internal control systems, risk management processes, governance arrangements and accounting records. In addition, the Board is responsible for ensuring that the Board's resources are used appropriately for the activities intended, fraud and other irregularities are prevented and detected, and the principles of Best Value are complied with. Internal audit reviews support management by giving an independent assessment of the adequacy and effectiveness of internal controls.

4.2 The Board's Internal Audit Service is provided by Henderson Loggie in respect of the financial years 2019/2020 to 2021/2022, and the Audit Needs Assessment (ANA) and Strategic Plan has been prepared by them with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

4.3 The purpose of the ANA is to identify the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered by internal audit.

4.4 Risks have been split into six categories: Reputation; Staffing Issues; Estates and Facilities; Financial Issues; Organisational Issues; and Information and IT.

4.5 Following identification of the key controls and associated risks, the different areas of risk have been assessed using the following criteria:

- Risk Impact
- Risk Likelihood
- Present Controls

4.6 The results obtained from the assessment process identified and prioritised the areas requiring internal audit coverage over the next three years.

- 4.7 The Internal Audit Strategic Plan allocates audit days to the categories identified in the ANA to give a rolling programme of work which will be updated annually to ensure that any new and/or changed risks are reflected in the annual plan.
- 4.8 The Strategic Audit Plan allows for 15 days of audit work to be undertaken in respect of each of the financial years 2019/2020 to 2021/2022.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

- 6.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7.0 BACKGROUND PAPERS

- 7.1 None

GREGORY COLGAN
TREASURER

20 NOVEMBER 2019



Tay Road Bridge Joint Board

Audit Needs Assessment and Strategic Plan 2019 to 2022

Internal Audit Report No: 2020/01

Final Issued: 11 November 2019

Now, for tomorrow



Contents

| | |
|---------------------------|--------|
| 1. Overview | 1 - 2 |
| 2. Audit Needs Assessment | 3 - 8 |
| 3. Strategic Plan | 9 - 12 |

Overview

Introduction

We have been appointed as Internal Auditors of the Tay Road Bridge Joint Board ('the Board') for the period from 1 April 2019 to 31 March 2022.

Internal audit primarily provides an independent and objective opinion to the Joint Board and to the Bridge Manager on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Board's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the Board.

Internal audit also provides an independent and objective consultancy service specifically to help line management improve the Board's risk management, control and governance.

Risk Consideration

There are a number of regulatory, operational and financial risks faced by any organisation. There are also risks that are specific to individual organisations, and which vary over time. All of these risks need to be managed effectively since they cannot be eliminated entirely.

The purpose of this ANA is to identify these risks and assess the audit coverage required to give the Joint Board and Bridge Manager assurances that the control environment is effective in reducing the risks to an acceptable level.

Where the Board's risks can be impacted by internal control and subjected to internal audit these have been identified in the ANA and prioritised in the Strategic Plan with reference to the combined risk factors identified in the ANA (pages 4-8) and the resources allocated by the Board to internal audit. Prioritisation affects frequency of visits, the number of days allocated, and the position in the audit cycle.

The Board's strategic and operational risks do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.

Audit Needs Assessment

Our ANA involved the following activities:

- Reviewing the Board's risk register
- Reviewing the Board's strategic and operational plans
- Reviewing previous internal audit reports
- Reviewing external audit reports and plans
- Reviewing the Board's website and internal policies and procedures
- Utilising our experience at similar organisations and our understanding of the Board
- Discussions with the Bridge Manager and other Board Officers

Information from discussions with the Bridge Manager and various documents that we have reviewed identified the following issues as being the main strategic, operational, financial and regulatory issues facing the Board at this time:

- Financial constraint and uncertainty in the current economic climate, with the implications from the decision to exit the EU still to be determined. Flexibility will be needed to respond to changes in funding, particularly capital funding, and potential legislative changes that may be made with a short notice period;
- Maintaining operational effectiveness and maximising access to the bridge whilst ensuring responsibilities regarding health and safety of staff and the public are adequately met;
- Ensuring that appropriate governance arrangements are maintained through communication of key operational and strategic issues between the Board's officers and the Joint Board; and
- Reduction in staff numbers to raise efficiency impacting on the design of the control environment, including the ability to use segregation of duties as a key control.

