

Internal Audit Report

City Region Deal - Benefits Realisation

6 February 2026

CEO2502

Overall Assessment	Reasonable Assurance
-------------------------------	---------------------------------

Contents

Executive Summary 3

Background and scope..... 5

Findings and Management Actions 7

Appendix 1 – Control Assessment and Assurance Definitions.....15

Appendix 2 – Areas of Audit Focus and Control Objectives16

This Internal Audit review is conducted for the Edinburgh and South East Scotland City Region Deal under the auspices of the City of Edinburgh Council 2025/26 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2025. The review is designed to help the Edinburgh and South East Scotland City Region Deal 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 Edinburgh and South East Scotland City Region Deal. 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

Engagement conclusion and summary of findings

There is a generally sound system of control in place to ensure the Edinburgh and South East Scotland City Region Deal partners effectively plan, deliver, measure, and report on benefits realisation under the City Region Deal programme.

The following improvement actions were identified:

- procedures should be introduced to guide the management of the benefits realisation work, including the roles and responsibilities of project leads, the lessons learned process, and the stakeholder engagement process
- the completion of role-specific learning should be regularly reviewed to help ensure that officers have the required skills and knowledge for their work
- the City Region Deal website and the business cases are not fully aligned with the Benefits Realisation Measurement Framework, and no reviews are performed to ensure ongoing alignment
- there is no formal update schedule in place for the City Region Deal Benefits Realisation Plan
- the benefits realisation process should be enhanced, including mitigating for a key-person dependency, and minuting project liaison meetings











- key City Region Deal performance metrics should be publicly available
- the Benefits Realisation Officer has stated that they would benefit from risk management training in order to more effectively discuss risks with project leads.

Areas of effective practice

- a risk register is maintained for the City Region Deal Programme, which is regularly reviewed by committee
- a Benefits Realisation Measurement Framework is in place which outlines the process for how benefits data will be measured and reported
- there has been positive feedback received on the City Region Deal in both the Scottish Parliament's Economy and Fair Work Committee, and in Audit Scotland's [City Region and Growth Deal's report](#) in June 2023
- the Benefits Realisation Officer established and chairs the Scottish City Region and Growth Deal PMO Network Benefits Realisation Sub-Group to share learning, practical experience, and to disseminate best practice
- a Power BI dashboard is used to track benefits across all Deal programmes, including employment, economic development, and environmental, and is provided on a six-monthly basis to the Joint Committee.

Audit Assessment

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

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Risk Management			Finding 4 – Risk Management Training	Low Priority
Benefits Realisation and Measurement Framework			Finding 1 – Documented Procedures and Role-Specific Learning	Medium Priority
			Finding 2 – Alignment and Review of Key Frameworks and Documents	Medium Priority
KPIs, Measurement and Evaluation			See Finding 2	As per Finding 2
Stakeholder Engagement			See Finding 1	As per Finding 1
Governance, and Oversight			Finding 3 – Oversight and Governance	Medium Priority

Background and scope

The [Edinburgh & South-East Scotland City Region Deal](#) (ESES CRD) is a £1.7 billion investment programme aiming to deliver inclusive economic growth through innovation, skills, culture, housing, and infrastructure over a 15-year period from 2017 to 2032. The Deal brings together six member authorities - the City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders, and West Lothian Councils; the city region's universities and colleges; the private and third sectors; and government partners.

City Region Deal funding supports a range of activities across five Programme themes: Research, Development and Innovation; Skills; Culture; Transport; and Housing. Among other outputs, the Deal is projected to create around 21,000 new jobs across the region. The City Region Deal Document requires each project approved by the Joint Committee to be subject to review and evaluation.

