

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 June 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2518 – Corporate Landlord Responsibilities
REPORT NUMBER	IA/AC2518
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Corporate Landlord Responsibilities.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Corporate Landlord Responsibilities.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

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- 7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

- 8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

- 10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

- 11.1 Internal Audit report AC2518 – Corporate Landlord Responsibilities

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Corporate Landlord Responsibilities

Status: Final

Date: 16 June 2025

Risk Level: Cluster

Report No: AC2518

Assurance Year: 2024/25

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

Report Tracking	Planned Date	Actual Date
Scope issued	19-Mar-25	19-Mar-25
Scope agreed	24-Mar-25	24-Mar-25
Fieldwork commenced	31-Mar-25	31-Mar-25
Fieldwork completed	02-May-25	02-May-25
Draft report issued	23-May-25	26-May-25
Process owner response	13-Jun-25	07-Jun-25
Director response	20-Jun-25	16-Jun-25
Final report issued	27-Jun-25	16-Jun-25
AR&S Committee	26-Jun-25	

Distribution	
Document type	Assurance Report
Director	Eleanor Sheppard, Executive Director, Families & Communities
Process Owner	Scott Mathieson, Assistant Operations Manager
Stakeholder *Final only	Stephen Booth, Chief Officer
	Graham Williamson, Operations Manager
	Malcolm Brown, Contract Manager
	Keith Michie, Contract Manager
	Colin Leaver, Corporate Health & Safety Lead
	Craig Innes, Chief Officer, Commercial and Procurement Services
	Vikki Cuthbert, Interim Chief Officer – Governance*
	Jonathan Belford, Chief Officer – Finance*
Lead auditor	External Audit*
	Debbie Steele, Auditor

1 Introduction

1.1 Area subject to review

Aberdeen City Council as a Corporate Landlord has accountability to ensure that all buildings under its control comply with the appropriate statutory, regulatory and corporate standards. The Cluster, led by the Chief Officer - Corporate Landlord, is part of the Families and Communities Function.

Redesign of Property Management and Maintenance is part of the Council's transformation programme as part of the Target Operating Model (TOM) 1.2. The Programme Manager explained:

"Our project goal is to create a new operational model for how we manage and maintain our Council properties including public buildings, schools, learning and community centres, visitor attractions, depots, office accommodation, health and social care buildings and homes".

The project will redesign the service to make it more efficient and contribute to required savings.

As at March 2025 the Transformation Hub shows the Corporate Landlord operational portfolio comprises 271 non-housing properties. The Cluster consolidates all property activities, including health and safety, management of commercial and non-commercial land and property assets, hard facilities management, asset and contract management across the council stock. Information on these properties is held centrally, and includes valuations, operational costs and outcomes of condition surveys. The Uniform System is used to hold data for asset management, Confirm is the System used for planning and coordination of work, and the Modus System holds asbestos management plans.

To meet relevant legal and health and safety requirements, landlords must make sure that the equipment for supplying water, gas and electricity is kept in safe working order. Safeguards must be put in place over fire safety, emergency lighting, lift maintenance, hoists, legionella, intruders and the management of asbestos. In addition, public buildings over 250 square metres must display current Energy Performance Certificates. Effective reporting mechanisms are required to this end.

The budget for Corporate Landlord repair and maintenance work for 2024/25 is £3.3m. The Service has stated that this budget has been static at this level for a number of years having previously been in excess of £4 million. Spend in 2024/25 was over budget at £5m, due to the need to stay compliant with an ageing portfolio. Repair and Maintenance works are on an essential works only basis and the service standard in relation to repairs is to maintain buildings in condition C. Cluster staffing costs include a significant number of posts that are vacant due to challenges in recruiting technical and professional skill sets such as Chartered Surveyors.

1.2 Rationale for review

The objective of this audit is to ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The Corporate Landlord Risk Register highlights five Cluster risks:

- 1) Statutory non-compliance for Council properties.
- 2) Failure to deliver asset valuations (should be within 5-10 year periods).
- 3) Inadequate Asset Management planning.
- 4) The declining condition of operational property estate, with impact on repair, maintenance and management costs along with higher risk of building failure.
- 5) Delivery of capital and revenue income.

The area was previously audited in September 2017. The main findings were that:

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- Procedures to demonstrate compliance with Corporate Landlord Responsibilities and cyclical maintenance activities required formalisation and defined management.
 - Asset Management and the Health & Safety Team should collaborate to align Service and Corporate Policies.
 - A programme and procedures for ensuring Energy Performance Certificate (EPC) compliance should be set out, progress with its implementation coordinated and monitored.
 - Contractors and Council representatives should sign all paperwork.
 - Data regarding Corporate Landlord Responsibilities should be maintained centrally, accurately and up to date.

The current audit will seek to obtain assurance these points have been addressed, and that systems and processes have been designed and are operating effectively to address the relevant risks.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.

