
TAY ROAD BRIDGE JOINT BOARD

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

TO: ALL MEMBERS OF THE TAY
ROAD BRIDGE JOINT BOARD

Date 26th February, 2024

Dear Member

TAY ROAD BRIDGE JOINT BOARD

You are requested to attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held remotely on Monday 4th March, 2024 at 10.00am.

The agenda and papers are enclosed.

Members of the Press or Public wishing to join the meeting should contact Committee Services on telephone (01382) 43211 or by email at committee.services@dundeecity.gov.uk by no later than 12 noon on Friday 1st March, 2024.

Please submit any apologies for absence to Elaine Doak, Committee Services Officer on telephone (01382) 434211 or email elaine.doak@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 4th December, 2023 is submitted for approval (copy attached).

3 OPERATIONAL RESTRICTIONS AND CLOSURES - Page 5

(Report No TRB6-2024 by the Bridge Manager, copy attached).

4 RESPONSE TO INTERNAL AUDITOR'S REPORT ON CONTRACT MANAGEMENT - Page 13

(Report No TRB7-2024 by the Bridge Manager, copy attached).

5 REVENUE MONITORING – 10 MONTHS TO 31 JANUARY 2024 - Page 31

(Report No TRB1-2024 by the Treasurer, copy attached).

6 CAPITAL MONITORING – 10 MONTHS TO 31 JANUARY 2024 - Page 37

(Report No TRB2-2024 by the Treasurer, copy attached).

7 REVENUE BUDGET 2024/2025 TO 2026/2027 (REVISED) - Page 43

(Report No TRB3-2024 by the Treasurer and Bridge Manager, copy attached).

8 CAPITAL PLAN 2024/2025 TO 2026/2027 (REVISED) - Page 49

(Report No TRB4-2024 by the Treasurer, copy attached).

9 EXTERNAL AUDIT ANNUAL AUDIT PLAN 2023/2024 - Page 53

(Report No TRB5-2024 by the Treasurer, copy attached).

10 COUNTER FRAUD AND CORRUPTION POLICY - Page 73

(Report No TRB9-2024 by the Treasurer, copy attached).

11 DATE OF NEXT MEETING

The next meeting of the Joint Board will be held on Monday 10th June, 2024 at 10.00am via MS Teams (unless otherwise advised).

ITEM No ...2.....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held remotely on 4th December, 2023.

Present:-

Dundee City Council

Bailie Fraser MACPHERSON
Councillor Steven ROME
Councillor Wendy SCULLIN

Fife Council

Councillor Altany CRAIK
Councillor Gary HOLT
Councillor Jonny TEPP
Councillor Ann VERNER

Angus Council

Councillor Kenny BRAES

Also Present (Officers):-

Gary BRADY (Engineer)
Robert EMMOTT (Treasurer)
Andrew HERD (Transport Scotland)
Alan HUTCHISON (Bridge Manager)
Billy MINTO (Transport Scotland)
John MOIR (for Treasurer)
Maureen MORAN (for Clerk)
Richard SMITH (Audit Scotland)

Councillor Gary HOLT, Chairperson, in the Chair.

Apologies for absence were submitted on behalf of Councillor Allan Knox, Councillor Louise Kennedy-Dalby, Councillor Dorothy McHugh and Councillor Lynne Short.

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 11th September, 2023 was submitted and approved.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB33-2023 by the Bridge Manager, appraising the Joint Board of the number and nature of operational restrictions and closures applied between 1st August, 2023 and 31st October, 2023.

The Joint Board noted the content of the report as at 31st October, 2023.

IV UPDATE ON RESURFACING AND MOVEMENT JOINT PROJECT / GANTRY PROJECT

There was submitted Report No TRB34-2023 by the Bridge Manager, advising the Joint Board on the current situation regarding the ongoing resurfacing and movement joint renewal works on the bridge, and the inspection gantry replacement project.

The Joint Board noted the position on current progress.

V HEALTH AND SAFETY MONITORING 2023

There was submitted Report No TRB32-2023 by the Bridge Manager, appraising the Joint Board of performance relating to Health and Safety in 2023.

The Joint Board agreed;-

- (i) to note the outcomes of the report; and
- (ii) to findings of the review in paragraph 4.4 of the report.

VI REVENUE MONITORING – 7 MONTHS TO 31ST OCTOBER, 2023

There was submitted Report No TRB28-2023 by the Treasurer, appraising the Joint Board of the latest position regarding the 2023/2024 Revenue Budget.

The Joint Board agreed to note the content of the Revenue Monitoring Report as at 31st October, 2023.

VII CAPITAL MONITORING – 4 MONTHS TO 31ST OCTOBER, 2023

There was submitted Report No TRB29-2023 by the Treasurer, appraising the Joint Board of the latest position regarding the 2023/2024 Capital Plan.

The Joint Board agreed to note the content of the Capital Monitoring Report as at 31st October, 2023.

VIII REVENUE BUDGET 2024/2025 TO 2026/2027

There was submitted joint Report No TRB30-2023 by the Treasurer and Bridge Manager, appraising the Joint Board on the proposed Tay Road Bridge Revenue Budget for the financial years 2024/2025 to 2026/2027.

The Joint Board agreed:-

- (i) to approve the Revenue Budget for 2024/2025, subject to confirmation of grant funding by the Scottish Government, and to note the provisional Revenue Budget for 2025/2026 and 2026/2027;
- (ii) to note the requested revenue funding for 2024/2025 of £2.037m from the Scottish Government; and
- (iii) to agree that a further report be presented to the Joint Board if there was a funding shortfall for 2024/2025.

The Joint Board further agreed that the Chair write to the Transport Minister with regards to funding and that the response be shared with members.

IX CAPITAL PLAN 2024/2025 TO 2026/2027

There was submitted Report No TRB31-2023 by the Treasurer, to approve the Capital Plan for the period 2024/2025 to 2026/2027 inclusive.

The Joint Board agreed to approve the Capital Plan as detailed in Appendix A of the report subject to confirmation of grant funding by the Scottish Government and to note the provisional Capital Plan for 2025/2026 and 2026/2027.

X PROGRAMME OF MEETINGS 2024

The Joint Board agreed that the programme of meetings for 2024 be as follows:-

Monday, 4th March, 2024 - 10.00am
Monday, 10th June, 2024 - 10.00am
Monday, 9th September, 2024 - 10.00am
Monday, 2nd December, 2024 - 10.00am

XI DATE OF NEXT MEETING

Monday 4th March, 2024 at 10.00am to be held remotely unless otherwise advised.

Councillor Gary HOLT, Chairperson.

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ITEM No ...3.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024
REPORT ON: OPERATIONAL RESTRICTIONS AND CLOSURES
REPORT BY: THE BRIDGE MANAGER
REPORT NO: TRB6-2024

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 November 2023 and 31 January 2024.

2.0 RECOMMENDATIONS

2.1 The Joint Board are asked to note the contents of this Report.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications resulting from this report.

4.0 COMMENTARY ON RESTRICTIONS AND CLOSURES

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

4.2 At 0020 hours on the 15 December 2023 the bridge was fully closed to allow the southbound contraflow traffic management arrangement to be safely removed following major resurfacing and joint replacement works on the northbound carriageway. The bridge was fully opened, with no restrictions, at 0500 hours that day. The statistics shown in the following tables includes data for bridge availability prior to and after the removal of temporary traffic management on 15 December 2024.

A summary of the restrictions applied between 1 November 2023 and 31 January 2024 is given below:-

4.2.1 Single Carriageway Restrictions – 1 November – Midnight 14 December 2023

Contraflow Traffic Management Installed on Southbound Carriageway – Northbound Carriageway Fully Closed throughout period. No loads over 2.6m permitted.

Reason	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Closed (Minutes)	Minimum Time Closed (Minutes)
Operational	29	6	4.83	10	2
Breakdown	107	6	17.83	35	2
Miscellaneous Incidents	5	1	5	5	5
Single Lane Closures for Maintenance	19	4	4.75	7	2
Police Incidents	60	4	15	30	10

4.2.1a Single Carriageway Restrictions – 15 December 2023-31 January 2024

Contraflow Traffic Management Removed on Southbound Carriageway 14 December at Midnight.

Reason	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Closed (Minutes)	Minimum Time Closed (Minutes)
Operational	130	26	5	26	1
Breakdown	0	0	0	0	0
Miscellaneous Incidents	5	2	2.5	3	2
Single Lane Closures for Maintenance	185	5	37	60	22
Police Incidents	189	64	2.95	54	1

4.2.2 Full Bridge Closure – 1 November – Midnight 14 December 2023

Contraflow Traffic Management Installed on Southbound Carriageway – Northbound Carriageway Fully Closed throughout period. No loads over 2.6m permitted.

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
Breakdown	61	3	20.33	21	20
Police Incidents	89	8	11.13	20	4
Misc Incidents	31	3	10.33	29	2
Wind	0	0	0	0	0

4.2.2a Full Bridge Closure –15 December 2023-31 January 2024

Contraflow Traffic Management Removed on Southbound Carriageway 14 December at Midnight.

Reason	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Closed (Minutes)	Minimum Time Closed (Minutes)
Operational (Night Closures)	276	1	276	276	276
Breakdown	0	0	0	0	0
Police Incidents	10	1	10	10	10
Misc Incidents	0	0	0	0	0
Wind	370	1	370	370	370

4.2.3 High Winds Restrictions – 1 November – Midnight 14 December 2023

Contraflow Traffic Management Installed on Southbound Carriageway – Northbound Carriageway Fully Closed throughout period. No loads over 2.6m permitted.

Traffic Restricted	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Restricted (Minutes)	Minimum Time Restricted (Minutes)
Double Deck Buses	2070	1	2070	2070	2070
High Sided Vehicles	0	0	0	0	0
All Traffic	0	0	0	0	0

4.2.3a High Winds Restrictions –15 December 2023-31 January 2024

Contraflow Traffic Management Removed on Southbound Carriageway 14 December at Midnight.

Traffic Restricted	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Restricted (Minutes)	Minimum Time Restricted (Minutes)
Double Deck Buses	8961	20	448.05	1340	111
High Sided Vehicles	3102	9	344.67	620	140
All Traffic	370	1	370	370	370

4.2.4 Summary of Bridge Availability 1 November 2023 to 31 January 2024

NOTE: Contraflow Traffic Management Removed on Southbound Carriageway 14 December at Midnight.

Full Availability of Accessible Carriageway (No restrictions)	87.89 %
Partial Availability of Accessible Carriageway (Some restrictions)	11.47%
No Availability of Accessible Carriageway (Full Closure)	0.64%

4.2.5 Passenger Lift Availability 4 December 2018 to 31 January 2024

The current lift was put into service on 4 December 2018.

YEAR	Downtime for Routine Servicing (hrs)	Downtime for Lift Faults (hrs)	Downtime for Power Cut (hrs)	Downtime for Vandalism (hrs)	Downtime for Foyer Door Faults (hrs)	Total (hrs)
2018 (from 4 Dec 2018)	0	10	0	0	0	10
2019	¹ 5	9	0.5	0	0	14.5
2020	² 12	3.5	1	0	0	16.5
2021	² 11	9	11	18	41.5	84.5
2022	² 10.5	6	0	0	0	16.5
2023	² 10.25	0	0	0	0	10.25
2024 (to 31 Jan)	² 0.75	0	0	0	0	0.75
Total	49.5	37.5	12.5	18	41.5	
TOTAL TIME LIFT NOT AVAILABLE FROM 4 DECEMBER 2018 to 31 JANUARY 2024 = 159 HOURS						

¹Warranty Servicing

²Monthly Servicing

5.0 TRAFFIC COUNT DATA

5.1 Traffic Count Data from Dundee Ramps

	2 nd Quarter 2022	3 rd Quarter 2022	4 th Quarter 2022	1 st Quarter 2023	2 nd Quarter 2023	3 rd Quarter 2023	4 th Quarter 2023
	(May - Jul)	(Aug - Oct)	(Nov- Jan)	(Feb - Apr)	(May- Jul)	(Aug- *Sep)	(Nov- Jan)
Northbound to West	6171	6079	5137	5734	5747	5432	5089
Northbound to East	7187	6933	6508	6988	7449	7227	6278
Northbound Total	13358	13072	11645	12722	13196	12659	11367
Southbound from West	5393	5382	5078	5331	5359	5172	4676
Southbound From East	8199	7934	7228	7791	8203	7856	6855
Southbound Total	13592	13316	12306	13122	13562	13028	11531
AADT Traffic per Quarter	26950	26388	23951	25844	26758	25687	22898

*3rd quarter 2023 traffic statistics for October 2023 were not available for report TRB33-2023 due to a technical data file fault with the west bound off slip counter. This fault has been repaired traffic and the 3rd quarter 2023 northbound west figures updated.

