

Internal Audit Report

Multi-Storey and High-Rise Properties (Health and Safety)

13 October 2025

PL2502

Overall Assessment	Reasonable Assurance
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2025/26 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2025. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment	Reasonable Assurance
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Engagement conclusion and summary of findings

The High-Rise Management and Investment (HRMI) team is a new service which provides dedicated resource to manage and oversee management and investment of high-rise properties including safety, inspections and servicing. It is evident that the team has invested substantial effort to develop procedures and processes to manage previously identified risks and issues since being established in late 2024.

Notable improvements have been made since previous housing management related audits and there is a clear commitment to strengthening governance and operational delivery. The overall conclusion of reasonable assurance recognises that further time is required to enable the team to design and embed effective controls and processes across the service.













The following areas of improvement have been identified, which if addressed will support the continued development and strengthening of processes and controls:

- ensuring an evidence-based approach to assurance on fraud and serious organised crime risks through regular documented fraud risk assessments and management oversight of controls
- ensuring that procedures are embedded and consistently applied with regular quality assurance activities and a focus on continuous improvement
- reducing the risks related to manual tracking systems particularly for safety related checks and ensuring effective controls are in place to mitigate known issues until planned system upgrades are complete
- reflecting on the impact of the historical approach to maintenance to ensure a clear data driven preventative maintenance programme informed by inspections and surveys and ensuring prompt action on potential health and safety issues.

Areas of effective practice

- a comprehensive improvement plan has been established for the HRMI service which covers core operational, governance and assurance activities with evident progress and weekly review by the HRMI team
- previously informal processes to support vulnerable residents in blocks by concierge teams have now been formalised
- individual training needs assessments are in development to support officers to carry out their roles more effectively
- processes are in place to identify and prioritise health and safety related repairs and upgrades
- there are processes in place for billing, and supporting residents with costs for repairs related to health and safety, allowing completion of emergency repairs
- governance and oversight arrangements are in place, including a high-rise board to review and scrutinise identified issues with health and safety within high-rise and multi-storey properties
- there is regular reporting to Committee on issues impacting high-rise and multi-storey properties.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Risk Management			Finding 1 – Fraud Risk Assurance Activities	Medium Priority
Policies, Procedures, and Training			Finding 2 – Embedding Procedures and Continuous Improvement	Low Priority
Maintenance and Capital Projects			Finding 3 – Compliance Checks and Maintenance	Medium Priority
Resident Communication and Engagement			See Finding 2	As per finding 2
Costs and Billing			No issues noted	N/A
Oversight and Governance			No issues noted	N/A

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council (the Council) has an operational estate of approximately 20,000 homes, with approximately 3,000 (15%) within 44 multi-storey sites. 97% of these homes in multi-storey blocks sit within a full Council or majority ownership tenure. Any housing block with accommodation over 18 meters from ground level is considered high-rise by the Scottish Government. These 44 multi-storey sites contain a range of different construction types constructed between 1952 and 1976.

The [Property Factors \(Scotland\) Act 2011](#) (the Act) is designed to regulate property factors and improve the relationship between factors and homeowners. It aims to ensure transparency and accountability by establishing a compulsory register of property factors, a code of conduct they must adhere to, and a dispute resolution process. As part of the requirements of the Act, the Council has created a [Written Statement of Services](#), which sets out the terms and service delivery standard of arrangements between the Council and homeowners. [The Tenements \(Scotland\) Act 2004](#) aims to ensure proper maintenance and management of tenements (including the tenancy management scheme (TMS)), especially when title deeds are silent on these matters.

In March 2022, Finance and Resource Committee approved commissioning of [Citywide High-Rise – Full Building Condition Surveys](#) over an 18-month period commencing in April 2022 at a cost of £1,882,207. The scope included full building condition and structural surveys across all multi-story blocks. The surveys have now almost been completed.