2.2 Assurance assessment

The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the systems in place to provide assurance over compliance with the legal requirements in relation to the Council's Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The review identified areas of weakness where enhancements are required to be made to improve the framework of control and compliance including:

- **Written Procedures** – The Corporate Landlord's role and remit for management of operational buildings and the statutory maintenance responsibilities is generally clear. However, not all processes are documented and there is a high level of reliance on experienced employees understanding of the requirements and their application, at both operational and administrative levels. Procedures rarely explain why tasks are being completed with reference to specific legislation, standards and codes of practice - users are expected to separately familiarise themselves with this. This presents a high risk, both at a professional and administrative level. Risks have also been flagged internally regarding succession planning. This risk is higher due to the absence of clear, up to date explanatory procedures. If procedures are incomplete, out of date, or not fully understood, there is a greater risk of their inconsistent application in practice, impacting on efficiency and compliance. If the Council cannot demonstrate compliance with its legal responsibilities, and duties of care, it will be at greater risk of fines/penalties and reputational damage.
- **Contracts** – There are compliant framework agreements in place covering delivery of planned statutory maintenance requirements, which set the overall requirements and specifications for services to be provided, at a high level. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system, in breach of the Council's procurement regulations.
- **Contractor Performance** – Whilst in practice the Service is meeting with suppliers and discussing performance, there is limited assurance that risks and issues are being resolved timeously. Minutes indicated variable meeting recurrence, and repeated issues which may not have been addressed. Key performance indicators are being produced and reviewed but are not all up to date. Success is being confirmed in cases where records indicate tasks have been completed up to 30 days after they were due. If statutory maintenance is being completed after it falls due, there is a risk that requirements are not being met. More regular review would give more assurance over value for money, budget management, and allow for management

intervention where necessary. Understanding performance, expectations, and costs will be essential for future procurement planning.

- **Planning and Scheduling** – Written procedures do not clearly set out the planning and scheduling requirements in full, but there are processes and systems in place to plan work at relevant frequencies. There is extensive manual duplication of data between systems and spreadsheets, which are reliant on experienced staff and localised knowledge for keeping them up to date. The maintenance management system is not being fully utilised to plan statutory maintenance tasks, and reports are not being produced from it and reviewed regularly to provide assurance that tasks are being planned, scheduled and delivered on time. There is a recurring rota of building inspections, which allow for in-depth review at site level, but this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified and addressed timeously.
- **Documentation** – Without comprehensive documentation the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as planned, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained / held on file where expected, reducing assurance it is being obtained when required. Where certification was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so. There is no external assurance for operational properties and certification to ensure statutory compliance requirements are being met. Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is a greater risk of non-compliance and risks to health and safety.

Recommendations have been made to address the identified risks including: review and updates to procedures to clearly explain roles and requirements; ensuring contract documentation is on file and procurement regulations are satisfied; reviewing how KPI's are set and monitored; improving processes and reporting to deliver assurance that statutory maintenance is taking place as scheduled, and that safety critical defects/risks are being addressed promptly, and development of an appropriate quality assurance system to confirm corporate landlord responsibilities are being discharged effectively.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.2	Contracts – Framework agreements are in place to set the overall requirements and specifications for services to be provided, at a high level. Suppliers meeting relevant criteria were admitted to Lots within the framework covering the relevant supplies/services required, on a single year basis with an option to extend for up to three periods of one year each. The frameworks themselves are compliant with procurement requirements. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system. This is a breach of the Council's Procurement Regulations.	No	Major	13

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	Although suppliers' bids to enter the framework were ranked by cost and quality, no requirements were set to select and award work to suppliers on this basis. In some cases, a lower ranked (higher cost) supplier is being used. The Service selects a supplier for each activity based largely on previous experience. Best value may be at risk through short-term measures. There is a mismatch between the way the Service manages suppliers, work, and its application of procurement governance. The Service considers each individual job to be a 'contract', for planning and recording purposes, and therefore considers it impractical to record over 30,000 separate contracts, each of which is unlikely to exceed the Council's £10k threshold on the contracts register. At the same time, the Service manages KPI's at a contractor and maintenance category level, and awards work directly and regularly, as if there were overarching contracts with each supplier. Work is being managed with reference to the framework specifications. However, in the absence of overall contracts these are not specific enough in each case to provide the Council with full assurance over compliance.			
1.4	Planning and Scheduling – A spreadsheet is used as the core record for forward planning of statutory and other maintenance, indicating the relevant requirements and frequency of inspections / maintenance for each operational building. There is a risk in using a spreadsheet, as records may be inadvertently changed by any user at any time, and changes/errors may not be identified or attributable to specific users. Although the process is helpful as it provides a visual representation of the work being planned, it may not be the most efficient method: information is duplicated from a separate maintenance management system, which is not well utilised for planning and scheduling work. Records of when work took place are on this system, and are updated, with certification, when the work is invoiced. The Service stated that invoices are not paid until certification has been received and checked. However, there is limited capacity within the Service to fully review all certification. Remedial works are also ordered and confirmed on the system,	Yes	Major	15