AADT – (Annual Average Daily Total)

5.2 Active Travel Counts - *AADT

<i>Year</i>	<i>Month</i>	<i>No. Pedestrians</i>	<i>No. Cyclists</i>	
2022	January (from 11 Jan)	129	76	
		129	71	AADT/Quarter
	February	31	60	
	March	182	102	
	April	192	121	
		135	94	AADT/Quarter
	May	172	137	
	June	149	163	
	July	114	178	
		145	159	AADT/Quarter
	August	118	199	
	September	245	161	
	October	**Pedestrian Counter Not Operating	88	
		N/A	149	AADT/Quarter
	November	Not Counted	59	
	December	Not Counted	52	
2023	January	Not Counted	72	
			61	AADT/Quarter
	February	Not Counted	109	
	March	Not Counted	110	
	April	Not Counted	161	
			127	AADT/Quarter
	May	Not Counted	193	
	June	Not Counted	232	
	July	Not Counted	182	
		N/A	202	AADT/Quarter
	August	Not Counted	235	
	September	Not Counted	197	
	October	Not Counted	120	
		N/A	184	AADT/Quarter
	November	Not Counted	99	
	December	Not Counted	55	
2024	January	162	68	
		162	74	AADT/Quarter

*AADT – (Annual Average Daily Total) Northbound and Southbound

**Readings from 10 October 2022 to 18 January 2024 not available due to fault with counter. This was fixed on 17 January 2024.

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 agree with the content.

8.0 BACKGROUND PAPERS

8.1 None.

**ALAN HUTCHISON
BRIDGE MANAGER
15 FEBRUARY 2024**

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024

REPORT ON: RESPONSE TO INTERNAL AUDITOR'S REPORT ON CONTRACT MANAGEMENT

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB7-2024

1.0 PURPOSE OF REPORT

1.1 This report is in response to Internal Audit Report No. 2024/02, prepared by the Board's Internal Auditor, Henderson Loggie, on Contract Management. A copy of the Internal Auditor's report is included at appendix 1.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Board:-

- i) Endorse this report as the formal response to the Internal Auditor's report No. 2024/02 and instruct the Bridge Manager to implement the actions noted in paragraph 5.2.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this report.

4.0 BACKGROUNDIntroduction

4.1 The Board's Internal Audit Needs Assessment and Strategic Plan 2022 – 2025 (Report No. TRB 20-2022) is reviewed at least annually by Senior Management in conjunction with Henderson Loggie to take account of any changes in the Board's risk profile. This 2023/24 review is reported in Henderson Loggie's Internal Audit Annual Plan 2023/24 (Report No. TRB 23-2023) and identified Contract Management as an area of risk to the Board. Review of this area of risk was carried out by Henderson Loggie in January 2024 to obtain reasonable assurance that the related control environment is operating effectively, ensuring risk is maintained at a reasonable level.

5.0 REPORT**5.1 Internal Auditor's Report 2024/02**

Action points identified are categorised as follows:

Priority 1 – Critical issues which require consideration by the Board
Number of Actions – Nil

Priority 2 – Significant matters which the Bridge Manager can resolve
Number of Actions – Nil

Priority 3 – Routine, less significant actions not requiring urgent action
Number of Actions – 3

Overall, the report concluded that the systems met control objectives and provided a Satisfactory Level of Assurance.

5.2 Priority 3 Action Points

- 5.2.1 The Contract spreadsheet should be enhanced by including descriptions of the level and the nature of risks for each, which should be linked to any relevant risk assessments.
- 5.2.2 Clear, measurable, attainable, and realistic performance standards should be determined for all high-risk contracts, with clear measures of good performance identified. Contract Managers should refer directly to these agreed performance metrics in assessing supplier performance.
- 5.2.3 The Board should ensure that, for high-risk contracts, it implements regular review meetings with the supplier's representatives to monitor actual performance against contracted performance levels. As described in the Contract Management Procedure, these meetings should be held at a frequency which reflects the scale and complexity of the contract, taking into account the risk of suboptimal performance impacting upon the Board's ability to maintain service delivery to bridge users. Performance reviews should take place at least annually.

6.0 **POLICY IMPLICATIONS**

- 6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major implications.

7.0 **CONSULTATION**

- 7.1 The Clerk, Treasurer and the Engineer 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
15 FEBRUARY 2024

Tay Road Bridge Joint Board

Contract Management

Internal Audit report No: 2024/02

Draft issued: 6 February 2024

Final issued: 6 February 2024



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk, and which requires to be brought to the attention of management and the Joint Board.
Priority 2	Issue subjecting the organisation to significant risk, and which should be addressed by the Bridge Manager.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



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Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.
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Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Tay Road Bridge Joint Board ('the Board') Risk Register:

- Risk 8 - Failure to deliver projects to time and/or cost (risk rating: moderate).

Background

As part of the Internal Audit programme at the Board for 2023/24, we carried out a review of the systems in place in relation to contract management. The ANA identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and Bridge Manager that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Contract management is the administration of contracts between a business and its vendors. The Local Government in Scotland Act 2003 places a statutory duty on local authorities to secure best value. Procurement activities which deliver value for money will contribute to the achievement of value for money, and one of these activities is contract management.

Good contract management ensures that risk is reduced, savings and quality of service are maximised, and all parties involved in the contract fully understand their obligations and responsibilities, and fulfil them as efficiently and effectively as possible. Poor contract management can lead to missed renewals, breach of contract, and can leave the Board open to the risk of fraud and corruption through overcharging, invoicing for work that is not carried out, and falsification of performance reports. Once a contract commences it is important that there is a robust basis on which to monitor the ongoing delivery of the contract.

Contract Management

Scope, Objectives and Overall Findings

This audit reviewed the arrangements in place within the Board for the management of contracts with suppliers to ensure compliance with terms and conditions, adequate operational performance, and minimisation of risks.

The table below notes each separate objective for this review and records the results:

Objective	Findings		
	1	2	3
The overall objective was to obtain reasonable assurance that:			
	No. of Agreed Actions		
1. The Board maintains a database of all contracts, monitors for compliance with its contract management process and provides adequate management information on the performance of its agreed contracts.	Satisfactory	-	-
2. All awarded contracts have clear, measurable, attainable, and realistic (proportionate and relevant) performance standards which are documented to monitor performance of the contractor.	Satisfactory	-	-
3. Regular performance reviews take place with the contractor to assess performance against the agreed performance standards, with the review and its outcomes adequately documented.	Satisfactory	-	-
4. Any agreed action plan to improve performance is monitored and assessed, with the outcomes adequately documented.	Good	-	-
	0	0	3
Overall Level of Assurance	Satisfactory	System meets control objectives with some weaknesses present.	

Audit Approach

Through discussions with the Bridge Manager, and other relevant staff, we established the contract management arrangements in place within the Board. These were then evaluated to establish whether they follow recognised good practice.

For a sample of contracts, compliance testing was carried out to determine whether contract management processes had been complied with and to determine whether the controls in place were operating effectively.



Summary of Main Findings

Strengths

- A Contract Spreadsheet is maintained, which acts as a database of all active contracts in place, and this is accessible by all Contract Managers. It is kept up to date throughout the year, and provides essential information on each contract, in addition to summary assessment of each supplier's performance;
- Due to the small size of the organisation, and the Bridge Manager's familiarity with most active contracts, communication between the individual Contract Managers is frequent and direct, with suppliers' performance regularly monitored through discussions between the Board's staff;
- Any relevant communication with suppliers, with regard to their performance, is documented and securely stored in individual supplier folders on the Board's shared drive. It was noted that only the Bridge Manager, Deputy Bridge Manager, and Administration & Resources Officer have access to this shared drive. This means that the information can be readily accessed and referenced;
- The contract management processes utilised are proportionate to the size of the organisation; and
- Action plans for improvement in supplier performance are agreed with the supplier, in those instances where pervasive and significant issues with supplier's performance have been identified.

Weaknesses

- The Contract Spreadsheet does not note the level and nature of risk for each contract, as prescribed within the Contract Management Procedure;
- The expected performance standards for each supplier, against which actual performance can be measured, are not described on the Contract Spreadsheet, and performance notes do not link directly to any key performance indicators established; and
- There are no formal regular performance reviews carried out with the suppliers for high-risk contracts, as prescribed within the Contract Management Procedure. Instead, these reviews are carried out on an ad hoc basis as and when any issues with supplier performance are identified.

Acknowledgment

We would like to take this opportunity to thank the staff at the Board who helped us during the audit.



Main Findings and Action Plan

Objective 1: The Board maintains a database of all contracts, monitors for compliance with its contract management process and provides adequate management information on the performance of its agreed contracts.

The Board has a Contract Spreadsheet in place, which acts as a database of the active contracts. The contracts listed are subdivided into those discretionary to the Board, statutory contracts, electricity contracts, and contracts arranged through the Service Level Agreement with Dundee City Council. The spreadsheet notes when each contract was last reviewed and updated, and provides a range of information for each active contract, including:

- Contract Manager responsible
- Supplier's name and address
- Terms (including length of contract i.e. 3-yearly with possible extensions, to be renewed annually, paid quarterly with no formal contract)
- Description of the expected deliverables
- Cost
- Method of payment (e.g. monthly by direct debit, annually by invoice, per call-out or usage)
- Supplier's representative contact details
- Performance notes

The Contract Spreadsheet is managed by the Administration & Resources Officer, and is updated by the Contract Managers (who review it during the quarterly management meetings, discuss the performance of each supplier, and decide if any specific performance improvement actions are required). In addition, Contract Managers are expected to communicate any issues with supplier performance to the Bridge Manager as they arise, so that remedial action can be taken as quickly as possible. This informal communication is facilitated by the small workforce of the organisation, and the Bridge Manager's familiarity with all major contracts.

The Board retains records of performance-related communications with suppliers in individual supplier folders on the Board's shared drive, so that they can be easily referenced and monitored. The access to these records is limited to the Bridge Manager, Deputy Bridge Manager, and Administration & Resources Officer. The Bridge Manager receives monthly Revenue Monitoring and Capital Monitoring reports from Dundee City Council's Finance team, to allow the monitoring of supplier spend against set budgets. This is reported to the Joint Board at the quarterly meetings.

There is a Contract Management Procedure in place, which aims to ensure that:

- the Board enters into and manages contracts or agreements in a manner which facilitates the Board's business and minimises risk;
- contracts are managed to ensure quality performance and value for money is achieved in line with expectations;
- formal contracts or arrangements clearly identify the obligations of the provider, but also forms the foundation for a productive relationship built on communication and trust;
- continuous improvement in terms of quality, cost, sustainability, and service; and
- provide evidence of regular contract or agreement monitoring and audit trails of issues raised and resolved.



Objective 1: The Board maintains a database of all contracts, monitors for compliance with its contract management process and provides adequate management information on the performance of its agreed contracts (continued).