The ANA and Strategic Plan are revised on an on-going basis (at least annually) to take account of any changes in the Board's risk profile. Any changes to the internal audit plan are approved by the Joint Board.

Value for Money

This ANA does not specifically address Value for Money projects. However, VFM is an integral part of all audits and therefore it has been mentioned at points within this ANA. VFM is always considered during any audit work that we are undertaking.

Business Improvement

We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate

Audit Needs Assessment

Audit Needs Assessment

The Audit Needs Assessment (ANA) has been made following discussion with the Bridge Manager and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. Work in the previous three-year cycle has been used to update the key control environment. The ANA has been prepared on the basis of the normal three-year internal audit cycle, covering the period 2019/20 to 2021/22.

The ANA is based on the Board's Risk Register supplemented by our own assessment of the risks faced by the Board. Risks have been split into six categories: reputation; staffing issues; estates and facilities; financial issues; organisational issues; and information and IT.

The assessment covers the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment has taken no account of the resources available to carry out the work, although **items included in the Strategic plan on pages 10 to 12 are noted in bold in the ANA.**

Following identification of the key controls and associated risks we have assessed the different areas of risk using the following criteria:

- **Risk Impact**
- **Risk Likelihood**
- **Present Controls**

From the combination of results of these three criteria and current assurance mechanisms, the work required, and the resource recommended to test whether the controls are in place and operating has been assessed. Audit coverage in recent years has also been taken into consideration, together with current systems developments.

| Risk Category | Risk Register Reference | Risk Impact | Risk Likelihood | Present Controls | Assurance | Priority |
|--|-------------------------|--------------------------------------|-----------------------------|------------------------------|--|-----------------------------|
| Reputation | | | | | | |
| <input type="checkbox"/> Damage to Reputation <input type="checkbox"/> Management of Health and Safety | 2, 6 | Medium Medium | Low Medium | Good Good | Policy for responding to press comment. H&S Policy and risk assessments in place. H&S Committees consults with employees and trade unions. Induction and job specific training cover H&S matters. H&S Annual Report presented to the Joint Board. | Low Medium |
| <input type="checkbox"/> Failure to Adhere to Changes in Legislation | 2 | Medium | Low | Good | Review timetable for policies and procedures to be updated. Bridge Manager is a member of the Tolls, Turnpikes and Bridges Group which provides information re relevant legislations, regulation and good practice. SLA with DCC | Low |
| <input type="checkbox"/> Stakeholder Communication | 7, 10 | Medium | Low | Good | Regular Joint Board meetings held with minutes and papers available to the public. Policies, Board news and other relevant notices also published on the Board's website. | Low |
| Staffing Issues | | | | | | |
| <input type="checkbox"/> Equalities Legislation <input type="checkbox"/> Contentious Staffing Issues <input type="checkbox"/> Industrial Relations <input type="checkbox"/> Failure to Attract and Retain Quality Staff | 2 2, 10 10 10 | Medium Medium Medium Medium | Medium Low Low Low | Good Good Good Good | Mainstreaming Equality Report 2019 – 2021 in place. Service Level Agreement (SLA) in place with DCC includes employment legislation changes are identified. Established communication links with Trade Unions. Staff targets, development and training are all monitored by management. | Medium Low Low Low |
| <input type="checkbox"/> Controls Over Payroll | 7, 9 | Medium | Low | Good | SLA also in place for payroll services with transactions authorised by the Bridge Manager. | Low |