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	however there is currently limited assurance that safety critical work is being highlighted to management, planned and undertaken promptly. Review of a sample of records indicated that visits were not being undertaken within the month/period planned. Where a fixed maintenance/inspection period is set by law, this presents a substantial risk of non-compliance. As subsequent inspections are scheduled based on planned rather than actual prior visits, there is a higher risk of recurring variation. Reports are not routinely run from the system to demonstrate that statutory maintenance is taking place as scheduled, and that defects presenting risks are being addressed promptly. The Service therefore has limited assurance that maintenance and health and safety risks are being adequately managed. Building inspections are carried out periodically and include confirmation that relevant certification has been completed and is held on site. Records indicated inspections are being planned including checking statutory maintenance is up to date for boilers, controls, legionella, and firefighting equipment. Although checks took place and relevant findings were summarised, there were no supporting records to fully detail the electrical checks that had taken place in the last two years. Gaps in the records also indicated variations between planned and completed inspections, reducing assurance these are all being completed as required. Whilst inspections allow for in-depth review at site level, this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified timeously.			
1.5	Documentation – Without comprehensive documentation the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as planned, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained / held on file where	Yes	Major	17

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	expected, reducing assurance it is being obtained when required. Where certification was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so. Building inspections review a proportion of buildings and statutory maintenance at a high level. There is no external assurance for operational properties to ensure statutory compliance requirements are being met. Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is a greater risk of non-compliance and risks to health and safety.			

2.4 Management response

The Cluster welcome the support and overview provided by internal audit in looking at the processes and works undertaken in our buildings and look forward to working with internal audit colleagues in delivering improvement. The Report highlights a number of areas of improvement which are acknowledged by the Service who are currently working on a transformation project around property repair and maintenance requirements which will lead to changes in operational structure, service delivery mechanisms and significant issues which have been highlighted around the access to data and certification thereof.

The service has spent significant resource (with others) in moving forward with a new digital repair and maintenance platform for Housing assets (NEC Housing) which has drawn significant resource and will create a compliance platform for Housing assets which will address many of the issues this report highlights for non-housing assets. On completion of this work in 2026 further work will be required to better digitise this area although this will require a staff and digital resource not currently available. Current processes are manual in many areas, with many areas also reliant on external contractors' portals.

The Service acknowledges the nature of the risks identified and agree with the advice of Internal Audit that the report identifies a Major risk within the overall area.

In relation to individual sections within the Report the service would respond as follows:

Written procedures

The service acknowledge that written procedures should be reviewed and stored in a more accessible manor and that this is a moderate risk. The service acknowledge that it is reliant in many parts on the knowledge, capability and experience of key leads in each area and that this adds risk in the consistent delivery of works.

Contract

The audit was undertaken prior to implementation of actions in response to a recent audit into procurement processes.

In general terms the spend has been aggregated in the establishment of the framework agreement with the contract notice published based on overall estimated (aggregate) value and there is an entry on the contract register which includes the total estimated spend.

All contracts have a defined mechanism for call off under the framework which is being utilised with appropriate terms and conditions which is being used to hold suppliers to account if required.

It should be noted that this is a first iteration of this framework and a review group has been established to look at framework requirements across Building Services, Capital etc. to look at the most appropriate procurement routes to ensure delivery of best value in future iterations including more defined methods of call off where appropriate.

To be fully compliant will require a change in system and resource allocation.

Planning and scheduling

The findings of the audit highlight the lack of an overall single source database for the recording of these works to operational buildings with a reliance on spreadsheets. Significant investment will be required to create this not currently available and in the meantime management procedures need to be improved. There are Building inspections – however not all information is available is held on site, only those required by regulation. Information is held on various databases.

Scheduling of work is currently undertaken on a 12 month basis which results in certification appearing to be out of date if works are required as a result of inspections where certification will only be available on the completion of works or jobs being schedule by the month of requirement rather than to the day. Options will be considered to move scheduling to a 10 or 11 month pattern to reduce this risk, albeit at a higher overall cost.