Observation	Risk	Recommendation	Management Response			
<p>The Contract Spreadsheet in place provides adequate management information for the purposes of monitoring supplier performance. However, it does not currently describe the level of risk associated with each contract, as is prescribed within the Contract Management Procedure.</p>	<p>Level and nature of risks associated with each contract not immediately apparent or monitored in a formalised manner.</p>	<p>R1 The Contract spreadsheet should be enhanced by including descriptions of the level and the nature of risks for each, which should be linked to any relevant risk assessments.</p>	<p>Accepted in part. However, justification of risk level can be more easily addressed on the contract spreadsheet without the need for cross linking to specific risk assessments. This will make sure that the over-arching contract risk is clearly accessible to contract managers, without adding risk of failure to update multiple documents should a risk assessment be amended. The contract register does not need detailed risk assessments. All risk assessments are available to staff within the H&S file.</p> <p>To be actioned by: Bridge Manager</p> <p>No later than: 1 May 2024</p> <table border="1" data-bbox="1585 1121 2089 1284"> <tr> <td data-bbox="1585 1121 1850 1284">Grade</td> <td data-bbox="1850 1121 2089 1284">3</td> </tr> </table>		Grade	3
Grade	3					



Contract Management

Objective 2: All awarded contracts have clear, measurable, attainable, and realistic (proportionate and relevant) performance standards which are documented to monitor performance of the contractor.

The Contract Spreadsheet contains notes on the performance of each contract. However, no expected performance standards are included, against which actual performance can be measured. The Bridge Manager, and other Contract Managers, are expected to understand the key performance indicators for each contract they are responsible for, and be able to identify any signs that the contractual obligations are not being met by the supplier. Any performance issues should be communicated to the Bridge Manager as soon as possible, and should be reflected in the performance notes entered on to the Contract Spreadsheet. Our review confirmed that the process in place is proportionate to the size of the organisation. In addition, agreed deliverables and obligations of the supplier are normally reflected in the contractual documentation. Many of the contracts, especially smaller ones, come with simple performance indicators (such as the service being delivered or not), and there are few quality metrics which they could be assessed against.

We reviewed a sample of seven active contracts, and noted that performance notes were provided for each contract on the Contract Spreadsheet. We also noted that, where applicable, the 'Specification of Requirements' (or other contractual documentation) set out the expected deliverables and supplier obligations. We noted that where performance issues have been identified in the past, these were noted on the Contract Spreadsheet, with explanations and evidence of monitoring and assessment measures put in place (refer to Objective 3, below).



Contract Management

Objective 2: All awarded contracts have clear, measurable, attainable, and realistic (proportionate and relevant) performance standards which are documented to monitor performance of the contractor (Continued).

Observation	Risk	Recommendation	Management Response	
<p>The expected performance standards for each supplier, against which actual performance can be measured, are not currently captured on the Contract Spreadsheet, and performance notes do not link directly to any key performance indicators established.</p>	<p>Supplier's performance may not be measured against clear, measurable, attainable, and realistic performance standards agreed.</p>	<p>R2 Clear, measurable, attainable, and realistic performance standards should be determined for all high-risk contracts, with clear measures of good performance identified. Contract Managers should refer directly to these agreed performance metrics in assessing supplier performance.</p>	<p>Agreed for contracts considered high risk. The contract spreadsheet will be updated to reflect contract delivery expectations.</p> <p>To be actioned by: Bridge Manager</p> <p>No later than: 1 May 2024</p>	
			<p>Grade</p>	<p>3</p>



Objective 3: Regular performance reviews take place with the contractor to assess performance against the agreed performance standards, with the review and its outcomes adequately documented.

Regular performance reviews are undertaken only with select suppliers, depending on the circumstances. For example, one supplier selected in the sample requested annual meetings regarding the provision of the service, which also served as an opportunity to discuss additional services (or upgrades available) that may be relevant to the Board.

Performance assessment meetings are also undertaken on a more frequent basis with underperforming suppliers in order to establish an action plan for improvement and ensure that the expected deliverables are provided. Additionally, suppliers' performance is scrutinised closely when making decisions about extending or tendering contracts. Otherwise, supplier performance is determined through day-to-day management and informal assessment of the quality, price, and timeliness of the delivery. These measures are considered to be proportionate to the size of the organisation.

We reviewed a sample of seven active contracts and noted that performance notes were provided for each contract on the Contract Spreadsheet. In most cases, we noted evidence of engagement with the supplier, or evidence of supplier performance assessment having been undertaken. In two instances where no formal review was carried out, but some aspect of the delivery was identified as being suboptimal, the notes on the Contract Spreadsheet reflected this and it was evidenced that the suppliers' performance was being monitored closely in relation to the issues identified. In one case, where the supplier's overall performance was not seen as satisfactory, there was evidence of this dissatisfaction being communicated to the supplier, with meetings being held and actions being implemented to remedy the performance issues highlighted (refer to Objective 4, below).

Objective 3: Regular performance reviews take place with the contractor to assess performance against the agreed performance standards, with the review and its outcomes adequately documented (Continued).

Observation	Risk	Recommendation	Management Response			
<p>Although the Contract Management Procedure states that for high-risk contracts, the Contract Manager should arrange regular review meetings with the contractor's (or the supplier's representatives) to monitor performance against agreed metrics, this is not being completed in practice. Instead, formal performance review meetings are largely held on an ad hoc basis, and only when issues with supplier's performance are identified and require to be rectified. This may result in reduced opportunity for the Board and the supplier to compare their assessment of performance or to be made aware of any factors which could negatively impact on the delivery of the contract.</p>	<p>Untimely discovery of factors leading to supplier underperformance, differences in the assessment of supplier's performance between the Board and the supplier, and incorrect assessment of supplier's performance due to a lack of formal and regular review process.</p>	<p>R3 The Board should ensure that, for high-risk contracts, it implements regular review meetings with the supplier's representatives to monitor actual performance against contracted performance levels. As described in the Contract Management Procedure, these meetings should be held at a frequency which reflects the scale and complexity of the contract, taking into account the risk of suboptimal performance impacting upon the Board's ability to maintain service delivery to bridge users. Performance reviews should take place at least annually.</p>	<p>Agreed.</p> <p>To be actioned by: Bridge Manager (and delegated to contract managers)</p> <p>No later than: As per contracts (at least annually, commencing in 2024)</p> <table border="1" data-bbox="1585 967 2089 1114"> <tr> <td data-bbox="1585 967 1830 1114">Grade</td> <td data-bbox="1830 967 2089 1114">3</td> </tr> </table>		Grade	3
Grade	3					



Objective 4: Where required, the agreed disputes process is activated and followed with the termination of the contract if the required standards are not met.

Formal action plans are not generally set for underperforming suppliers. Instead, an informal process relying on frequent communication is utilised, clearly outlining the difference in actual performance against expected performance and what actions need to be taken to address it. Any positive or negative outcomes as a result of the actions should then be reflected in updates to the Contract Spreadsheet. Occasionally, a formal action plan will be presented to the supplier, especially if related to high-value, high-risk contracts where there have been pervasive and major issues with performance. The fulfilment of the action plan will then be closely monitored and, if not met, payment of invoices may be withheld until the services charged for are fully delivered, or the contract is terminated.

There is no formal dispute resolution procedure in place, although as noted above this would be addressed through frequent and clear communication with the supplier, if needed.

We reviewed a sample of seven active contracts, and noted one instance of an underperforming contractor and corresponding action being taken by the Board. The required deliverables were communicated to the supplier by e-mail on 15 December 2023, and a realistic programme of delivery was requested. A call was held on 20 December 2023, with the supplier proposing how the service delivery could be improved. There were further concerns with the quality and timeliness of the delivery raised by the Board on 17 January 2024, and the supplier responded with a detailed plan to address these issues on 18 January 2024, with a site visit arranged at a later date to strengthen the supplier's understanding of the Board's needs. We noted that there was evidence of supplier's performance being monitored closely by the Board, and the Contract Manager having a clear understanding of the actions that required to be implemented in order to ensure successful delivery of the service in the future.

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ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024
REPORT ON: REVENUE MONITORING – 10 MONTHS TO 31 JANUARY 2024
REPORT BY: THE TREASURER
REPORT NO: TRB 1-2024

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 2023/2024 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 January 2024.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The 2023/2024 Revenue Budget predicted a break-even position (see Report TRB 29-2022). The current outturn position for the financial year 2023/2024 is projecting a break-even position against the Revenue Budget based on the financial information available at 31 January 2024 (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 During 2019, Transport Scotland's Internal Audit conducted a review of 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 monthly grant claims now have to be submitted based on actual net expenditure. This results in a projected Revenue Grant carried forward into 2024/2025 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 2024. 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 to each of the Board's five strategic objectives.
- 3.6 Details of current variances against budget headings are detailed below.
- 3.7 An underspend of £35,000 is projected in relation to Administration Staff Costs. This is due to a projected £63,000 underspend due to the Deputy Bridge Manager post remaining unfilled for the remainder of the year resulting in a £65,000 saving. This saving will be offset by a temporary regrading of the Works and Transport Officer post to reflect the allocation of some of the duties associated with the Deputy Bridge Manager's role. Therefore, 50% of the Works and Transport Officer post has been allocated from the Operations section to the Administration section, resulting in additional expenditure of £25,000. There will also be additional expenditure of £5,000 for Summer Engineering Student Placement for 12 weeks (see Agenda Item 3 of the TRB Board meeting on 19 June 2023).

- 3.8 An overspend of £25,000 is projected in relation to Administration Property Costs. This is due to an anticipated increase in electricity costs due to higher energy prices.
- 3.9 An overspend of £9,000 is projected in relation to Administration Supplies and Services. This is due to a projected overspend of £12,000 on Insurance Premiums offset by a £3,000 underspend on Health and Safety online publications as this service was not required.
- 3.10 An overspend of £31,000 is projected in relation to Administration Third Party Payments. This is due to projected overspends of £8,000 for a new Service Level Agreement (SLA) with Tayside Contracts for Scottish Road Works Noticing, £8,000 for Charges for Police Services due to high number of call-outs, and £15,000 for Structural Engineer fees due to the extended carriageway resurfacing project.
- 3.11 An underspend of £35,000 is projected in relation to Operations Staff Costs. This is due to the vacated Deputy Bridge Manager post described above (in paragraph 3.7) being filled by the Works and Transport Officer who will provide temporary cover with 50% of their re-graded salary being allocated to the Administration section resulting in a saving of £25,000 for the Operations budget. An additional underspend of £10,000 is projected in relation to the training budget as no further major expenditure on courses is expected.
- 3.12 An overspend of £10,000 is projected in relation to Plant and Equipment Property Costs. This is due to an anticipated increase in electricity costs due to higher energy prices.
- 3.13 An underspend of £52,000 is projected in relation to Plant and Equipment Supplies and Services. This is due to a reduced requirement for expenditure on the hire of a safety boat resulting in a £55,000 saving. An additional underspend of £5,000 is projected for the Generator Materials budget which is unlikely to be spent. These savings will be offset by a projected overspend of £8,000 for equipment maintenance on the gantries because of increased repairs due to the age and condition of the existing gantries.
- 3.14 An overspend of £25,000 is projected in relation to Bridge Maintenance Property Costs. This is due to an anticipated increase in electricity costs due to higher energy prices.
- 3.15 An overspend of £4,000 is projected in relation to Bridge Maintenance Supplies and Services. This is due to an anticipated increase in De-Icing Materials which is weather dependent.
- 3.16 An underspend of £5,000 is projected in relation to Bridge Maintenance Third Party Payments. This is due to a reduction of expenditure in relation to Miscellaneous Inspections and Reports.
- 3.17 Reduced income of £21,900 is projected in relation to Scottish Government Revenue Grant. This is due to lower than anticipated offer of grant from Transport Scotland / Scottish Government of £306,680 (see Report TRB 18-2023), offset by an additional revenue grant offer from Transport Scotland of £284,780.
- 3.18 Reduced income of £8,600 is projected in relation to Interest on Revenue Balances. This is due to lower than anticipated average monthly balances due to the effect of paying large invoices for major capital projects and not being able to claim for the associated grant claim until after the end of the relevant month, offset by higher than anticipated interest rates.
- 3.19 Increased income of £7,500 is projected in relation to Miscellaneous Income. This is due to reimbursement of £5,000 for initial legal and surveying work in relation to the installation of a fibre optic cable on bridge property as well as £2,500 annual wayleave income from the operator of the fibre optic cable from when Cable operational (see Report TRB 7-2023).