| Risk Category | Risk Register Reference | Risk Impact | Risk Likelihood | Present Controls | Assurance | Priority |
|--|-------------------------|---------------|-----------------|------------------|---|---------------|
| Estates and Facilities | | | | | | |
| <input type="checkbox"/> Physical Security | 4, 5, 6 | Medium | Medium | Good | Bridge premises are staffed 24 hours a day, 365 days a year as well as having CCTV and security access. | Medium |
| <input type="checkbox"/> Disruption to Operations Following Loss or Breakdown of Key Equipment | 4, 5, 6 | Medium | Medium | Good | | Medium |
| <input type="checkbox"/> Asset Management | 4, 5, 6 | Medium | Medium | Average | Programme of regular asset inspections and maintenance carried out. Insurance in place through SLA with DCC. | Medium |
| <input type="checkbox"/> Breach of Statutory Duty | 2 | Medium | Low | Good | Regular review of legislative requirements by management. | Low |
| <input type="checkbox"/> Failure to Deliver Major Projects on Time and on Budget | 8 | Medium | Medium | Good | Capital Plan agreed by the Board covering major schemes for the next 3 years. Responsibility for overseeing delivery of Capital Plan aligned to Engineer to the Board. Regular reporting of capital spending, with explanations for slippage to the Board. | Medium |

| Risk Category | Risk Register Reference | Risk Impact | Risk Likelihood | Present Controls | Assurance | Priority |
|--|-------------------------|---------------|-----------------|------------------|--|---------------|
| Financial Issues | | | | | | |
| <input type="checkbox"/> Failure to Receive Required Funding | 3, 9 | High | Medium | Good | Budget submitted to Scottish Government for three-year capital and revenue grant. | Medium |
| <input type="checkbox"/> Agreed Expenditure Targets Not Met | 9 | Medium | Medium | Good | Board approval is required for any additional expenditure not included in the agreed revenue or capital budgets. Budget variances monitored regularly by management and discussed regularly by the Board by way of Monitoring Reports. | Medium |
| <input type="checkbox"/> Prevention and Response to Internal Fraud, Impropriety or Misconduct On the Part of Staff | 7 | Medium | Low | Good | Fraud Guidelines and Whistleblowing policy in place. Anti-fraud and corruption strategy in place. | Low |
| <input type="checkbox"/> Main Financial Systems | | | | | | |
| • General Ledger | 7, 9 | Medium | Low | Good | General Ledger System with Management Information Reporting Tools provided by DCC under SLA. | Low |
| • Procurement and Creditors / Purchasing | 2, 7 ,9 | Medium | Medium | Good | Financial Regulations specify procedures for ordering of works, goods and services; payment of accounts; raising income; income handling; and banking arrangements. Previous internal and external audit findings report no significant concerns. | Medium |
| • Debtors / Income | 7, 9 | Medium | Low | Good | | Medium |
| • Cash and Bank / Treasury Management | 7, 9 | Low | Low | Good | DCC operate a separate bank account for the Board and provide Treasury management under the SLA. | Low |

| Risk Category | Risk Register Reference | Risk Impact | Risk Likelihood | Present Controls | Assurance | Priority |
|---|-------------------------|---------------|-----------------|------------------|---|---------------|
| Organisational Issues | | | | | | |
| <input type="checkbox"/> Major Disaster e.g. Fire / Terrorist Attack / Bridge Impact / Major IT Failure / Disruption to Bridge Access | 4, 5 | High | Low | Good | Piers on main navigation spans protected from bridge impact. Business Continuity Plan and Business Continuity Disaster Recovery Plan in place and tested. Health and Safety audits conducted. | Medium |
| <input type="checkbox"/> Widespread or Epidemic / Pandemic Illness | 10 | Medium | Low | Good | | Low |
| <input type="checkbox"/> Corporate Governance and Overall Control Environment | 7 | Medium | Low | Good | Code of Corporate Governance in place. Member training provided through constituent Council and induction training by TRB. | Low |
| <input type="checkbox"/> Effective Corporate Planning | 7 | Medium | Medium | Average | Regular review of strategic planning process by management and Board. | Medium |
| <input type="checkbox"/> Risk Management | All | Medium | Medium | Good | Risk Management Strategic Plan and Risk Register in place and reported to the Joint Committee annually. | Medium |
| <input type="checkbox"/> Insurance Arrangements | 4, 6, 7 | High | Low | Good | Service Level Agreement with DCC Insurance and Risk Management Section provides necessary advice. | Medium |