Documentation

Issues in relation to documentation are acknowledged and reflect the required improvement activity noted above in relation to scheduling and planning.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	Written Procedures – Historically, ‘policy’ documents set out the requirement for compliance across various corporate landlord activities (e.g. legislation / regulations), a commitment to compliance, and an overview of practical compliance activity / procedure. Whilst this remains the standard for corporate Health and Safety policies, it is intended that clusters have their own procedures for their staff to apply, reflecting relevant variations in tasks and requirements. There is no need for a separate ‘policy’ where there is a statutory requirement – as there is no option but to comply. This is the case for most Corporate Landlord responsibilities. However, clear guidance and instructions are required to ensure relevant staff across the Council will understand, comply and meet its Health and Safety obligations, statutory and regulatory obligations and internal governance requirements. Logical and structured procedures should promote consistency and reduce the risk of error or omission in task completion and record keeping, providing assurance to management over the process. Where procedures are in place, document ownership is reasonably clear – there is a distinction for example between corporate health and safety requirements, and cluster procedures. There is also clarity over Corporate Landlord's role and remit for management of operational buildings and the statutory maintenance responsibilities. However, there is limited version control evident, reducing assurance over their current status. Some of the internal requirements are also not up to date (<i>e.g. Legionella management policy 2010 pre-dates changes in 2013 to the code of practice requirements</i>). There is a high level of reliance on experienced employees understanding of the requirements and their application, at both operational and administrative levels. Procedures rarely reference specific legislation and standards – users are meant to separately familiarise themselves with this and relevant advice/codes of practice. This presents a high risk, both at a professional and administrative level. Risks have been flagged internally regarding succession planning, but it is unclear that there is a plan for resolving this in the short to medium term. This risk is higher due to the absence of clear up to date explanatory procedures. Processes are not well interlinked between Clusters (<i>i.e. Corporate Landlord, Building Services, Business Services</i>), and there is limited information on why tasks are being completed, or what to do if they do not produce the correct result. For example, planning and scheduling processes are clearly set out to follow for setting up most statutory maintenance tasks on the system and raising orders, but the need for these is not clear, and there is no guidance for escalating issues if the process cannot be followed. Legionella testing schedules did not have a written procedure supporting the spreadsheet process in place. Procedures for testing were also not up to date. There was no written guidance on whether risk assessments (RA's) should be updated periodically. The Service has noted that updated RA's are only required when a significant alteration/upgrade to the hot and cold-water systems. Legislation does not require periodic inspections. There were also no procedures for monitoring and performance management for any of the corporate landlord responsibilities. At a contract level, KPI's are held by Building Services/ contract managers, but there is no overarching guidance for this or at a corporate landlord level. If procedures are incomplete, out of date, or not fully understood, there is a greater risk of their inconsistent application in practice, impacting on efficiency and compliance. If the		

Ref	Description	Risk Rating	Moderate
	Council cannot demonstrate compliance with its legal responsibilities, and duties of care, it will be at greater risk of fines/penalties and reputational damage.		
	IA Recommended Mitigating Actions		
	The Service should review and update its set of procedures to ensure the practical application of all corporate landlord requirements are clearly explained. Procedures should be scheduled for periodic review.		
	Management Actions to Address Issues/Risks		
	<i>The recommendations are accepted by Corporate Landlord and the Audit highlights risk around succession planning. Current knowledge is in place and responsibilities understood and carried out by all monitoring. Given the change in senior personnel (the three main employees working within this area have all left the council in the last 12 months) and the risk this has highlighted, this needs to be shared to wider staff groups and held centrally.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Operations Manager	December 2025

Ref	Description	Risk Rating	Major
1.2	Contracts – The Service stated that multiple contracts were in place covering delivery of planned statutory maintenance requirements. Two framework agreements were set up in 2022 covering Multi-trade (£10.7m), and Specialist Maintenance and Repairs (£3.8m). These set the overall requirements and specifications for services to be provided, at a high level. Suppliers meeting relevant criteria were admitted to lots within the framework covering the relevant supplies/services required, on a single year basis with an option to extend for up to three periods of one year each. For the purposes of Committee approval and tendering, costs were aggregated at framework level, and these were therefore compliant with procurement requirements. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system. This is a breach of the Council's Procurement Regulations. Although suppliers' bids to enter the framework were ranked by cost and quality, no requirements were set to select and award work to suppliers on this basis. In some cases, a lower ranked (higher cost) supplier is being used. The Service selects a supplier for each activity based largely on previous experience. Best Value may be at risk through short-term measures. There is a mismatch between the way the Service manages suppliers, work, and its application of procurement governance. The Service considers each individual job to be a 'contract', for planning and recording purposes, and therefore considers it impractical to record over 30,000 separate contracts, each of which is unlikely to exceed the Council's £10k threshold on the contracts register. At the same time, the Service manages KPI's at a contractor and maintenance category level, and awards work directly and regularly, as if there were overarching contracts with each supplier. Work is being managed with reference to the framework specifications. However, in the absence of overall contracts these are not specific enough in each case to provide the Council with full assurance over compliance. For example, supplier competency (e.g. professional qualifications/registrations) is included in the tender specifications but there is no assurance this has been tested, given the absence		

Ref	Description	Risk Rating	Major
	of specific contract documentation. This was only found on file separately for one of seven contractors reviewed by Internal Audit.		
	IA Recommended Mitigating Actions		
	The Service should ensure appropriately detailed call off contracts are in place for planned expenditure in respect of all of its statutory maintenance requirements.		
	The Service should ensure all call-off contracts are formally recorded on the contracts register system.		
	The Service should ensure it has documentary evidence demonstrating contractors have appropriate certification in line with contract specifications.		
	Management Actions to Address Issues/Risks		
	<i>There is a compliant framework in place which is being used to call off requirements which does offer the Council protection. As a first iteration of this agreement, it is recognised that there are lessons to be learned to improve recording/review. A review group has been established to look at framework requirements across Building Services, Capital etc. to look at the most appropriate procurement routes to ensure delivery of best value in future iterations including more defined methods of call off where appropriate.</i>		
	Risk Agreed	Person(s)	Due Date
	No	Operations Manager	April 2026