To support delivery of improvements in high-rise blocks, planned work is included within a 10-year capital investment plan. Management advised a High-Rise Investment Strategy is in development, due to be finalised in April 2026, which aims to develop the investment priority, sustainability testing and city master planning and improve the safety, living conditions, and management of high-rise buildings.

Recent issues raised at [Westfield Court](#) and other multi-storey and high-rise blocks highlighted concerns about the adequacy of governance and control arrangements in managing high-rise residential properties including:

- inaccurate billing and cost recovery for communal heating and utilities
- delays in addressing critical infrastructure defects (e.g. soil stacks, asbestos)
- poor condition and maintenance of building fabric
- risks to tenant safety and excessive owner charging due to heating system failures and flooding
- gaps in resident engagement and regulatory compliance.

An [update](#) on the status of boiler upgrades at Westfield Court was provided in May 2025, an update on the building survey report, urgent fire safety work, and clarification on accuracy of billing information, was provided to [Housing, Homeless and Fair Work Committee](#) in June 2025, and to [GRBV](#) in September 2025.

The Corporate Health and Safety team carried out a workplace inspection at Greendykes House in July 2025 and highlighted concerns with the standards within the office and welfare facilities for concierge and CCTV staff. The HRMI Head of Service has confirmed that the issues have been addressed, further improvements are planned, and a follow up inspection is arranged.

At the June 2025 GRBV meeting, elected members requested that completion of this audit be brought forward to provide timely assurance on the key controls.

Scope

The objective of this review was to assess the design and effectiveness of key controls in place to ensure adequate health and safety management of residential high-rise and multi-storey housing properties.

Alignment to Risk and Business Plan Outcomes

The review also considered assurance in relation to the following Corporate Leadership Team risk categories:

- Health & Safety

- Legislative & Regulatory
- Property
- Financial & Budget Management
- Reputational
- Service Delivery
- Programme and Project Management
- Supplier /Partnership Management
- People.

Business Plan Outcomes:

- People have decent, energy efficient, climate-proofed homes they can afford to live in.

Limitations of Scope

The following areas were excluded from scope:

- general property management of high-rise and multi-storey properties
- private sector blocks where the Council has no ownership or factoring responsibilities.

Reporting Date

Testing was undertaken between 11 August 2025 and 11 September 2025.

Audit work concluded on 11 September 2025, and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Action Plan

Finding 1 – Fraud Risk Assurance Activities

Finding Rating	Medium Priority
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Risk management enables risks to service objectives to be identified, recorded and managed. This provides greater assurance that objectives are achieved on an ongoing basis.

There is a service risk register in place, which the High-Rise Management and Investment (HRMI) team developed through liaising with the Corporate Risk team, and completed in July 2025. The risk register is regularly reviewed by the management team, and risks out of tolerance are escalated to the Housing and Homeless senior management team quarterly risk management meetings.

The [Economic Crime and Corporate Transparency Act 2023](#) 'Failure to prevent fraud' offence, effective from 1 September 2025 sets out the requirement for organisations to take real, practical steps to stop fraud before it happens. Management must undertake at least annual fraud risk assessments, have documented fraud prevention procedures, and regularly test the effectiveness of controls.

In recognition of the importance of the new requirements, as part of the annual review of risk appetite, the Council changed its risk appetite for the Fraud and Serious Organised Crime risk from 'cautious' to 'averse', reflecting that activities undertaken should only be those considered to carry virtually no inherent risk.

Construction and supplier fraud is one of the highest risk areas for fraud in the public sector, particularly due to the high-value often complex projects which create opportunities for cost inflation, overbilling, and concealment of poor quality work and materials. A pressure to deliver can lead to an urgency to complete projects and overlook corners being cut. In addition, the multiple layers of contractors and subcontractors can dilute accountability and make fraud harder to detect.

The HRMI risk register does not contain any risks related to fraud and serious organised crime. Management have advised they have confidence in fraud related processes mainly related to procurement and contract awards.