4.0 RISK ASSESSMENT

4.1 In preparing the Board's Annual Revenue Budget (see Report TRB 29-2022), 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

**ROBERT EMMOTT
TREASURER**

14 FEBRUARY 2024

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TAY ROAD BRIDGE JOINT BOARD**REVENUE MONITORING AS AT 31 JANUARY 2024**

	Revenue Budget 2023/24 £	Expenditure to 31 January 2024 £	Final Projection 2023/24 £	Variance from Budget £	Paragraph Reference
EXPENDITURE					
<u>Administration</u>					
Staff Costs	222,929	149,961	187,929	(35,000)	(3.7)
Property Costs	35,750	53,751	60,750	25,000	(3.8)
Supplies and Services	140,932	125,190	149,932	9,000	(3.9)
Transport Costs	300	96	300	-	
Third Party Payments	185,998	150,096	216,998	31,000	(3.10)
	585,909	479,094	615,909	30,000	
<u>Operations</u>					
Staff Costs	983,134	817,811	948,134	(35,000)	(3.11)
Supplies and Services	10,300	5,104	10,300	-	
	993,434	822,915	958,434	(35,000)	
<u>Plant and Equipment</u>					
Property Costs	25,150	25,717	35,150	10,000	(3.12)
Supplies and Services	213,150	112,459	161,150	(52,000)	(3.13)
Transport Costs	34,650	27,409	34,650	-	
Third Party Payments	3,750	-	3,750	-	
	276,700	165,585	234,700	(42,000)	
<u>Bridge Maintenance</u>					
Property Costs	29,000	40,937	54,000	25,000	(3.14)
Supplies and Services	47,250	20,581	51,250	4,000	(3.15)
Transport Costs	200	-	200	-	
Third Party Payments	6,200	110	1,200	(5,000)	(3.16)
	82,650	61,628	106,650	24,000	
GROSS EXPENDITURE	1,938,693	1,529,222	1,915,693	(23,000)	
INCOME					
Scottish Government Revenue Grant	1,918,680	1,307,668	1,896,780	(21,900)	(3.17)
Interest on Revenue Balances	9,600	-	1,000	(8,600)	(3.18)
Kiosk Rent	10,213	7,660	10,213	-	
Miscellaneous	200	7,782	7,700	7,500	(3.19)
GROSS INCOME	1,938,693	1,323,110	1,915,693	(23,000)	
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENRAL RESERVE BALANCES	-	206,112	-	-	

APPENDIX B**LINKING THE 2023/2024 REVENUE BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES**

	Strategic Objective	2023/2024 Budget £	Expenditure to 31 January 2024 £	2023/2024 Projected £
1	Meeting User Expectations	942,697	814,185	952,197
2	Fiscally Sustainable	94,584	62,688	109,584
3	Transparent Governance and Clear Decision-Making Processes	20,345	4,766	20,345
4	A Modern, Diverse and Well-Trained Workforce	25,000	8,913	15,000
5	Quality and Standards	<u>856,067</u>	<u>638,670</u>	<u>818,567</u>
	TOTAL GROSS EXPENDITURE	<u>1,938,693</u>	<u>1,529,222</u>	<u>1,915,693</u>

ITEM No ...6.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024
REPORT ON: CAPITAL MONITORING - 10 MONTHS TO 31 JANUARY 2024
REPORT BY: THE TREASURER
REPORT NO: TRB 2-2024

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 2023/2024 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 January 2024.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Joint Board's 2023/2024 Capital Expenditure Programme of £7,109,000 was approved by the Board on 5 December 2022 (Report TRB 30-2022). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.
- 3.2 The amount in the 2023/2024 Capital Grant Offer letter from Transport Scotland dated 31st March 2023 was £6,530,000 (see Report TRB 18-2023).
- 3.3 The capital outturn for the financial year 2023/2024 (as detailed in Table 1 on Appendix A) is projected to be £6,331,000 (i.e. a reduction of £778,000 compared to the original approved budget) based on the financial ledger information up to 31 January 2024 and this will be funded from 2023/2024 Capital Grant of £6,325,065 and capital receipts of £5,935.
- 3.4 An explanation of the major variances is shown in section 4 of the report.
- 3.5 During 2019, Transport Scotland's Internal Audit conducted a review of 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 monthly grant claims now have to be submitted based on actual net expenditure. This results in a projected Capital Grant carried forward into 2024/2025 of £nil.
- 3.6 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 to each of the Board's five strategic objectives.

4.0 REASONS FOR CAPITAL EXPENDITURE VARIANCES

- 4.1 The main reasons for the budget variations on individual projects can be summarised as follows:

	£000
<u>Slippage from 2022/2023:</u>	
None	-
<u>Budget Adjustments:</u>	
Carriageway Resurfacing	891
Cathodic Protection (CP) Hardware	(150)
Advanced Warning Signs	(14)
New Vehicles	14
New Gantries	(25)
Gantry Miscellaneous	(24)
Bridge Concrete Repairs	(850)
<u>Slippage to 2024/2025:</u>	
New Gantries	(620)
<u>Total Budget Adjustments</u>	<u>(778)</u>

- 4.2 The delivery of the Capital Programme this year is very challenging. The global supply chain for sourcing materials and components has been affected by the Covid pandemic, Brexit and other world events, due to a shortage of raw materials, increased inflation and market demand as economies look to rebuild. and this is resulting in inflationary increases upwards of 30% on the predicted cost of capital projects. Officers are constantly reviewing the capital programme of works and prioritising those projects that can realistically be progressed during the current year. There is a risk of further slippage in the capital programme, as the Board reacts to the extreme market conditions currently affecting the construction industry. Updated projections will be incorporated into future capital monitoring reports and shared with Transport Scotland as it informs the Scottish Government's Spending Review.
- 4.3 Details of current capital works and the main reasons for movements on each project are:
- 4.4 Carriageway Resurfacing: The original 2023/2024 budget was £5,250,000. The projected expenditure for this contract was increased to £5,650,000 from the estimates in the Framework report (see TRB 6-2023). This is for the renewal of the carriageway surface, deck expansion joints, deck waterproofing and associated concrete repairs. It has also been reported (see TRB 34-2023) that phase two, southbound works, will commence on 3 March 2024. This is one month earlier than originally budgeted for. The projected expenditure for this contract has been increased to £6,141,000 in this financial year.
- 4.5 Cathodic Protection (CP) Hardware: The original 2023/2024 budget of £150,000 is not anticipated to be spent.
- 4.6 Advanced Warning Signs: The original 2023/2024 budget was £34,000. The projected expenditure for this project has been reduced to £20,000. This is for the provision of new traffic lights to replace the existing wig-wags.
- 4.7 New Vehicles: The original 2023/2024 budget was £30,000. The projected expenditure for this project has been increased to £44,000. This is for the planned replacement of one vehicle.
- 4.8 New Gantries: The original 2023/2024 budget was £670,000. The projected expenditure for this project has been reduced to £25,000 for professional fees related to the start of the procurement process. The remaining budget movement is due to slippage in project timescales.

- 4.9 Gantry Miscellaneous: The original 2023/2024 budget was £25,000. The projected expenditure for this project has been reduced to £1,000.
- 4.10 Miscellaneous Projects: The original 2023/2024 budget of £100,000 is projected to be spent. This budget is used for several smaller projects.
- 4.11 Bridge Concrete Repairs: The original 2023/2024 budget was £850,000. This is not anticipated to be spent as Concrete Repairs are included within the Carriageway Resurfacing project (see TRB 6-2023) so the revised budget has been 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 to enable any corrective action to be taken.
- 5.4 Capital projects can be subject to unforeseen events, such as delays in progressing the project. This could lead to inflation impacting on the total cost of the project. In addition, currency fluctuations can also impact on costs. Contingencies are built into the budget for each capital project and these will be closely monitored throughout the project.
- 5.5 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.
- 5.6 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.
- 5.7 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.
- 5.8 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 2023/2024 capital programme is showing a projected capital spend of £6,331,000 which will be funded from the current year's Scottish Government grant of £6,325,065 and capital receipts of £5,935.

6.2 The 2023/2024 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.

**ROBERT EMMOTT
TREASURER**

7 FEBRUARY 2024

TAY ROAD BRIDGE JOINT BOARD

APPENDIX A

TABLE 1: CAPITAL EXPENDITURE MONITORING - 10 MONTHS TO 31 JANUARY 2024

<u>Expenditure</u>	<u>Strategic Objective</u>	<u>Capital Budget 2023/24 £000</u>	<u>Slippage from 2022/23 £000</u>	<u>Budget Adjust £000</u>	<u>Slippage into 2024/25 £000</u>	<u>Revised Capital Budget 2023/24 £000</u>	<u>Actual to 31 Jan 2024 £000</u>	<u>Projected Outturn 2023/24 £000</u>	<u>Variance from Budget £000</u>
									-
Carriageway Resurfacing	1	5,250	-	891	-	6,141	5,315	6,141	-
CP Hardware	5	150	-	(150)	-	-	-	-	-
Advanced Warning Signs	1	34	-	(14)	-	20	1	20	-
New Vehicles	5	30	-	14	-	44	-	44	
New Gantries	5	670	-	(25)	(620)	25	19	25	-
Gantry – Miscellaneous	5	25	-	(24)	-	1	1	1	-
Miscellaneous Projects	5	100	-	-	-	100	69	100	-
Bridge Concrete Repairs	5	850	-	(850)	-	-	-	-	-
Total Gross Expenditure		7,109	-	(158)	(620)	6,331	5,405	6,331	-
Funded by:		£000	£000	£000	£000	£000	£000	£000	£000
Capital Grant		7,109	-	(164)	(620)	6,325	5,190	6,325	-
Capital Receipts		-	-	6	-	6	2	6	-
Total Funding		7,109	-	(158)	(620)	6,331	5,192	6,331	-

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	£000
<u>Add:</u> Projected Capital Grant Received 2023/2024	6,325
<u>Less:</u> Projected Capital Grant Utilised 2023/2024	(6,325)
	-
Unapplied Capital Grant Carried Forward to 2024/2025	-

LINKING THE 2023/2024 CAPITAL BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES

Strategic Objective	<u>Capital Budget 2023/2024 £000</u>	<u>Revised Capital Budget 2023/2024 £000</u>	<u>Actual Expenditure to 31 Jan 2024 £000</u>	<u>2023/2024 Projected £000</u>
1 Meeting User Expectations	5,284	6,161	5,316	6,161
2 Fiscally Sustainable	-	-	-	-
3 Transparent Governance and Clear Decision-Making Processes	-	-	-	-
4 A Modern, Diverse and Well-Trained Workforce	-	-	-	-
5 Quality and Standards	<u>1,825</u>	<u>170</u>	<u>89</u>	<u>170</u>
TOTAL GROSS EXPENDITURE	<u>7,109</u>	<u>6,331</u>	<u>5,405</u>	<u>6,331</u>

ITEM No ...7.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 4 MARCH 2024

REPORT ON: REVENUE BUDGET 2024/2025 TO 2026/2027 (REVISED)

JOINT REPORT BY: TREASURER AND BRIDGE MANAGER

REPORT NO: TRB 3-2024

1.0 PURPOSE OF REPORT

- 1.1 To appraise Board Members on the proposed revised Tay Road Bridge Revenue Budget for the financial years 2024/2025 to 2026/2027.

2.1 RECOMMENDATIONS

- 2.1 It is recommended that the Board approves the revised Revenue Budget for 2024/2025, subject to the level of grant funding being approved by the Scottish Parliament in March 2024, and notes the provisional Revenue Budget for 2025/2026 and 2026/2027.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Board's 2024/2025 Revenue Budget shows a deficit position of £208,100 which is arrived at after assuming receipt of the Revenue Grant from the Scottish Government of £1,830,000. It should be noted that the 2023/2024 Revenue Budget is projecting a break-even position. The effect of this projected overspend position in 2023/2024 and the projected deficit position of the 2024/2025 budget results in a projected General Reserve balance of £952,491 as at 31 March 2025.