| Risk Category | Risk Register Reference | Risk Impact | Risk Likelihood | Present Controls | Assurance | Priority |
|--|-------------------------|---------------|-----------------|------------------|---|---------------|
| Information and IT | | | | | | |
| <input type="checkbox"/> Loss of Data or IT Hardware | 7 | High | Low | Good | IT Disaster Recovery Plan, network security covered by Dundee City Council SLA. Data Protection and FoI policies in place. | Medium |
| <input type="checkbox"/> Breach of IT Network Security | 7 | High | Low | Good | | Medium |
| <input type="checkbox"/> Non-Compliance with Data Protection / Freedom of Information Legislation | 2, 7 | Medium | Medium | Average | | Medium |
| <input type="checkbox"/> Inappropriate Use of Internet / E-mail by Staff | 7 | Medium | Low | Good | DCC Acceptable Use policy and internet / email content controls in place under terms of SLA. Service Level Agreement with DCC IT Service | Low |
| <input type="checkbox"/> Management of Systems Implementation | 7, 8 | Medium | Medium | Good | | Medium |

Strategic Plan

Strategic Plan

The Strategic Plan covers the normal three-year internal audit cycle. Audit days have been allocated to the categories identified in the ANA to give a rolling programme of work. Where relevant, these have been further split into sub-categories. Frequency of visits, the number of days allocated, and the position in the cycle has been determined with reference to the combined risk factors identified in the ANA, previous internal audit findings and current systems developments. Not all medium priority items can be covered in the cycle. Reference to other assurance methods has influenced which of these have not been included. Some low priority items have been included in the programme as planned changes to legislation, or the Board's procedures mean the current risk assessment needs to be confirmed.

There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems and budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan.

Audit Methodology

Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will give more detail of the risks to be covered and the work to be carried out in each area. The process will include discussion with officers, the Board's external auditors and the Joint Board as appropriate.

Once the Annual Plan has been agreed an audit timetable will be set and detailed planning will be carried out for each area. In all cases the audit work involves:

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with the Board's officers and the Joint Board.
- Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives; work carried out; the implications of the findings for internal control; and an action plan with areas for improvement, allocated responsibility for the implementation and a timeframe for completion.
- Follow-up of action plans in future years.

Tay Road Bridge Joint Board Strategic Plan 2019/20 to 2021/22

Proposed Allocation of Audit Days

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|---|--------------------|----------------------|--------------|--------------|--------------|---|
| Reputation | | | | | | |
| Management of Health & Safety | 2,6 | 2013/14 | 4 | | | To ensure that there are effective arrangements to comply with Health & Safety legislation, including where Health & Safety considerations are incorporated into contracts with third-party suppliers and partners that these are in line with the Construction (Design and Management) Regulations 2015. |
| Staffing Issues | | | | | | |
| Recruitment and Retention / HR Policies | 10 | 2011/12 | | 4 | | The review will include review of employment legislation and policies, recruitment processes to ensure compliance with equalities legislation. The processes in place that contribute to the retention and engagement of staff, and arrangements for staff development will also be reviewed. |
| Payroll | 9 | 2016/17 Good | | | 3 | To review the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately, and monitored. The audit will cover the input and outputs from the Dundee City Council payroll system but not the Council system itself. |

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|--|--------------------|----------------------|--------------|--------------|--------------|--|
| Estates and Facilities | | | | | | |
| Asset Security / Management | 4, 5, 6 | 2018/19 Good | | | 3 | Review the processes and controls in place for the purchase, disposal, maintenance and protection of fixed assets, covering property and plant and equipment and ICT assets. |
| Capital Projects | 8 | | | 3 | | Undertake Gateway style review to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board. |
| Financial Issues | | | | | | |
| Procurement and Creditors / Purchasing | 2, 7, 9 | 2017/18 Good | | 4 | | To ensure that the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend. |
| Budgetary Control | 3, 9 | 2015/16 Good | 3 | | | To review the processes and controls in place for budget setting and budgetary control within the Board. |
| Organisational Issues | | | | | | |
| Risk Management / Business Continuity Planning | All | 2016/17 Good | | | 2 | Cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk. |