Ref	Description	Risk Rating	Moderate
1.3	Contractor Performance – As noted at 1.1 above, there are no procedures for contract and performance management. Whilst in practice the Service is meeting with suppliers and discussing performance, there is limited assurance that risks and issues are being resolved timeously. Minutes indicated variable meeting recurrence, and repeated issues which may not have been addressed. It may be more difficult to hold suppliers to account without reference to specific contract details (see 1.2). Lack of a contract places compliance requirements (standards and regulations) at risk of not being met due to lack of direction from the buyer, and potential for misinterpretation of requirements by the contractor, or client expectations not being met as planned. If planned tasks are not completed within necessary timescales the Council may be at risk. The maintenance frameworks set out an expectation that contractor KPI's will be set and monitored regularly, and include broad themes around e.g. service levels, response times, and communication. A consistent template is being provided to contractors and data is being received and checked. However, issues were identified with the data: - The information on file was not fully up to date. The most recent data varied by contractor, from July to November 2024 (when reviewed in May 2025). - The Service has set a KPI target of 30 days from the 'service due' date in every case. This means that services completed up to 30 days overdue are being counted as compliant.¹		

¹ If the recorded 'service due date' is in advance of expiry, this risk may be lower. However, the KPI data does not include another date to allow this to be measured.

Ref	Description	Risk Rating	Moderate						
	- Of 1425 tests listed, only 138 (10%) were completed on the due date, and 104 (7%) were completed in advance. 1157 (81%) were completed after the due date, and 26 were not completed (2%). - This contrasts with the KPI data which shows 27 were outwith KPI (2%), 26 were not completed (2%), and 1372 (96%) within KPI. If statutory maintenance is being completed after it falls due, there is a risk that requirements are not being met. In the event of an incident occurring after certification has expired, there could be a significant reputational and legal risk to the Council. Spend is being monitored annually - and has to be analysed in detail to remove e.g. capital spend with the same suppliers not related to statutory maintenance. More regular review would give more assurance over value for money, budget management, and allow for management intervention where necessary. Understanding performance, expectations, and costs will be essential for future procurement planning. IA Recommended Mitigating Actions The Service should review how KPI's are set and managed to ensure these provide assurance statutory timescales are being met. The Service should ensure spend and performance is monitored on a regular basis at a contract level. Issues should be addressed or escalated as appropriate. Management Actions to Address Issues/Risks <i>Agreed in full but resources, appropriate method and frequency of review to be considered with colleagues in Commercial & Procurement.</i> <i>There are regular contract meetings with contractors to review performance and hold suppliers to account. This process was reviewed in February 25 and is being further developed in line with refreshed contract management guidance published by Commercial & Procurement in March 2025. KPI's have been problematic and unreliable and consistent recording has been sporadic. Will require further investment in contract management systems to improve albeit service looking to implement further oversight and control in the short term.</i> <table><tr><th>Risk Agreed</th><th>Person(s)</th><th>Due Date</th></tr><tr><td>Yes</td><td>Operations Manager</td><td>December 2025</td></tr></table>	Risk Agreed	Person(s)	Due Date	Yes	Operations Manager	December 2025		
Risk Agreed	Person(s)	Due Date							
Yes	Operations Manager	December 2025							

Ref	Description	Risk Rating	Major
1.4	Planning and Scheduling – As noted at 1.1 above, written procedures do not clearly set out the planning and scheduling requirements in full, but there are processes and systems in place to plan work at relevant frequencies. There is a core record of all operational assets held on Uniform, which is used as an asset register. An extract was provided but it was not possible to obtain access to the system to fully interrogate it for the purposes of the audit². However, information pertinent to the audit is largely held on the maintenance management system (Confirm). A spreadsheet is used for forward planning of statutory and other maintenance. This is kept up to date by administrative staff. It indicates the relevant requirements and frequency of		

² The software was not available for use in the virtual desktop environment used by Internal Audit as it had not been packaged and tested. Digital and Technology, in conjunction with Corporate Landlord, prioritised access to the Confirm system where the majority of data relevant to the audit is held.