4.0 REVENUE BUDGET 2024/2025 TO 2026/2027

- 4.1 The original Revenue Budget 2024/2025 to 2026/2027 was reported to the December 2023 Board meeting (Report TRB 30-2023). This considered two funding scenarios dependent upon the level of grant funding announced in the Scottish Government's Comprehensive Budget on 19 December 2023 and it was agreed that a further report be presented to the Board if there was a funding shortfall.
- 4.2 The Scottish Government's Comprehensive Budget announcement was on 19 December 2023. The level of funding for 2024/2025 will be £1.83m subject to approval by the Scottish Parliament in March 2024. Indicative discussions with Transport Scotland suggest that the level of funding for 2025/2026 and 2026/2027 will be consistent with the level of funding for 2024/2025 with modest inflationary increases. However, there is no guarantee that this level of funding will be maintained in future years.
- 4.3 The budget for staff costs includes an estimated provision for the pay award of 5% for the financial years 2024/2025 and 2025/2026 and 2% for the financial year 2026/2027. 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 account of the increased Scottish Living Wage.
- 4.4 The triennial actuarial valuation of the Tayside Pension Fund was carried out in 2023 will take effect from 1 April 2024. This valuation exercise resulted in a reduced employer's contribution rate of 15.7% (previously 17%).

- 4.5 No general inflationary increase on non-staff costs has been allowed for in the 2024/2025 Revenue Budget. A 2% general inflationary increase on non-staff costs have been allowed for in 2025/2026 and 2026/2027 and specific allowances have been made for anticipated increases or decreases in individual budgets in each of the three financial years.
- 4.6 The three yearly Revenue Budget has been prepared in accordance with previous years' budgets. A copy of the detailed Revenue Budget 2024/2025 to 2026/2027 is enclosed at Appendix A.
- 4.7 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 2024/2025 to 2026/2027 to each of the Board's five strategic objectives.

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. Any budget overspend will result in the use of General Reserves, unless agreement is reached with the Scottish Government for additional grant funding.

- The Board's Audited Statement of Accounts 2022/2023 showed a General Reserve Balance of £1,160,591 at 31 March 2023.
 - The 2023/2024 Revenue monitoring currently projects a break-even position.
 - The level of uncommitted General Reserve Balances at 31 March 2024 is estimated at £1,160,591. There are no further known expenditure commitments or additional income that would materially affect this projected balance figure.
 - The Board's 2024/2025 Revenue Budget shows a deficit position of £208,100 which is arrived at after assuming receipt of the Revenue Grant from the Scottish Government of £1,830,000. The effect of the projected break-even position in 2023/2024 and the projected deficit position of the 2024/2025 budget results in a projected General Reserve balance of £952,491 as at 31 March 2025.
 - Taking the above factors into account, the level of Revenue Grant Balance carried forward at 31 March 2024 is projected to be £nil.
- 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 £1,000,000 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.
- In their 2022/2023 Annual Audit Report (see TRB 20-2023) the external auditor considers there to be uncertainty over the level of revenue funding for future years, and a risk that the funding required to deliver future capital projects may not be available. This uncertainty over future funding levels presents a risk to the longer-term financial sustainability of the Joint Board. The Treasurer has raised concerns with Transport Scotland about the level of revenue funding provided for 2023/2024 and 2024/2025 and has sought a commitment that the Joint Board will be fully funded in future financial years. Management will continue to engage with Transport Scotland to obtain clarity over the likely level of funding available for future years.
- 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

ROBERT EMMOTT
TREASURER

14 FEBRUARY 2024

REVENUE BUDGET 2024/2025 TO 2026/2027**APPENDIX A**

	2023/2024 Budget £	2023/2024 Projected £	2024/2025 Budget £	2025/2026 Budget £	2026/2027 Budget £
<u>Administration</u>					
Staff	222,929	187,929	237,092	248,946	253,926
Property	35,750	60,750	63,135	64,398	65,686
Supplies & Services	140,932	149,932	164,402	167,690	171,044
Transport	300	300	300	306	312
Third Party Payments	<u>185,998</u>	<u>216,998</u>	<u>159,570</u>	<u>167,549</u>	<u>170,898</u>
	<u>585,909</u>	<u>615,909</u>	<u>624,499</u>	<u>648,889</u>	<u>661,866</u>
<u>Operations</u>					
Staff	983,134	948,134	1,060,414	1,113,435	1,135,704
Supplies & Services	<u>10,300</u>	<u>10,300</u>	<u>8,200</u>	<u>8,364</u>	<u>8,531</u>
	<u>993,434</u>	<u>958,434</u>	<u>1,068,614</u>	<u>1,121,799</u>	<u>1,144,235</u>
<u>Plant & Equipment</u>					
Property	25,150	35,150	31,250	31,875	32,513
Supplies & Services	213,150	161,350	176,950	180,489	184,099
Transport	34,650	34,650	34,950	35,649	36,362
Third Party Payments	<u>3,750</u>	<u>3,750</u>	<u>3,250</u>	<u>3,315</u>	<u>3,381</u>
	<u>276,700</u>	<u>234,700</u>	<u>246,400</u>	<u>251,328</u>	<u>256,355</u>
<u>Bridge Maintenance</u>					
Property	29,000	54,000	54,000	55,080	56,182
Supplies & Services	47,250	51,250	53,100	54,162	55,245
Transport	200	200	200	204	208
Third Party Payments	<u>6,200</u>	<u>1,200</u>	<u>6,200</u>	<u>6,324</u>	<u>6,450</u>
	<u>82,650</u>	<u>106,650</u>	<u>113,500</u>	<u>115,770</u>	<u>118,085</u>
GROSS EXPENDITURE	<u>1,938,693</u>	<u>1,915,693</u>	<u>2,053,013</u>	<u>2,137,786</u>	<u>2,180,541</u>
<u>Income</u>					
Scottish Government Resource Grant	1,918,680	1,896,780	1,830,000	2,122,873	2,165,628
Interest on Revenue Balances	9,600	1,000	2,000	2,000	2,000
Kiosk Rent	10,213	10,213	10,213	10,213	10,213
Miscellaneous	<u>200</u>	<u>7,700</u>	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>
GROSS INCOME	<u>1,938,693</u>	<u>1,915,693</u>	<u>1,844,913</u>	<u>2,137,786</u>	<u>2,180,541</u>
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES	<u>-</u>	<u>-</u>	<u>208,100</u>	<u>-</u>	<u>-</u>

APPENDIX BLINKING THE 2024/2025 TO 2026/2027 REVENUE BUDGET TO THE BOARD'S STRATEGIC OBJECTIVES

Strategic Objective		2023/2024 Budget £	2023/2024 Projected £	2024/2025 Budget £	2025/2026 Budget £	2026/2027 Budget £
1	Meeting User Expectations	942,697	952,197	1,020,524	1,068,891	1,090,420
2	Fiscally Sustainable	94,584	109,584	100,170	102,173	104,217
3	Transparent Governance and Clear Decision-Making Processes	20,345	20,345	23,112	23,574	24,046
4	A Modern, Diverse and Well-Trained Workforce	25,000	15,000	15,000	15,150	15,301
5	Quality and Standards	<u>856,067</u>	<u>818,567</u>	<u>894,707</u>	<u>927,998</u>	<u>946,557</u>
TOTAL GROSS EXPENDITURE		<u>1,938,693</u>	<u>1,915,693</u>	<u>2,053,013</u>	<u>2,137,786</u>	<u>2,180,541</u>

ITEM No ...8.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 4 MARCH 2024

REPORT ON: CAPITAL PLAN 2024/2025 TO 2026/2027 (REVISED)

REPORT BY: TREASURER

REPORT NO: TRB 4-2024

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to approve the Board's revised Capital Plan for the period 2024/2025 to 2026/2027 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 the level of grant funding being approved by the Scottish Parliament in March 2024 and note the provisional Capital Plan for 2025/2026 and 2026/2027.

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>
2024/2025	7,900	7,900 tbc
2025/2026	7,575	tbc
2026/2027	3,350	tbc

3.3 The Bridge Manager and the Engineer to the Board have prepared the three-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 2023/2024 to 2025/2026 to each of the Board's five strategic objectives.

3.6 The original Capital Plan 2024/2025 to 2026/2027 was reported to the December 2023 Board meeting (Report TRB 31-2023). The grant funding included in this report was dependent upon the level of grant funding announced in the Scottish Government's Comprehensive Budget on 19 December 2023 and it was agreed that a further report be presented to the Board if there was a funding shortfall.

- 3.7 The Scottish Government's Comprehensive Budget announcement on 19 December 2023 announced Capital Grant funding for the Board of £7.9m for 2024/2025, however the Comprehensive Budget still requires to be approved by the Scottish Parliament in March 2024. Indicative discussions with Transport Scotland suggest that the funding requirement for 2024/2025 will be met. However, there is no guarantee that this level of funding will be maintained in future years.

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. This means that 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

ROBERT EMMOTT
TREASURER

13 FEBRUARY 2024

TAY ROAD BRIDGE JOINT BOARDPROPOSED CAPITAL EXPENDITURE PROGRAMME 2024/2025 - 2026/2027

	<u>Strategic Objective</u>	<u>Projected Outturn 2023/24 £000</u>	<u>2024/25 £000</u>	<u>2025/26 £000</u>	<u>2026/27 £000</u>
<u>Project Title</u>					
Carriageway Resurfacing	1	6,141	6,200	175	-
CP Hardware	5	-	-	-	-
CP Replacement	5	-	950	2,500	2,500
Advanced Warning Signs	1	20	-	-	-
Bearing Replacement to Nav Spans	5	-	-	-	150
Inspection of Columns and Piers	5	-	-	-	300
New Vehicles	5	44	-	50	-
New Gantries	5	25	600	4,500	275
Scour Protection	5	-	25	225	-
Gantry – Miscellaneous	5	1	25	25	25
Miscellaneous Projects	5	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
		<u>6,331</u>	<u>7,900</u>	<u>7,575</u>	<u>3,350</u>
<u>Funded by</u>					
Capital Grant		6,325	7,900	tbc	tbc
Capital Receipt		<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>6,331</u>	<u>7,900</u>	<u>-</u>	<u>-</u>
Additional Capital Funding Required		<u>-</u>	<u>-</u>	<u>7,575</u>	<u>3,350</u>

LINKING THE 2024/2025 TO 2026/2027 CAPITAL BUDGET TO THE BOARD'S STRATEGIC OBJECTIVES

	Strategic Objective	2023/2024 Projected £000	2024/2025 Budget £000	2025/2026 Budget £000	2026/2027 Budget £000
1	Meeting User Expectations	6,161	6,200	175	-
2	Fiscally Sustainable	-	-	-	-
3	Transparent Governance and Clear Decision-Making Processes	-	-	-	-
4	A Modern, Diverse and Well-Trained Workforce	-	-	-	-
5	Quality and Standards	<u>170</u>	<u>1,700</u>	<u>7,400</u>	<u>3,355</u>
	TOTAL GROSS EXPENDITURE	<u>6,331</u>	<u>7,900</u>	<u>7,575</u>	<u>3,355</u>

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024

REPORT ON: EXTERNAL AUDIT ANNUAL AUDIT PLAN 2023/2024

REPORT BY: TREASURER

REPORT NO: TRB 5-2024

1 PURPOSE OF REPORT

To present to the Board the External Audit Annual Audit Plan, attached as an Appendix to this report.

2 RECOMMENDATIONS

It is recommended that the Board notes the content of the External Audit Annual Audit Plan for 2023/2024.

3 FINANCIAL IMPLICATIONS

The cost of External Audit Services is included in the approved 2023/2024 Revenue Budget.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Board for the financial year 2023/2024 will be carried out by Mr Richard Smith, Senior Audit Manager, Audit Scotland. The Joint Board's External Auditors are appointed for a five-year period and the financial year 2023/2024 marked the second year of Audit Scotland's appointment to the Board.

External Auditor's Annual Audit Plan

- 4.2 The External Auditor's annual audit plan summarises the key challenges and risks facing the Board and sets out the proposed audit work to be undertaken in 2023/2024. The plan reflects:

- The respective responsibilities of the External Auditor and the Joint Board;
- The risks and priorities facing the Board;
- The scope and purpose of the audit; and
- The reporting arrangements, timetable and audit fee.