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|--|--------------------|-------------------------|--------------|--------------|--------------|--|
| Corporate Governance | 7 | 2018/19 Good | | | 3 | Cyclical check to undertake a high-level review of the corporate governance and planning arrangements in place within the Board to ensure that the governance framework represents best practice as set out in good practice guidance. |
| Information and IT | | | | | | |
| Data Protection | 2, 7 | 2017/18 Satisfactory | 3 | | | Cyclical check to ensure that arrangements are in place within the Board to ensure compliance with the Data Protection Act 2018 / EU General Data Protection Regulation (GDPR), focussing on data protection governance, staff data protection training and awareness, data security, data sharing and records management. |
| Other Audit Activities | | | | | | |
| Management & planning, attendance at Joint Board meetings & liaising with external audit | | | 2 | 2 | 2 | |
| Follow-up | | | 1 | 2 | 2 | Follow up of outstanding internal audit recommendations. |
| ANA | | | 2 | - | - | |
| Total | | | 15 | 15 | 15 | |

Aberdeen

45 Queen's Road
Aberdeen
AB15 4ZN

T: 01224 322100

Dundee

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

T: 01382 200055

Edinburgh

Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

T: 0131 226 0200

Glasgow

100 West George Street
Glasgow
G2 1PP

T: 0141 471 9870

MHA Henderson Loggie is a trading name of Henderson Loggie LLP, which is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of MHA, an independent member of Baker Tilly International Ltd, the members of which are separate and independent legal entities

© 2019 MHA Henderson Loggie

 **mha**
HENDERSON LOGGIE

hlca.co.uk | info@hlca.co.uk

ITEM No ...13.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 2 DECEMBER 2019

REPORT ON: INTERNAL AUDIT - ANNUAL AUDIT PLAN 2019/2020

REPORT BY: TREASURER

REPORT NO: TRB 25-2019

1.0 PURPOSE OF REPORT

1.1 To present to the Board the Internal Audit Annual Audit Plan, which is attached as an appendix to this report.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Board notes the contents of the Internal Audit Annual Plan for 2019/2020 which is based on the detailed Internal Audit Needs Assessment and Strategic Plan 2019 to 2022.

3.0 FINANCIAL IMPLICATIONS

3.1 The cost of Internal Audit Services is included in the approved Revenue Budget.

4.0 BACKGROUND

4.1 Reference is made to Report TRB 24-2019 (Agenda Item 12) whereby the Board was asked to approve the three year Strategic Audit Plan which was based on the detailed Internal Audit Needs Assessment (ANA).

4.2 The Board has a responsibility to develop and maintain internal control systems, risk management processes, governance arrangements and accounting records. In addition, the Board is responsible for ensuring that the Board's resources are used appropriately for the activities intended, fraud and other irregularities are prevented and detected, and the principles of Best Value are complied with. Internal audit reviews support management by giving an independent assessment of the adequacy and effectiveness of internal controls.

4.3 The Board's Internal Audit Service is provided by Henderson Loggie in respect of the financial years 2019/2020 to 2021/2022, and the Audit Needs Assessment (ANA) and Strategic Plan were prepared by them with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

4.4 The ANA identified the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered by internal audit. The results obtained from the assessment process identified and prioritised the areas requiring internal audit coverage over the next three years.

4.5 The Internal Audit Strategic Plan allocates audit days to the categories identified in the ANA to give a rolling programme of work which will be updated annually to ensure that any new and/or changed risks are reflected in the annual plan. The three year Strategic Audit Plan allows for 15 days in 2019/2020.

5.0 MAIN TEXT

5.1 The Internal Audit Annual Audit Plan for 2019/2020, which is attached as an Appendix to this report, sets out the proposed audit work to be undertaken in 2019/2020.

5.2 This will result in separate reports being issued for each review. The reviews will cover the following areas:

- Management of Health and Safety;
- Budgetary Control;
- Data Protection; and
- Follow-Up Reviews.