Ref	Description	Risk Rating	Major
	inspections/maintenance for each operational building. A new spreadsheet is set up for each financial year. There is a risk in using a spreadsheet, as records may be inadvertently changed by any user at any time, and changes/errors may not be identified or attributable to specific users. Although the process is helpful as it provides a visual representation of the work being planned, it may not be the most efficient method. This information is duplicated on the Confirm System, which has set frequencies of inspection (e.g. monthly, quarterly, annual) for each property³. Administrative staff liaise with operational teams to keep this up to date, further underlining reliance on experienced staff as discussed at 1.1 above. However, the system is not used to schedule visits automatically – each inspection or maintenance activity is raised individually as a separate works order on the system, and the job number is recorded on the spreadsheet to confirm it has been booked. The system is updated at this point to provide an indicative date for the next inspection, based on the declared frequency. Although the scheduling spreadsheet indicates that work has been ordered, it does not record when it took place, what the results were, and whether any unsatisfactory results have been acted on. Records of when work took place are on Confirm, and are updated, with certification, when the work is invoiced. The Service stated that invoices are not paid until certification has been received and checked. However, there is limited capacity within the Service to fully review all certification. Remedial works are also ordered and confirmed on Confirm. Approvals and competitive quotations are required to be obtained where required works are over specified values (£250). Below this threshold, contractors are authorised to carry out and recharge for this work directly. There is currently limited assurance (see 1.5 below for examples) that safety critical work is being highlighted to management, planned and undertaken promptly. Review of a sample of records indicated that visits were not being undertaken within the month/period planned (see 1.5 below for examples). Where a fixed maintenance/inspection period is set by law, this presents a substantial risk of non-compliance. As subsequent inspections are scheduled based on planned rather than actual prior visits, there is a higher risk of recurring variation. Reports are not routinely run from Confirm to demonstrate that statutory maintenance is taking place as scheduled, and that defects presenting risks are being addressed promptly. The Service therefore has limited assurance that maintenance and health and safety risks are being adequately managed. Building inspections are carried out periodically and include confirmation that relevant certification has been completed and is held on site. Records indicated inspections are being planned including checking statutory maintenance is up to date for boilers, controls, legionella, and firefighting equipment. Although checks took place and relevant findings were summarised, there were no supporting records to fully detail the electrical checks that had taken place in the last two years. Gaps in the records also indicated variations between planned and completed inspections, reducing assurance these are all being completed as required. Whilst inspections allow for in-depth review at site level, this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified timeously.		
	IA Recommended Mitigating Actions The Service should ensure management has comprehensive assurance that statutory maintenance is taking place as scheduled, and that safety critical defects/risks are being addressed promptly.		

³ Electrical (fixed wiring) testing is on a five year cycle, and this is not managed using Confirm.

Ref	Description	Risk Rating	Major
	The Service should review the efficiency and effectiveness of operating multiple systems / processes for the same purpose and consider integration/automation where possible.		
	Management Actions to Address Issues/Risks		
	<i>As noted at 1.1 the knowledge and monitoring of requirements is in place, and procedures will be further documented and shared. The concerns raised will be taken forward by Corporate Landlord within Service re-design and the property repair and maintenance transformation project. Workstream to look at structure around public buildings and use of external contracts is being brought forward to consider the most effective delivery method in the medium term.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Operations Manager	April 2026

Ref	Description	Risk Rating	Major
1.5	Documentation – Without comprehensive documentation, the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as intended, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained/held on file where expected, reducing assurance it is being obtained when required. Whilst the Service has noted it focuses on compliance rather than full documentation, where certification relating to the audit sample was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so: <u>Gas Safety</u> • Six of 13 (46%) properties' boiler servicing took place more than 12 months after the previous check. • Two of 13 (15%) properties' boiler servicing took place in advance of expiry, and this was not reflected in subsequent scheduling. • Four of 13 (30%) properties' certification noted the same faults which had not been addressed for three years running. • One property's records (8%) had not been retained/held on file for two years as required. <u>Fire Safety</u> • One of eight properties' quarterly fire alarm system checks was completed two months in advance (12%). This could impact on costs, and assurance that checks continue to be completed quarterly. Invoices were also delayed by up to nine months. • Two of eight (25%) firefighting equipment checks took place more than 12 months after the previous checks. Another (12%) had two checks within nine months. • Two property files (25%) had no previous years' records. <u>Electrical Safety</u> • One of eight properties (12%) fixed electrical installation testing was completed five months late. • Four electrical certificates (50%) indicated remedial work was required. Only one of the four (25%) indicated work was attempted and charged, but it was not completed due to access and asbestos concerns.		