However, procurement controls are necessary but not sufficient as they only mitigate entry point risks, services are responsible for operational day to day risks including managing ongoing conflicts of interest, overseeing project delivery and verifying works completed, approving and validating variations, valuations and payments and detecting unusual behaviours which indicate fraud and serious organised crime issues. Assurance must also be evidenced through documented risk assessments, clearly defined fraud-related controls owned by the service, monitoring evidence such as spot checks and management reviews. The absence of fraud and serious organised crime risks within the service risk register demonstrates assumed assurance rather than evidenced assurance.

Through the recent organisational a review a new Contracts and Commissioning team was established to oversee all commissioning across the Housing and Homelessness service and ensure appropriate contract monitoring is in place. This team will play a key role as a first line of defence across fraud risk.

Risks

- **Health and Safety** – lack of evidence-based assurance with clear links to activities and potential fraud risks including falsified records, sub-standard works and undisclosed conflicts of interest may lead exposure to unknown or unresolved hazards
- **Legislative and Regulatory** – failure to meet failure to prevent fraud requirements leading to legal liability, financial penalties and reputational damage for the Council
- **Financial and Budget Management** – the Council could suffer a financial loss due to fraud and serious organised crime activities as well as potential fines and legal costs related to failure to prevent the fraud occurring.

Recommendations and Management Action Plan: Fraud Risk Assurance Activities

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	<p>Fraud and serious organised crime risks should be reviewed and added to the risk register. The higher risk of fraud and serious organised crime within construction and repairs related activities should be aligned to the Council's averse risk appetite for this risk category. This should include but not be limited to consideration of the following:</p> <ul style="list-style-type: none"> Governance and oversight fraud risks – including lack of effective segregation between approval and contract management and scrutiny of project cost variations, change controls and asset valuations. Procurement and contract management risks – including risk of collusion or price fixing, manipulation of contract variations or change orders to conceal overcharging, conflicts of interest and acceptance of gifts and hospitality Financial control and payment risks – fraudulent or inflated invoices, manipulated progress updates to trigger early payments, false certification of milestone completion, misuse of contingency funds or budget reallocations Asset valuation, acquisition or disposal risks – undervalued disposals to connected parties, inflated purchase prices and concealment of beneficial interests False reporting risks – false reporting of KPIs to justify further investment, misleading claims in grant applications or funding returns, concealment of project delays or cost overruns. <p>The Council's fraud risk assessment methodology and assessment tool to provide evidence-based confidence and assurance is expected to be in place by January 2026. This tool should be used to</p>	<p>Fraud and serious organised crime risks will be further reviewed and added to the risk register, along with all identified current controls and further actions.</p> <p>The Service Director of Housing and Homelessness has elected to pilot the planned Council's Fraud Risk programme that includes the assessment toolkit before it is corporately available.</p> <p>High Rise Management and Investment will be one of the services that the pilot will include.</p>	Interim Corporate Director of Place	Head of High-Rise Management and Investment	30/04/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	ensure that the fraud and serious organised crime risks for the service stated in the risk register are comprehensive, with effective mitigations in place.				

Finding 2 – Embedding Procedures and Continuous Improvement

Finding
Rating

Low Priority

Following the Housing and Homelessness Service organisational review, the High-Rise Management and Investment (HRMI) team was established in December 2024 with resource levels currently at 50% of the planned capacity due to recruitment difficulty. Establishment of the new team prompted a review of processes and procedures supported by an improvement plan for monitoring updating of existing, or development of new procedures in July 2025, which cover all aspects of the HRMI team's work and align with relevant legislation.

Through the recent organisational a review a new Contracts and Commissioning team was established to oversee all commissioning across the Housing and Homelessness service and ensure appropriate contract monitoring is in place.

The new procedures have been shared with officers and training sessions have been provided but are not yet fully embedded. Management have advised they intend to introduce further controls and improvements via quality assurance exercises by both the Service Improvement Team and internally.