- 4.3 External Auditor's Responsibilities

External Audit's responsibilities as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the Financial Reporting Council's ethical guidance.

In carrying out their audit, External Audit seek to gain assurance that the Board:

- has appropriate corporate governance arrangements in place which reflect the three fundamental principles of openness, integrity and accountability;
- has systems of recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests;

- prepares financial statements which give a true and fair view of the financial position at 31 March 2024 and the income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and other applicable laws and regulations, including the 2023/2024 Accounting Code of Practice;
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption;
- complies with established policies, procedures, laws and regulations; and
- has made proper arrangements for securing best value in its use of resources.

4.4 Reporting Arrangements

The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations, where there is a requirement for unaudited financial statements to be presented to the Board and submitted to the appointed auditor within 3 months of the financial year end i.e. 30th June. The non-statutory target for audit completion is 30th September.

In addition to the report and audit opinion on the financial statements, an annual report to members and the Controller of Audit will be produced to summarise all significant matters arising from the audit. This will be presented to the Board at the meeting in December 2024.

5 **POLICY IMPLICATIONS**

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 **CONSULTATIONS**

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 **BACKGROUND PAPERS**

None

ROBERT EMMOTT
TREASURER

13 FEBRUARY 2024

Tay Road Bridge Joint Board

Annual Audit Plan 2023/24



Prepared for Tay Road Bridge Joint Board
February 2024

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Reporting arrangements, timetable, and audit fee	11
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Introduction

Summary of planned audit work

1. This document summarises the work plan for our 2023/24 external audit of Tay Road Bridge Joint Board (the Joint Board). The main elements of our work include:

- an audit of the annual accounts, and provision of an Independent Auditor's Report
- work to support our audit opinions on the other statutory information published within the 2023/24 annual accounts, including the Management Commentary, Annual Governance Statement, and the audited part of the Remuneration Report.
- consideration of arrangements in relation to wider scope areas

Adding value

2. We aim to add value to the Joint Board through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. We also attend meetings of the Joint Board and actively participate in discussions relevant to the audit. In so doing we intend to help the Joint Board promote improved standards of governance, better management and decision making and more effective use of resources.

Respective responsibilities of the auditor and Audited Body

3. The [Code of Audit Practice 2021](#) sets out in detail the respective responsibilities of the auditor and the Joint Board. Key responsibilities are summarised below.

Auditor responsibilities

4. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

5. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the wider scope arrangements in place at the Joint Board. In doing this, we aim to support improvement and accountability.

The Joint Board's responsibilities

6. The Joint Board is responsible for maintaining accounting records and preparing financial statements that give a true and fair view.

7. The Joint Board also has responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to deliver their objectives.
8. The audit of the annual accounts does not relieve management or the Joint Board, as those charged with governance, of their responsibilities.

Communication of fraud or suspected fraud

9. In line with ISA 240, in presenting this plan to the Joint Board we seek confirmation from those charged with governance of any instances of actual, suspected or alleged fraud that should be brought to our attention. Should members of the Joint Board have any such knowledge or concerns relating to the risk of fraud within the Joint Board, we invite them to communicate this to the appointed auditor for consideration. Similar assurances will be sought as part of the audit completion process.

Financial statements audit planning

10. The annual accounts are an essential part of demonstrating the Joint Board's stewardship of resources and its performance in the use of those resources.

11. Our approach to the audit of the 2023/24 financial statements has been designed to support the appointed auditor's opinion as to whether the annual accounts give a true and fair view of the Joint Board's finances for the year ended 31 March 2024 and have been properly prepared in accordance with International Financial Reporting Standards and the Code of Practice on Local Authority Accounting in the UK 2023/24.

Materiality

12. The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. We are required to plan our audit to obtain reasonable assurance that the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2023/24 audit

13. We assess materiality at different levels as described in [Exhibit 1](#) on page 6 which sets out the 2023/24 materiality values for the Joint Board. Different levels of materiality have been identified for balances and income and expenditure transactions due to the disparity in values between the two. This reflects the fact that while the functions of the Joint Board are focussed on the major asset (i.e. the Tay Road Bridge), the annual spend primarily relates to revenue expenditure on the maintenance and operation of the bridge rather than capital additions or capital enhancement expenditure.

Exhibit 1 Materiality levels for the 2023/24 audit

Materiality	Amount
Overall materiality levels based on net assets value as at 31 March 2023	
<p>Planning materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the Joint Board's operations. For the year ended 31 March 2024 we have set our overall materiality at 2% of net assets based on the audited financial statements for 2022/23.</p>	£1,180,000
<p>Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 75% of planning materiality.</p>	£885,000
<p>Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.</p>	£59,000
Lower materiality levels based on gross expenditure for year ended 31 March 2023	
<p>Planning materiality: A lower materiality has been set for classes of transactions where lesser amounts could influence the decisions of the users of the accounts (e.g. comprehensive income and expenditure statement transactions). This has been set at 2% of gross expenditure based on the audited financial statements for 2022/23.</p>	£79,000
<p>Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 75% of planning materiality.</p>	£59,000
<p>Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.</p>	£4,000

Source: Audit Scotland

Significant risks of material misstatement and other risks of material misstatement for the 2023/24 financial statements

14. We focus our work on the areas of highest risk. As part of our planning process, we prepare a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements.

15. Our risk assessment draws on our cumulative knowledge of the Joint Board and consideration of its major transaction streams, key systems of internal control and risk management processes. It is also informed by our discussions with management, meetings with internal audit, attendance at Joint Board meetings and review of other relevant information.

16. Based on our risk assessment process, we identify significant risks of material misstatement to the financial statements. These are the risks which have the greatest impact on our planned audit procedures. We also identify any other non-significant risks of material misstatement that require a specific audit response over and above our standard audit procedures. [Exhibit 2](#) summarises the nature of these risks, the sources of assurance from management arrangements, and the further audit procedures we plan to perform to gain assurance over these risks.

Exhibit 2
Significant and non-significant risks of material misstatement for the 2023/24 financial statements

Nature of Risk	Sources of assurance	Planned audit response
Significant risks of material misstatement		
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management’s ability to override controls that otherwise appear to be operating effectively.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments during the period. • Evaluate significant transactions outside the normal course of business. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Substantive test income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Test accounting accruals and prepayments focussing on significant risk areas.

Nature of Risk	Sources of assurance	Planned audit response
Other non-significant risks of material misstatement		
<p>2. Estimation in the valuation of pension assets and liabilities</p> <p>Actuarial estimates are a complex combination of liabilities over significant future periods based on life expectancy, CPI growth and discounting (based on corporate bond rates).</p> <p>Assets are based on an individual employer body's share of assets at the last triennial valuation. Roll forward adjustments are provided to members data and to asset valuations.</p> <p>There is a risk that small changes in the assumptions used can lead to large changes in the resulting valuations resulting in material misstatement in the annual accounts.</p>	<ul style="list-style-type: none"> • Use of clearly defined methodologies and procedures including experts, as appropriate, when making significant estimations and judgements. 	<ul style="list-style-type: none"> • Assess the scope, independence and competence of the professionals engaged in providing estimates for pensions. • Review the appropriateness of actuarial assumptions and results including comparison with other councils and the pension fund as a whole. • Establish officers' arrangements for ensuring the reasonableness of professional estimations and the accuracy of information provided to the actuary by the council.

Source: Audit Scotland

Consideration of the risks of fraud in the recognition of income and expenditure

17. As set out in International Standard on Auditing (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for the Joint Board as:

- Significant majority of income is received in the form of Scottish Government grant income which is deemed to carry a low risk of fraud.
- There is little incentive for management to manipulate revenue recognition and opportunities to manipulate revenue recognition are limited.

18. In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have considered each of the Joint Board's expenditure streams in turn, and based on our knowledge of the council, prior year considerations, and our risk assessment to date, we do not consider these to be susceptible to significant risk of material misstatement due to fraud.

19. We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures. Our audit testing will maintain an oversight of any unusual transactions or accounting entries.

Audit of Management Commentary, Annual Governance Statement, and audited part of the Remuneration Report

20. In addition to the appointed auditor's opinion of the financial statements, the Accounts Commission prescribes that the appointed auditor should provide opinions as to whether the Management Commentary, Annual Governance Statement, and audited part of the Remuneration Report, have been compiled in accordance with the appropriate regulations and frameworks and are consistent with the financial statements.

21. To inform these opinions we will consider whether the disclosures within each statement comply with the requirements of the applicable guidance and confirm that relevant information reflects the contents of the financial statements and other supporting documentation.

22. Based on our knowledge of the audit, and the established procedures in place to produce these statements, we have not identified any specific risks to be communicated to those charged with governance.

Wider Scope and Best Value

23. The [Code of Audit Practice](#) sets out the four areas that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the wider scope areas in audited bodies.

24. In summary, the four wider scope areas cover the following:

- **Financial management** means having sound financial control processes. We will consider these arrangements and comment on financial management in our Annual Audit Report.
- **Financial sustainability** – as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit and comment on the 2023/24 financial position and sustainability in our Annual Audit Report.
- **Vision, leadership and governance** – we conclude on the arrangements in place to deliver the Joint Board’s vision, strategy and priorities. We also consider the effectiveness of the governance arrangements.
- **Use of resources to improve outcomes** – audited bodies must make best use of their resources to meet stated outcomes and improvement objectives. We will consider how the Joint Board demonstrates economy, efficiency and effectiveness through the use of financial and other resources.

25. The Code of Audit Practice includes provisions relating to the audit of less complex bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement, concluding on the financial sustainability of the body and its services and the arrangements for securing Best Value. In the light of the low volume and lack of complexity of the financial transactions, we plan to apply the less complex body provisions of the Code to the 2023/24 audit of the Joint Board.

Wider scope risks

26. Our planned work on our wider scope responsibilities is risk based and proportionate. We have not identified any additional local wider scope risks for the 2023/24 audit of the Joint Board.

Reporting arrangements, timetable, and audit fee

Reporting arrangements

- 27.** Audit reporting is the visible output for the annual audit. This Annual Audit Plan, the other outputs detailed in [Exhibit 3](#), and any other outputs on matters of public interest, will be published on Audit Scotland’s website: www.audit-scotland.gov.uk.
- 28.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual accuracy, prior to issue and publication of the final reports.
- 29.** We will provide an independent auditor’s report (audit certificate) to the Joint Board and the Accounts Commission setting out our opinions on the annual accounts. We will also provide the Joint Board and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.
- 30.** [Exhibit 3](#) outlines the target dates for our audit outputs, and reflects our aim to issue the independent auditor’s report by 2 December 2024.

Exhibit 3 2023/24 Audit outputs

Audit Output	Tay Road Bridge Joint Board meeting date
Annual Audit Plan	4 March 2024
Independent Auditor's Report	2 December 2024
Annual Audit Report	2 December 2024

Source: Audit Scotland

- 31.** The Local Authority Accounts (Scotland) Regulations 2014 require local authorities to ‘*aim to approve the audited accounts for signature no later than 30 September immediately following the financial year to which the accounts relate*’ and that the signed accounts ‘*must be published no later than 31 October*’. Due to the legacy of the late completion of prior year audits due to Covid-19 and ongoing resourcing challenges within Audit Scotland, we are unable to complete the Joint Board’s audit by the 30 September or in time to publish the audited accounts by 31 October. We acknowledge that this planned timetable is determined by the availability of the audit process and not by the Joint Board which proposes to present its 2023/24 Annual Accounts for audit by 30 June 2024.

32. The Accounts Commission has committed that local government audits in Scotland should return to pre-Covid sign-off dates over the course of the current audit appointment. The timetable for the Joint Board's 2023/24 audit reflects Audit Scotland's prioritisation of the delivery of high-quality audits over meeting target dates as required by the Accounts Commission, and consistent with messaging from the Financial Reporting Council which has made clear that audit quality takes precedence. It also reflects the decision of Audit Scotland management that for 2023/24 priority should be given to Council audits, including Dundee City Council, and those audits that require to be completed by 30 September to provide assurance for related audited bodies, for example Tayside Pension Fund.