Ref	Description	Risk Rating	Major
	- One electrical certificate indicated follow up inspections should be brought forward from the statutory (five year) period to two years, which could indicate higher risks had been identified, but no changes were made to the schedule. Another was scheduled for three years, with no documentation on file to indicate why this was required. - Two of eight (25%) Portable Appliance Tests were completed more than 12 months after the previous check. - Two of eight (25%) Portable Appliance Tests took place in advance of expiry, and this was not reflected in subsequent scheduling. - Monthly Emergency Lighting test records were not all held on file in five of eight (62%) cases reviewed. - Three of eight (38%) emergency lighting inspection tests indicated faults which were not addressed before the next inspection. - One emergency lighting inspection (12%) was signed off by an apprentice rather than qualified staff. <u>Lifts</u> - In one of two properties reviewed where lifts / hoists were included, an item had been removed but was still being scheduled and attended for inspection by contractors. <u>Water Safety</u> Although there is no fixed period set by legislation or the Health and Safety Executive (HSE), Legionella risk assessments carried out by independent contractors generally indicated they should be reviewed within two years. The Service allows up to 10 years unless there is a significant change to the water system, with central records indicating 24 of 151 properties (16%) dated back to 2016, and only 18 (12%) updated in the last two years. These records were incomplete, with 66 properties (44%) having no record of when a risk assessment was last completed: - In three of 13 cases reviewed in more detail (23%) the dates were different from documentation held on file, and in one case (8%) there was no assessment on file. - Monthly temperature testing records are being maintained by staff, and variations highlighted, but records indicated these were recurring with no indication they are being acted on. - Control of Substances Hazardous to Health (COSHH) risk assessments in relation to Legionella treatments were out of date, had out of date hazard identification markings, which were also incompletely recorded, and related to a different chemical to that used in the current product. <u>Energy Performance Certificates (EPC)</u> An EPC is only valid for 10 years. EPCs are held on the ACC website and can also be accessed via a national portal. - From a sample of 13 buildings, only nine (69%) had a published EPC. - Five of nine (55%) EPCs were over 10 years old. The Service estimated over 100 buildings / two thirds of the portfolio require an update. This would be resource intensive. As noted at 1.4 above, internal building inspections review a proportion of buildings and statutory maintenance at a high level. There is no external assurance for operational properties to ensure statutory compliance requirements are being met. Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is		

Ref	Description	Risk Rating	Major
	a greater risk of non-compliance and risks to health and safety. See Appendix 3 for examples of risks and relevant legislation/requirements.		
	IA Recommended Mitigating Actions		
	The Service should develop and implement an appropriate quality assurance system to ensure documentation is being reviewed in sufficient detail to provide assurance corporate landlord responsibilities are being discharged effectively.		
	Management Actions to Address Issues/Risks		
	<i>The Cluster are currently as a matter of urgency implementing additional oversight in this area and will consider the options, benefits and costs of developing a Quality Assurance system in the medium term.</i> <i>Issues have been highlighted with servicing being undertaken in the month required rather than to dates in month and final certificates only being provided on completion of any identified works rather than the date of first inspection. The timetable for review is being considered and whether greater assurance would be provided by moving to say 10 or 11 month testing cycles. In very general terms only essential wind and watertight and essential health and safety works are being undertaken within the capacity of current available budgets for all repair and maintenance works. As such some advisory works will not be undertaken mid-year across the estate. Issues within report noted in relation to the scheduling of works and differentiating between inspections and works being completed. In general terms advisory works are not always undertaken. All Levels of requirement, advisory work may or may not be carried out – dependant on the fault/issue.</i> <i>For Emergency Lighting, a new specialist contractor is now being put in place.</i> <i>The 2 lifts noted require removal, are isolated and no longer visited by specialist contractor.</i> <i>For Water safety there is no requirement for regular re-inspection, specialist contractors raise this to encourage RA's to be carried out when not required. All buildings have been risk assessed. Monthly testing are only acted on if they are regularly out of the permitted temperature range.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Operations Manager	December 2025

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of Policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Review Scoping Document

5.1 Area subject to review

Aberdeen City Council as a Corporate Landlord has accountability to ensure that all buildings under its control comply with the appropriate statutory, regulatory and corporate standards. The Cluster, led by the Chief Officer - Corporate Landlord, is part of the Families and Communities Function.

Redesign of Property Management and Maintenance is part of the Council's transformation programme as part of the Target Operating Model (TOM) 1.2. The Programme Manager explained:

“Our project goal is to create a new operational model for how we manage and maintain our Council properties including public buildings, schools, learning and community centres, visitor attractions, depots, office accommodation, health and social care buildings and homes”.

The project will redesign the service to make it more efficient and contribute to required savings.

As at March 2025 the Transformation Hub shows the Corporate Landlord operational portfolio comprises 271 non-housing properties. The Cluster consolidates all property activities, including health and safety, management of commercial and non-commercial land and property assets, hard facilities management, asset and contract management across the council stock. Information on these properties is held centrally, and includes valuations, operational costs and outcomes of condition surveys. The Uniform System is used to hold data for asset management, Confirm is the System used for planning and coordination of work, and the Modus System holds asbestos management plans.

To meet relevant legal and health and safety requirements, landlords must make sure that the equipment for supplying water, gas and electricity is kept in safe working order. Safeguards must be put in place over fire safety, emergency lighting, lift maintenance, hoists, legionella, intruders and the management of asbestos. In addition, public buildings over 250 square metres must display current Energy Performance Certificates. Effective reporting mechanisms are required to this end.

The budget for Corporate Landlord repair and maintenance work for 2024/25 is £3.3m and the Service has indicated £5m has been spent due to the ageing portfolio. Cluster staffing costs include a significant number of posts that are vacant due to challenges in recruiting technical and professional skill sets such as Chartered Surveyors.