Resident Communication and Engagement

The effective recording and storage of communications helps to safeguard information and supports both officers and residents in the event of disputes or complaints. There is effective storage of communications for planned

works, but communications for ad hoc works are not consistently recorded by all concierge colleagues. A new procedure is being rolled out to support this and ensure consistency across localities.

Training

Individual training needs assessments, and a procedure for completion and monitoring of training, and oversight by managers, has been developed but is in the early stages, and has not yet been fully implemented.

Quality Assurance

To provide assurance that the new procedures and processes have been fully and effectively embedded, management have arranged for a quality assurance exercise to be carried out by the Service Improvement Team in March 2026 and will perform regular internal quality assurance work to ensure compliance.

Risks

- **Service Delivery** – if procedures are not carried out consistently, residents may not receive the same service, there is limited evidence of compliance, and a potential lack of accountability
- **Health and Safety** – if communication to residents is not recorded, there is a risk that hazards have not been identified and communicated.

Recommendations and Management Action Plan: Embedding Procedures and Continuous Improvement

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Management should take steps to ensure that all officers are fully aware of the new processes and procedures, and the requirement to consistently follow these and ensure embedding in day-to-day operations. This should include roll	Management will continue to monitor and ensure that processes and procedures have been shared with all officers through	Interim Corporate Director of Place	Head of High-Rise Management and Investment	30/04/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	out of a process to ensure consistent recording of ad hoc communication with all residents and full implementation of training and development plans.	induction, training sessions and ongoing management team meetings. To ensure there is consistency in communication to residents, the process that is in place will be monitored by the two property managers and any improvements that are identified will be implemented.		Head of Strategy, Commissioning & Service Improvement Surveying Managers	
2.2	Following the quality assurance exercise, which is planned to be performed with the Service Improvement Team in March 2026, any necessary adjustments and improvements should be made, and steps taken to ensure the procedures are fully communicated, understood and integrated into day-to-day operations. As per management's stated intention, regular internal quality assurance work should be performed to support continuous improvement.	The service improvement team will review all service procedures to provide assurance to the Head of Service that all processes are embedded and being followed. If there are any improvement actions identified these will be actioned in line with service KPI timescales that are being developed. Additionally, Internal Quality assurance work will continue, this will include service managers cross-checking their services.	Interim Corporate Director of Place	Head of Strategy, Commissioning & Service Improvement Head of High-Rise Management and Investment Service Improvement Manager	30/04/2026

Finding 3 – Compliance Checks and Maintenance

Finding
Rating

Medium
Priority

Compliance checks

Compliance checks (such as for dry risers, vents, and emergency lighting) within high-rise buildings are a legal requirement and help to ensure structural safety and integrity of the building, and the health and safety of residents. Information on checks performed is recorded on an Excel spreadsheet, which relies on manual review and input by one officer in the Tenant Safety Team within Housing Operations. This increases the risk of input errors, ineffective scheduling, and work not being performed on time. A dashboard is being developed by the Service Improvement Team which is due for completion by December 2025. This will provide the HRMI team with improved oversight of compliance for their area including access to the information in real-time.

The service has recognised these system limitations, and an upgrade to the systems used by Housing Operations, NEC and Total Connect which will include automatic triggers for checks, highlight overdue compliance reports, and provide improved reporting, is planned to be completed in Autumn 2026.

Maintenance

Reactive maintenance is managed through the [Council's repairs policy and procedures](#). Due to the age of some buildings and parts being obsolete, some reactive maintenance cannot be completed, and instead residents are added to a waiting list for these issues to be resolved by scheduled upgrade programmes.

The historical nature of managing repairs reactively has been recognised by the new HRMI team and a more proactive process which will involve using the results of building condition surveys to create planned preventative maintenance programmes is in development. It is too early to establish the effectiveness of these.