Timetable

33. To support an efficient audit, it is critical that a timetable is agreed for the production and audit of the annual accounts. A proposed timetable for the audit that reflects our discussions with management is included at [Exhibit 4](#).

34. We will continue to work closely with management to identify the most efficient approach as appropriate and will keep timeframes and logistics for the completion of the audit under review. Progress will be discussed with management and finance officers over the course of the audit.

Exhibit 4

Proposed annual accounts timetable

 Key stage	 Provisional Date
Consideration of the unaudited annual accounts by the Joint Board as those charged with governance	10 June 2024
Latest submission date for unaudited annual accounts with complete working papers package to external audit	30 June 2024
Latest date for final clearance meeting	4 November 2024
Agreement of audited annual accounts for consideration by the Joint Board	11 November 2024
Issue of Proposed Annual Audit Report to those charged with governance (along with template letter of representation and proposed independent auditor's report)	11 November 2024
Joint Board meeting to consider Proposed Annual Audit Report and to approve and sign the audited annual accounts	2 December 2024
Independent auditor's report certified by appointed auditor	2 December 2024

Source: Audit Scotland

Audit fee

35. In determining the audit fee, we have taken account of the risk exposure of the Joint Board and the planned management assurances in place. The agreed audit fee for 2022/23 is £15,860 (£14,960 in 2022/23), an increase of 6 per cent. The Joint Board will receive a fee rebate of £461 in respect of unspent 2022/23 travel budgets. This can be used to offset against the 2023/24 audit fee meaning the net charge to the Joint Board for the year will be £15,399.

36. In setting the fee we have assumed that the Joint Board has effective governance arrangements and will prepare comprehensive and accurate accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year. Where our audit cannot proceed as planned, a supplementary fee may be levied.

Other matters

Internal audit

37. It is the responsibility of the Joint Board to establish adequate internal audit arrangements. The Joint Board's internal audit function is provided by Henderson Loggie, who have been appointed for the financial years 2022/23 to 2024/25.

38. While we are not planning to place formal reliance on the work of internal audit in 2023/24, we will review internal audit reports and assess the impact of the findings on our financial statements and wider scope audit responsibilities.

Independence and objectivity

39. Auditors appointed by the Auditor General for Scotland or Accounts Commission must comply with the [Code of Audit Practice](#) and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors.

40. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual '*fit and proper*' declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

41. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. The appointed auditor for the audit of Tay Road Bridge Joint Board is Richard Smith, Senior Audit Manager. We are not aware of any such relationships pertaining to the audit of the Joint Board.

Audit Quality

42. Audit Scotland is committed to the consistent delivery of high-quality public audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. A document explaining the arrangements for providing assurance on the delivery of high-quality audits is available from the [Audit Scotland website](#).

43. The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2023/24 audits are:

- ISQM (UK) 1 which deals with an audit organisation's responsibilities to design, implement and operate a system of quality management (SoQM) for audits. Our SoQM consists of a variety of components, such as: our governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring we are dedicated to high-

quality audit through our engagement performance and resourcing arrangements, and ensuring we have robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of our SoQM and has concluded that we comply with this standard.

- ISQM (UK) 2 which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in the audit to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions of high-risk audit engagements.

44. To monitor quality at an individual audit level, Audit Scotland also carries out internal quality reviews of a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews.

45. Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan which is used to support continuous improvement. Progress with implementing planned actions is regularly monitored by Audit Scotland's Quality and Ethics Committee.

46. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the appointed auditor.

Tay Road Bridge Joint Board

Annual Audit Plan 2023/24

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www.audit-scotland.gov.uk/accessibility

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ITEM No ...10.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2024

REPORT ON: COUNTER FRAUD AND CORRUPTION POLICY

REPORT BY: THE TREASURER

REPORT NO: TRB 9-2024

1 PURPOSE OF REPORT

The purpose of this report is to submit to Board Members the proposed Counter Fraud and Corruption Policy for approval.

2 RECOMMENDATIONS

It is recommended that the Joint Board approve the Counter Fraud and Corruption Policy attached at Appendix 1 which supersedes the existing Fraud Guidelines and will complement the various guidance and procedure documents already in place for the employees and Members of Tay Road Bridge Joint Board.

3 FINANCIAL IMPLICATIONS

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

4 BACKGROUND

The 2022/2023 Corporate Governance process identified an improvement action for completion during 2023/2024 to revise the Board's existing Fraud Guidelines which have been in place since 2016. The Board is asked to approve the attached Counter Fraud and Corruption Policy which supersedes the existing Fraud Guidelines and compliments the Board's existing corporate governance and internal control framework which includes the other detailed policies, standards and procedures, and contractual conditions listed in paragraph 3.2 of the attached Counter Fraud and Corruption Policy.

5 POLICY IMPLICATIONS

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 CONSULTATIONS

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 BACKGROUND PAPERS

None

**ROBERT EMMOTT
TREASURER**

20 FEBRUARY 2024

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TAY ROAD BRIDGE JOINT BOARD

COUNTER FRAUD AND CORRUPTION POLICY

March 2024

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TAY ROAD BRIDGE JOINT BOARD

COUNTER FRAUD AND CORRUPTION POLICY

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Appendix

- A Directorate Contacts
- B Key Areas in the Structure and Conduct of an Investigation

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Title	Counter Fraud and Corruption Policy
Purpose	The Counter Fraud and Corruption Policy details the Board's approach to the prevention and detection of fraud and corruption.
Scope	The policy applies to any fraud and corruption perpetrated by individuals and / or organisations from both inside (e.g. Elected Members and employees) and outside the Board (e.g. service users, members of the public, partners, contractors and suppliers).
Author	Treasurer to the Board

1 Introduction

- 1.1 The Tay Road Bridge Joint Board (the Board) is committed to achieving the highest standards of probity and safeguarding public funds which ensures that the risk and opportunity for fraud and corruption is reduced to the lowest possible level, with losses minimised. In order to fulfil this commitment, the Board has a zero tolerance approach to fraud, corruption and bribery. There is no acceptable level of fraud, corruption or bribery.
- 1.2 The public expect the Board to conduct its affairs with integrity, honesty and openness, and demand the highest standard of conduct from those working for and with it. The Board is committed to protecting public funds by implementing robust working methods and procedures and by promoting an environment that actively encourages these principles to prevent fraud and ensure that public funds are available and used for their intended purpose.
- 1.3 As stewards of public funds, employees, officers and Board members must have, and be seen to have, high standards of personal honesty and integrity.

2 Definitions

- 2.1 Fraud can be described as: '*An intentional act to deceive or damage another for personal gain*'. Some examples of fraudulent behaviour are: theft, collusion, bribery, money laundering, false accounting, counterfeiting, and claiming benefits to which there is no entitlement. Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion.
- 2.2 Corruption is described as any unethical behaviour including the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.
- 2.3 Bribery is defined as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

3 Policy Aim

3.1 The aim of the Counter Fraud and Corruption Policy is to prevent and detect fraud and corruption and protect funds and assets that belong to the Board. The purpose of this policy document is to formalise the arrangements and responsibilities for the prevention of, and response to, fraud and corruption. The Board will do this by:

- Raising awareness of fraud and corruption;
- Recommending improvements in working practices to strengthen areas of weakness;
- Investigate all instances of suspected fraud and corruption and facilitating recovery of any losses;
- Administering sanctions and actions which may include possible disciplinary action and reporting cases and findings to Police Scotland or the Procurator Fiscal;
- Publicising and updating this policy and its related procedures; and
- Working in partnership with other appropriate bodies, such as the Board's Internal Audit supplier, Dundee City Council's Internal Audit Service, Police Scotland, Scottish Government, Audit Scotland, NCA (National Crime Agency), HMRC, and other Scottish local authorities.

3.2 The Counter Fraud and Corruption Policy is supported by a corporate governance and internal control framework that exists to ensure that the Board's financial and operational environments are properly controlled and include the following more detailed policies, standards and procedures and contractual conditions:

- [Standing Orders](#)
- [Financial Regulations](#)
- [Tender Procedures](#)
- [Scheme of Administration for Delegation of Powers](#)
- [Whistleblowing Policy](#)
- [Anti-Bribery Policy](#)
- [Code of Conduct for Elected Members](#)
- [National Code of Conduct for Local Government Employees in Scotland](#)
- Register of Members Interests (these can be found on the constituent councils' websites);
- Register of Officers Interests;
- Employees' Conditions of Service and Employment Policies;
- Operating Procedures and Guidelines;
- Discipline and Grievance Procedures;
- Guidance for Employees on Receipts of Gifts, Gratuities and Hospitality;
- Service Level Agreements with service providers;
- Corporate Risk Register;
- Internal Audit;
- External Audit;
- Annual Governance Statement; and
- Local Code of Corporate Governance (updated annually).

3.3 The Board's strategy for the prevention and detection of fraud and corruption is based on the following comprehensive and related elements:

- Developing and promoting an anti-fraud culture;
- Allocating responsibilities for the overall management of the risk of fraud;

- Establishing cost effective internal controls to detect and deter fraud;
- Responding effectively to fraud when it occurs, including taking appropriate legal and/or disciplinary action; and
- Monitoring systems to record, and subsequently monitor, all discovered cases of fraud.

4 Culture

- 4.1 Creating an anti-fraud culture, in which all staff understands the standard of conduct required, their personal responsibilities in preventing fraud and the importance of controls, is vital in preventing fraud.
- 4.2 The Board is committed to the seven Principles of Public Life identified by the Nolan Committee, namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership, which are described in detail in section 5.
- 4.3 The Board expects members and employees to lead by example in ensuring opposition to fraud and corruption. This includes adherence to rules, regulations, procedures and practices.
- 4.4 The Board requires all individuals and organisations with whom it deals in any capacity to behave towards the Board with integrity and without intent or action involving fraud or corruption.
- 4.5 Board members, employees and members of the public are the important elements in the stance against fraud and corruption and are positively encouraged to raise any concerns they may have on issues which impact on the Board's activities being carried out with propriety.
- 4.6 Training and guidance is vital in maintaining the effectiveness of the strategy and its general credibility. The Board supports induction and work related training. This ensures that responsibilities and duties are regularly highlighted and reinforced to ensure that best practice is followed across all Board activities.
- 4.7 Senior management should try to create the conditions in which staff have neither the motivation nor the opportunity to commit fraud. The maintenance of good staff morale may help to minimise the likelihood of an employee causing harm to the organisation through fraud.
- 4.8 Under the right conditions staff are themselves an excellent deterrent against fraud. Staff should be encouraged to report suspicions of fraud either to their line managers, the Treasurer or to call the Board's Helpline for Employees.

5 Standards in Public Life

- 5.1 In all of its dealings the Board will adhere to the seven principles of public life set out in the Nolan principles below:-

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

6 Roles and Responsibilities

Everyone has an important role to play in managing the risk of fraud and corruption: *“Each member of the Board and every member of staff of the Bridge shall have a responsibility to bring immediately to the notice of the Treasurer any suspected irregularity in regard to cash, stores, assets, other property or contract of the Board or any other related matter.”* (Financial Regulations, section 1.6).

6.1 Board Members:

Board Members are required to:

- Comply with the Code of Conduct for Board Members, Board policies and procedures;
- Declare any possible conflicts of interest which they may have, whether in contracts entered into by the Board or otherwise;
- Declare their interests in their constituent Council's Register of Members' Interests; and
- Lead by example to ensure the Board's risk of fraud and corruption is mitigated as far as possible and must report any suspicion of fraud and corruption.

6.2 Chief Officers and Managers:

Managers at all levels are responsible for ensuring that:

- An effective system of internal control is in place within their areas of responsibility;
- This policy is communicated, understood and adhered to by all employees;
- All employees for whom they are responsible are complying with the relevant codes of conduct; and
- All complaints are logged and details of subsequent actions and decisions are recorded.