6.0 POLICY IMPLICATIONS

6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

7.0 CONSULTATIONS

7.1 The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

8.0 BACKGROUND PAPERS

8.1 Internal Audit – Audit Needs Assessment and Strategic Plan 2019 to 2020 (TRB 24-2019).

**GREGORY COLGAN
TREASURER**

20 NOVEMBER 2019



Tay Road Bridge Joint Board

Internal Audit Annual Plan 2019/20

Internal Audit Report 2020/02

Final Issued: 11 November 2019

Now, for tomorrow



Contents

| | |
|---------------------------------|---|
| 1. Introduction | 1 |
| 2. Strategic Plan 2019 to 2022 | 2 |
| 3. Outline Scope and Objectives | 5 |
| • Management of Health & Safety | 5 |
| • Budgetary Control | 6 |
| • Data Protection | 7 |
| • Follow-Up Reviews | 8 |



1. Introduction

- 1.1 The purpose of this document is to present to the members of Tay Road Bridge Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2020. The plan is based on the proposed allocation of audit days for 2019/20 set out in the Audit Needs Assessment and Strategic Plan 2019 to 2022. The preparation of the Strategic Plan involved dialogue with the Bridge Manager and Board Officers.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2019/20, together with the proposed audit approach. These were arrived at following discussion with the Bridge Manager.
- 1.3 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.
- 1.4 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2019 to 2022

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|---|--------------------|----------------------|--------------|--------------|--------------|---|
| Reputation | | | | | | |
| Management of Health & Safety | 2, 6 | 2013/14 | 4 | | | To ensure that there are effective arrangements to comply with Health & Safety legislation, including where Health & Safety considerations are incorporated into contracts with third-party suppliers and partners that these are in line with the Construction (Design and Management) Regulations 2015. |
| Staffing Issues | | | | | | |
| Recruitment and Retention / HR Policies | 2, 10 | 2011/12 | | 4 | | The review will include review of employment legislation and policies, recruitment processes to ensure compliance with equalities legislation. The processes in place that contribute to the retention and engagement of staff, and arrangements for staff development will also be reviewed. |
| Payroll | 7, 9 | 2016/17 Good | | | 3 | To review the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately, and monitored. The audit will cover the input and outputs from the Dundee City Council payroll system but not the Council payroll system itself. |

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|--|--------------------|----------------------|--------------|--------------|--------------|--|
| Estates and Facilities | | | | | | |
| Asset Security / Management | 4, 5, 6 | 2018/19 Good | | | 3 | Review the processes and controls in place for the purchase, disposal, maintenance and protection of fixed assets, covering property and plant and equipment and ICT assets. |
| Capital Projects | 8 | | | 3 | | Undertake Gateway-style review to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board. |
| Financial Issues | | | | | | |
| Procurement and Creditors / Purchasing | 2, 7, 9 | 2017/18 Good | | 4 | | To ensure that the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend. |
| Budgetary Control | 3, 9 | 2015/16 Good | 3 | | | To review the processes and controls in place for budget setting and budgetary control within the Board. |
| Organisational Issues | | | | | | |
| Risk Management / Business Continuity Planning | All | 2016/17 Good | | | 2 | Cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk. |

| Audit Area | Risk Register Ref. | Previous IA Coverage | 2019/20 Days | 2020/21 Days | 2021/22 Days | Objective |
|--|--------------------|-------------------------|--------------|--------------|--------------|--|
| Corporate Governance | 7 | 2018/19 Good | | | 3 | Cyclical check to undertake a high-level review of the corporate governance and planning arrangements in place within the Board to ensure that the governance framework represents best practice as set out in good practice guidance. |
| Information and IT | | | | | | |
| Data Protection | 2, 7 | 2017/18 Satisfactory | 3 | | | Cyclical check to ensure that arrangements are in place within the Board to ensure compliance with the Data Protection Act 2018 / EU General Data Protection Regulation (GDPR), focussing on data protection governance, staff data protection training and awareness, data security, data sharing and records management. |
| Other Audit Activities | | | | | | |
| Management & planning, attendance at Joint Board meetings & liaising with external audit | | | 2 | 2 | 2 | |
| Follow-up | | | 1 | 2 | 2 | Follow up of outstanding internal audit recommendations. |
| ANA | | | 2 | - | - | |
| Total | | | 15 | 15 | 15 | |

3. Outline Scope and Objectives

Audit Assignment: Management of Health & Safety

Priority: Medium

Joint Board Meeting: March 2020

Days: 4

Scope

This audit will review the arrangements in place within the Board to deal with Health and Safety (H&S) issues.