Reactive and emergency maintenance is by nature more costly. Establishing a clear, data driven preventative programme will support accurate budget management and monitoring of costs. In addition, preventative repairs help to mitigate health and safety risks through early detection of hazards.

Risks





- **Service Delivery** – the Council may be unable to provide a housing repair within housing repairs service standard timescale
- **Reputational** – delayed repairs do not meet the Council standards and residents' expectations leading to dissatisfaction, and complaints
- **Property** – if buildings are not effectively maintained, they may not meet the required standards
- **Health and Safety** – if maintenance is not proactively managed, it could increase health and safety risks to residents
- **Financial and Budget Management** – increased costs due to the urgent nature of reactive and emergency repairs including call out charges, expedited parts and need to limit damage/make safe.

Recommendations and Management Action Plan: Compliance Checks and Maintenance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	Management should review the current compliance spreadsheet to strengthen manual processes, which could include conditional formatting to highlight upcoming and overdue checks and reduce the risk of input errors. The service should also ensure another officer is	Management have commenced reviewing the Compliance Spreadsheet to strengthen the manual processes. The four Engineering Project Managers have now been trained on	Interim Corporate Director of Place	Head of Housing Operations Tenant Safety Manager	30/11/2025

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	trained on the functioning of the spreadsheet to cover periods of absence.	the functioning of the spreadsheet and will be provided further training when changes to the Compliance Spreadsheet are made.			
3.2	When the servicing module for NEC and Total Connect is rolled out, monthly reports should be provided by the Tenant Safety team to the HRMI team to provide improved oversight and assurance on compliance for high-rise buildings.	The Service Improvement Team will project manage the development and implementation of the new NEC Servicing Module and then handover to the Tenant Safety Manager to manage the reporting function going forward.	Interim Corporate Director of Place	Head of Housing Operations Head of Strategy, Commissioning & Service Improvement Service Improvement Manager Tenant Safety Manager	31/10/2026
3.3	As per management's stated intention, the results of building condition surveys should be used to develop planned preventative maintenance programmes.	The Asset Management Strategy will be developed by the end of the 25/26 financial year, which will be developed based on the results of the building condition surveys.	Interim Corporate Director of Place	Head of High-Rise Management and Investment Head of Strategy, Commissioning & Service Improvement	30/04/2026

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Area	Control Objectives
Risk Management	<ul style="list-style-type: none"> health and safety risks related to High-Rise and Multi-Storey properties are identified, recorded and managed within a service risk register, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to divisional and directorate level risk committees where required.
Policies, Procedures, and Training	<ul style="list-style-type: none"> there are clearly established policies and procedures in place for health and safety requirements which are adhered to, and are reviewed and updated in line with the relevant legislation, requirements and guidance, and following any changes to practice procedures are in place to ensure the Council comply with health and safety responsibilities under the Property Factors (Scotland) Act 2011 and its own Written Statement of Services officer training and development requirements linked to procedures are clearly understood, completed on time and there is monitoring of training completion.
Maintenance and Capital Projects	<ul style="list-style-type: none"> robust processes exist to identify, prioritise and fund health and safety related repairs and upgrades (e.g. fire safety measures, soil stacks, lifts). Delays are tracked and escalated appropriately there is an implementation plan in place for improvements and upgrades processes are in place to identify and address Health and Safety issues promptly.
Resident Communication and Engagement	<ul style="list-style-type: none"> mechanisms exist to effectively engage residents on service disruption, building safety, billing, and planned works. Records of correspondence and consultation are maintained there are processes in place to support the health and safety of residents with additional needs, including fire safety procedures, infrastructure, and officer preparedness.
Costs and Billing	<ul style="list-style-type: none"> there are processes in place to support residents with funding of emergency repairs related to health and safety
Oversight and Governance	<ul style="list-style-type: none"> there are oversight arrangements in place, including a governance forum responsible for review and scrutiny of health and safety of multi-storey and high-rise properties and associated improvement plans.