Chief Officers and managers, therefore, are required to:

- Establish clear written rules and procedures, within which employees, consultants, contractors, service users, Board Members and the public can work;
- Regularly review and update the written rules to reflect the current operating environment;
- Assess types of risk involved in the operations for which they are responsible;
- Regularly review and test the control systems for which they are responsible;
- Ensure controls are being complied with;
- Ensure suitable levels of internal checks are included in working procedures, particularly financial procedures;
- Ensure that there is suitable segregation of duties, so that no one person can carry out a complete transaction without being subject to some form of checking process, and so that control of any key function is not vested in one individual;
- Ensure that employee recruitment is in accordance with procedures laid down, and in particular, written references are obtained to confirm the honesty and integrity of potential employees prior to an offer of employment being made;
- Ensure that backlogs of work are not allowed to accumulate;
- Ensure that there is regular rotation of staff where practicable;
- Give consideration to building safeguards against internal and external fraud when designing a new system;
- Take seriously any allegation of fraud reported to them and deal with these in accordance with appropriate procedures; and
- Make necessary changes to systems after a fraud to minimise the risk of recurrence.

6.3 Employees:

All employees are required to:

- Be alert to the possibility of fraud and corruption in the workplace;
- Know whom to contact if they suspect a fraud whether it is their line manager, other appropriate member of staff or the Treasurer;
- Be responsible for ensuring they fully comply with codes of conduct within the Board and any code of conduct related to their professional body;
- Assist in any investigations by making available all relevant information;
- Not be entitled to retain any fees or commissions collected or received in connection with the duties or their office;
- Be liable to summary dismissal if they corruptly accept any gratuity, bonus, discount, bribe or consideration of any sort in connection with their duties of their office; and

- Declare any possible conflicts of interest which they may have, whether in contracts entered into by the Board or otherwise. This should be done in writing to the Treasurer.

6.4 The Treasurer:

The Treasurer is available to offer advice and assistance on control issues as necessary. However, it is the responsibility of management to maintain effective internal controls for systems for which they are responsible and to ensure that the Board's resources are properly applied in the manner intended.

The Treasurer will have regard to the possibility of malpractice during routine audit work and will seek to identify defects in controls. All weaknesses which could facilitate frauds should be reported to the Treasurer.

The Treasurer is required to formally report all incidents of fraud to the Board's External Auditors who forward such information to Audit Scotland.

6.5 External Audit:

The role of External Audit is to form an objective view of the discharge by the audited body of its stewardship responsibilities. They carry out specific reviews to test, amongst other things, the adequacy of the Board's financial systems. They also examine arrangements for preventing and detecting fraud and corruption.

6.6 Internal Audit:

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme of work, which is reported to the Joint Board. Internal Audit also provides an independent opinion on the adequacy and effectiveness of the systems of internal control on the reviews undertaken during the year. Whilst it is not a primary function of Internal Audit to detect fraud, the internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

6.7 Members of the Public:

The success of the fraud prevention strategy will be enhanced through the honest and co-operative support of the public.

7 Internal Control Systems

- 7.1 Control is any action, procedure or operation undertaken by management to increase the likelihood that activities and procedures achieve their objectives. A key element in the prevention of fraud and corruption is the operation of effective systems of internal control.
- 7.2 Thorough documentation, including working manuals and operating procedures, is expected for all financial and operational systems, and these must be issued to all relevant staff.

- 7.3 Every effort must be made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls, which include:
- Effective segregation of duties;
 - Authorisation procedures;
 - Budgetary control;
 - Financial monitoring;
 - Security of data;
 - Recording and documentation; and
 - Training and support

This should assist in deterring fraudulent activity and detect error.

8 Reporting Suspected Fraud, Bribery and Corruption

- 8.1 It is important that all stakeholders, including employees, are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 provides appropriate protection for those employees who voice genuine and legitimate concerns through the proper channels. The Board's Whistleblowing Policy has been written to protect those reporting their concerns and encourages people to report any suspected incidents of fraud, bribery and corruption. Employees may wish to use the Board's Whistleblowing reporting mechanisms which are detailed in the [Whistleblowing Policy](#).
- 8.2 Employees should report any suspicion of fraud and corruption to their line manager. If this is not appropriate, they can report their concerns to one of the following :
- Speak to a senior manager at the Board or any Board Officer at Dundee City Council;
 - Report Online:
 - On Dundee City Council's internet site: <https://www.dundee.gov.uk/service-area/corporate-services/corporate-finance/whistleblowing-and-fraud-reporting> or
 - On Dundee City Council's intranet site: <https://www.dundee.gov.uk/service-area/corporate-services/corporate-finance/whistleblowing-report-suspected-wrongdoing>
 - by emailing fraud@dundee.gov.uk or whistleblowing@dundee.gov.uk;
 - call Dundee City Council's Fraud Hotline 0800 085 2289 or Whistleblowing line on 0300 123 5829; or
 - call Dundee City Council's Corporate Fraud Team (CFT) direct on 01382 431253.

9 Fraud Response Policy

- 9.1 The circumstances of individual frauds may vary, but suspected frauds will be investigated thoroughly and timeously, and the appropriate action will be taken.
- 9.2 Fraud Investigations will be conducted in accordance with current legislative requirements and the relevant policies, procedures and guidance of the Board, including the Board's Disciplinary Procedures.

- 9.3 All employees must inform their line manager, or appropriate member of staff of any circumstances which may suggest an irregularity affecting the finances, services or policy of the Board. Alternatively, there is a Helpline for employees to disclose information if they feel that they cannot discuss the matter with their line manager. The confidentiality of any concerns raised will be maintained as far as possible.
- 9.4 All suspected instances of fraud and corruption must be reported to the Treasurer, after initial assurance that there are reasonable grounds for concern.
- 9.5 After consultation with appropriate officers, the Treasurer will decide on the type and course of investigation, which will essentially fall into one of four categories:
- The investigation is carried out solely by Internal Audit;
 - A joint investigation is undertaken by Internal Audit and the Board;
 - An internal investigation is carried out by the Board with Internal Audit acting in an advisory capacity; or
 - The case is passed immediately to the Police who will carry out the investigation.
- 9.6 When a significant fraud is discovered it should be notified to the Treasurer. At this stage a decision will be made in conjunction with the Bridge Manager and/or the Clerk to either inform the Police or investigate the matter internally. In most cases, the Police will not be officially notified at this stage. The Police may request the assistance of the Treasurer or any relevant party as part of the investigation.
- 9.7 The purpose of any investigation is to:
- Gather evidence to determine whether an irregularity has occurred;
 - Identify those involved;
 - Identify the amount involved;
 - Support findings with evidence;
 - Identify any control weaknesses or failures;
 - Recommend improvements; and
 - Provide a written factual report on the incident.
- 9.8 All persons who are the subject of an investigation into suspected fraud or corruption will be treated fairly and courteously at all times.
- 9.9 It is the responsibility of the Bridge Manager to ensure action is taken following the enquiry including any formal disciplinary action. The Clerk is also involved to ensure that each employee is treated in accordance with the appropriate employment policies and procedures.
- 9.10 Where loss has been suffered through fraudulent activity, the Board will pursue the perpetrator for recovery.
- 9.11 Management must put in place controls recommended following any fraud or corruption to reduce the risk of future loss.
- 9.12 Attached in Appendix B is a summary of the key areas which should be considered when undertaking a fraud investigation.

10 Investigation Outcomes

10.1 Fraud and corruption are serious offences against the Board. Several outcomes are possible depending on a variety of factors:

- In all cases, if there is evidence to support involvement in an alleged criminal offence, Senior Board Officers may make the decision to refer the case to Police Scotland or instruct Dundee City Council's CFT to report the alleged criminal offence direct to the Crown Office and Procurator Fiscal Service (COPFS).
- A case involving an employee may be referred to Dundee City Council's People Division for their consideration and an internal disciplinary process may take place in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case.
- Elected Members may face appropriate action under this policy if they are found to have been involved in theft, fraud or corruption against the Board. Action may be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. This may include a complaint to the Standards Commission for Scotland in the event that there has been a breach of the provisions of the Code of Conduct for Elected Members.
- Should the findings of a Corporate Fraud Investigation show no substance to the allegation and no breach of conduct, the case will be closed with no further action.
- Findings of weakness in controls, process and procedures within a Service Area will be notified to the Treasurer and Bridge Manager.

11 Conclusion

- 11.1 The Board is committed to making sure that the opportunity for fraud, corruption or bribery is as small as possible.
- 11.2 The Board expects all employees, officers, Board Members, consultants, contractors, service users, and members of the public to be fair and honest, and to provide information, support and assistance to ensure fraud, corruption and bribery are prevented, subject to the Data Protection Act.
- 11.3 The Board has in place a clear framework of systems and procedures to deter, detect and investigate fraud, corruption and bribery. It will ensure that these arrangements are fair and transparent, and are monitored and updated for future developments in preventative, deterrent and detection techniques.
- 11.4 Fraud, corruption, bribery or other irregularities will be dealt with effectively, in a firm and controlled manner.

APPENDIX A

Contacts

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Key Areas in the Structure and Conduct of an Investigation

1. Procedural Considerations

- The overall objective is to achieve a professional and systematic approach to the investigation.
- It is important that there are adequate resources to investigate the matter.
- A working paper file should be opened for each investigation to ensure that it is satisfactorily documented in terms of information and evidence so that any action taken can be properly supported.

2. Operational Considerations

- All evidence and other documentation should be adequately secured.
- It is important to determine the most appropriate methods to seek out and evaluate the evidence to reach a considered professional opinion.
- Consideration must be given as to whether or not to suspend the employee(s) under investigation. The final decision whether or not to suspend is usually made by the Bridge Manager in consultation with the Clerk to the Board, with appropriate advice provided by the Treasurer and Dundee City Council's People Division.

3. Conduct of the Investigation

The purpose of the investigation is to establish the facts in an equitable and objective manner. It is therefore essential to ensure that:

- All documentation relevant to the investigation (preferably original documentation) is obtained.
- Other evidence, such as physical verification, cash counts, etc. is obtained as necessary.
- The evidence is evaluated. For larger investigations, with a high volume of information, it may be necessary to carry out a preliminary analysis of a number of cases, with a full and detailed appraisal being carried out after the initial conclusion has been reached.
- Confidentiality is maintained. This prevents the employee whom the allegations are made against from destroying any evidence and prevents embarrassment should the allegations turn out to be unfounded.

4. Interviewing

- Thorough preparation before the interview is necessary, for example, typing out sample questions, ensuring all relevant documents are to hand and agreeing respective roles of those conducting the interview.
- Two people should be present to conduct the interview, one asking questions and one taking notes.
- It may be beneficial for the employee's manager to be present as they have a more in depth knowledge of the systems involved.
- The interviewee has a right to be accompanied to the meeting.
- It is imperative that interview notes record the events accurately.
- The interviewee should be given the opportunity to read through the interview notes and make any adjustments necessary (which should be initialled). The interview notes should then be consecutively numbered, dated and signed by interviewer and interviewee.

5. Reporting Procedures

- The primary responsibility for the prevention and detection of fraud rests with management and it is therefore essential that the findings are reported at a time and in a manner consistent with the needs of management.
- The report should be made to the appropriate level of management.
- The report should be of a high standard because the final report may well be used by management in a disciplinary situation or the Police in a criminal situation. Therefore, it is essential that the report accurately presents all material aspects of the investigation. Due consideration should be given to the content of any report as under the Freedom of Information (Scotland) Act 2002 the report could be made available to the public, this may increase the risk of similar frauds.
- The report should be supplemented by working papers which fully document the investigation.

6. Post-Investigation Issues

- The investigation may result in a formal disciplinary hearing chaired by the Bridge Manager and attended by a representative of Dundee City Council's People Division. The outcome of such a hearing may be a verbal warning, a written warning, a final written warning or dismissal.
- An employee may lodge an appeal against the outcome of formal disciplinary action.
- In certain circumstances an employee may take the case to an employment tribunal.
- Where deemed appropriate the case may be referred to Police Scotland. The decision whether to refer the case to Police Scotland is made by the Bridge Manager in conjunction with the Clerk to the Board and the Treasurer to the Board.
- When the investigation has been completed and all aspects have been explored and the extent of the fraud determined, it is necessary to determine whether there are any systems implications which have been disclosed by the fraud.
- It is then necessary to determine what changes (if any) need to be made, and controls imposed to bring the system up to the required standard.