5.2 Rationale for review

The objective of this audit is to ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The Corporate Landlord Risk Register highlights five Cluster risks:

- 6) Statutory non-compliance for Council properties.
- 7) Failure to deliver asset valuations (should be within 5-10 year periods).
- 8) Inadequate Asset Management planning.
- 9) The declining condition of operational property estate, with impact on repair, maintenance and management costs along with higher risk of building failure.
- 10) Delivery of capital and revenue income.

The area was previously audited in September 2017. The main findings were that:

- Procedures to demonstrate compliance with Corporate Landlord Responsibilities and cyclical maintenance activities required formalisation and defined management.

-
- Asset Management and the Health & Safety Team should collaborate to align Service and Corporate Policies.
 - A programme and procedures for ensuring Energy Performance Certificate (EPC) compliance should be set out, progress with its implementation coordinated and monitored.
 - Contractors and Council representatives should sign all paperwork.
 - Data regarding Corporate Landlord Responsibilities should be maintained centrally, accurately and up to date.

The current audit will seek to obtain assurance these points have been addressed, and that systems and processes have been designed and are operating effectively to address the relevant risks.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Cluster** level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Property Asset Information.
- Safety and Compliance – including how statutory compliance requirements and safety is managed across all areas and documented.
- Work and Contract Management – including how work is requested, prioritised, tracked and managed to completion.
- Compliance monitoring and assurance.
- Reporting.

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

This review will also encompass an evaluation of the governance, risk management and controls in place to detect, prevent, and mitigate instances of fraud.

Due to hybrid working practices, this review will primarily be undertaken remotely via electronic meetings and direct access to systems and data, with face to face contact and site visits to premises to obtain and review further records as appropriate.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Debbie Steele (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Stephen Booth, Chief Officer,
- Scott Mathieson, Assistant Operations Manager, **(process owner)**
- Graham Williamson, Operations Manager
- Malcolm Brown, Contract Manager
- Keith Michie, Contract Manager
- Colin Leaver, Corporate Health & Safety Lead

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	19-Mar-25
Scope agreed	24-Mar-25
Fieldwork commences	31-Mar-25
Fieldwork completed	02-May-25
Draft report issued	23-May-25
Process owner response	13-Jun-25
Director response	20-Jun-25
Final report issued	27-Jun-25

6 Appendix 3 – Risks

6.1 Risk categories

The following are examples of the risk categories and elements of legislation which controls should be designed to address and provide assurance over in respect of Corporate Landlord statutory maintenance responsibilities.

Gas Safety

Failure to carry out employer duties and maintain gas appliances, flue or installations as per Gas Safety (installation and use) Regulations 1998 would place the Council at risk of non-compliance with section 35 of the Regulations. Lack of certification or inaccurate documentation risks the Council not meeting regulated requirements. (Annual CP 12 certificate for Gas 36 (3) (c)).

Fire Safety

Failure to carry out fire safety duties with regards to fire safety measures could place employees/ contractors/ members of the public at risk of death or serious injury, and the Council at risk of an offence as per section 73 of the Fire (Scotland) Act 2005.

Electrical Safety

In the absence of electrical system and equipment checks the Council may not meet its obligations as per The Electricity at Work Regulations 1989 *"to prevent, as far as reasonably practicable, danger"*.

Water Safety (Legionella)

In the absence of controls to assess, prevent and provide information, instruction and training regarding the risk of exposure to the legionella bacteria the Council may not meet the requirements of the H & S Act 1974 and COSHH Regulations 2002.

Asbestos

In the absence of a management plan that identifies how risk involving exposure to asbestos will be mitigated when works are undertaken places the contractor/ employees / members of the public at risk of exposure which could lead to lifelong injuries/ life changing injuries/ fatality. Failure in the statutory duty to manage the risks of asbestos by having a plan which identifies its location, condition, managing the risk when undertaking works, communicated to those at risk of exposure and regular review of the plan would place the Council at risk of breaching The Control of Asbestos Regulations 2012(section 4).

Lifts

Failure to meet the LOLER Regulatory requirements imposed on employers places the Council at risk of breaches with the Lifting Operations and Lifting Equipment Regulations 1998. Failure to record defects risks the defect not being rectified and the defect worsening to the point where it fails and poses a risk to employees, contractors and members of the public and the operation of the premises and service provision. In the absence of management plans being reviewed, there is a risk to public safety, asset safety, security, noncompliance, fines and reputational damage to the Council.

Accidents / Incidents

Failure to record workplace related accidents / incidents that are connected to the Council being non-compliant with the statutory requirement to report on specified injuries, diseases and dangerous occurrences as per the Reporting of Injuries, Diseases, Dangerous Occurrences Regulations 2013 (RIDDOR).

Energy Performance Certificates (EPC)

The Scottish Government requires public authorities to complete and display an EPC for all public buildings which exceed 250m² floor area. An individual EPC will only be valid for 10 years. In the case

of public buildings, the EPC would have to be renewed immediately after the 10 year period has elapsed. Building owners who fail to provide EPCs could be subject to a penalty charge notice (minimum £500) in each case.