Objectives

The main objective of this audit will be to review the Board's overall arrangements for dealing with H&S issues and to consider whether these are adequate.

We will seek to obtain reasonable assurance that the Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive (HSE);
- an incident and accident recording system with follow-up and implementation of new controls where required;
- to ensure H&S issues are appropriately considered during the development of maintenance and construction projects in accordance with the Construction (Design and Management) Regulations 2015; and
- regular reporting of H&S to management and to the Board.

Our audit approach will be:

From discussion with appropriate staff and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls. A walkthrough of key systems will then be undertaken to confirm our understanding, and this will be followed up with compliance testing where considered necessary. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

Audit Assignment: Budgetary Control

Priority: Medium

Joint Board Meeting: March 2020

Days: 3

Scope

This review will cover the processes and controls in place for budget setting and budgetary control within the Tay Road Bridge Joint Board.

Objectives

The overall objective of our audit will be to obtain reasonable assurance that adequate systems are in place covering budget setting and budgetary control.

Specific objectives will be to obtain assurance that:

- budgets are approved, controlled and monitored in accordance with the Financial Regulations and Procedures;
- the short, medium- and longer-term financial projections are based on sound information and assumptions;
- information is available to management which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- management and the Joint Board regularly review the organisation's overall financial position.

Our audit approach will be:

We will assess whether the above objectives have been met by documenting the systems and controls through interviews with the Bridge Manager and Finance staff at Dundee City Council and by review of regulations, procedures and guidance issued to budget setters and holders. We will review the information provided to budget holders and the budget reports used internally and submitted to the Joint Board.

Audit Assignment: Data Protection

Priority: Medium

Audit Committee Meeting: June 2020

Days: 3

Scope

The Data Protection Act 2018 (DPA) achieved Royal Assent on 23 May 2018 and replaced the Data Protection Act 1998. The Act applies the EU's General Data Protection Regulation (GDPR) standards. We will carry out a high-level review of the Board's implementation of the Data Protection Act 2018, including the GDPR, and to ensure that processes and procedures are in place to allow compliance with this.

Objectives

To obtain reasonable assurance that:

- appropriate action has been taken by the Board to comply with the DPA (and the GDPR);
- additional requirements of the DPA, not included in the GDPR, have been identified and an action plan has been prepared to address these; and
- adequate procedures are in place for the ongoing monitoring of compliance with data protection legislation.

Our audit approach will be:

Through discussion with the Bridge Manager and other appropriate officers we will establish the action taken to date by the Board, and any further action planned, to implement the DPA, including the requirements of the GDPR. The Information Commissioner's Office guidance will be used as the basis for this discussion, and any additional action required will be highlighted.

Audit Assignment: Follow-Up Reviews

Priority: Various

Joint Board Meeting: June 2020

Days: 1

Scope

This review will cover the following reports from the 2018/19 internal audit programme and reports from earlier years where previous follow-up reviews identified recommendations outstanding:

- Report 2019/02 – Compliance with Legislation

Internal Audit Reports 2019/01 – Annual Plan 2018/19, 2019/03 – Asset Management, 2018/04 – Corporate Governance, 2019/05 – Follow-Up Reviews and 2019/06 – Annual Report 2018/19 did not contain any action plans and therefore no follow-up of these reports is required.

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2018/19 have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Board.

Aberdeen

45 Queen's Road
Aberdeen
AB15 4ZN

T: 01224 322100

Dundee

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

T: 01382 200055

Edinburgh

Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

T: 0131 226 0200

Glasgow

100 West George Street
Glasgow
G2 1PP

T: 0141 471 9870

MHA Henderson Loggie is a trading name of Henderson Loggie LLP, which is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of MHA, an independent member of Baker Tilly International Ltd, the members of which are separate and independent legal entities