The ESES CRD's key themes are:

- **Research, Development and Innovation** - the City Region Deal commits £350m from the UK and Scottish Governments to develop a Data-Driven Innovation (DDI) Programme, with five sectoral hubs aimed at positioning the region as the Data Capital of Europe
- **Integrated Regional Employability and Skills Programme** - the IRES Programme, backed by a £25m investment, seeks to tackle labour market exclusion by aligning public, private, and third-sector efforts to deliver person-centred employability and skills support
- **Culture** - £45m cultural investment, including £20m in government funding, will support the creation of the IMPACT Centre - a world-class concert venue and home for the Scottish Chamber Orchestra in Edinburgh's city centre
- **Transport** - investment of £140m in strategic transport upgrades, including the £120m Sheriffhall Roundabout improvement, to enhance connectivity and unlock economic growth

- **Housing** - the housing programme will support the delivery of over 41,000 new homes across seven strategic sites, with £313m in total investment aimed at accelerating affordable housing and unlocking major developments.

The [ESES CRD Benefits Realisation Plan](#) was approved in September 2020, and sets out the approach in principle for capturing and reporting on the benefits arising from each of the Deal's programme themes, through a theory of change approach.

The [Benefits Realisation Measurement Framework](#) was approved in March 2023, and provides detail on how benefits data will be measured and reported. A Benefits Realisation Dashboard (utilising PowerBI) has also been developed to provide the most up-to-date data on benefits across all Deal programmes.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the City of Edinburgh Council and ESES CRD partners effectively plan, deliver, measure, and report on benefits realisation under the City Region Deal programme.

Alignment to Risk and Business Plan Outcomes

The review also considered assurance in relation to the following City of Edinburgh Council risk categories:

- Programme & Project Management
- Financial & Budget Management
- Strategic Delivery
- Governance & Decision Making
- Reputational
- Supplier, Contractor & Partnership Management.

Business Plan Outcomes:

- Edinburgh has a stronger, greener, fairer economy and remains a world leading cultural capital.

Limitations of Scope

The following areas were excluded from scope:

- detailed review of individual project delivery
- review of financial management or grant compliance (unless directly linked to benefits measurement or outcomes)

- [Integrated Regional Employability and Skills Programme](#), which was audited during 2022-23.

Reporting Date

Testing was undertaken between 14 October and 2 December 2025.

Audit work concluded on 23 January 2026, and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Actions

Finding 1 – Documented Procedures and Role-Specific Learning

Finding
Rating

Medium
Priority

Procedures

Comprehensive documented procedures help to ensure consistency of work, efficiency, and can be used to aid the training of new colleagues as well as support consistency during times of absence. Although there is effective management of the work, there are no documented procedures in place, as the lead officer felt that they had a strong understanding of their work. Specifically, there are no procedures setting out:

- the roles and responsibilities of project leads
- what information should be provided by project leads to the Benefits Realisation Officer, and how often
- what checks should be performed by the Benefit Realisation Officer, the City Deal Accountant, and the Senior Programme Officer, of the information provided by project leads
- the need to maintain minutes and action notes for meetings between the Benefits Realisation Officer and project leads
- the methodology for investigating and resolving any data variances and issues
- the process for peer or manager review of reports before they are presented to committee
- the lessons learned process
- the stakeholder engagement process.

Project Liaison Meetings

The Benefits Realisation Officer meets with project leads on a flexible, informal basis, with no set schedule, to receive updates and discuss progress across projects. No minutes or action notes are maintained for these meetings.

This means that key information and decisions about projects could be lost, and that actions may not be implemented fully and in a timely manner. In addition, some project meetings only occur annually, for example for Housing theme projects, meaning that any issues with these projects may not be noted and resolved in a timely manner.

Key-Person Dependency

The Benefit Realisation Officer is the sole officer responsible for management of the benefits realisation process. If the officer were to leave the Council, or go on extended leave, then the process would be difficult to effectively manage, especially as there are no formal procedures in place. Management have advised that, while there are other officers experienced in benefits realisation work within the team, they are not currently engaged across the full Deal programme, so would not be able to immediately take over the role in the Benefit Realisation Officer's absence; however, the introduction of the procedures noted above would aid this.

Role-Specific Learning

Role-specific learning helps to ensure that officers have the required skills and knowledge for their work. Although the Orb contains a [role-specific learning matrix](#) for the Benefits Realisation Officer which covers topics such as cybersecurity and whistleblowing, this matrix does not include specific training for benefits realisation work itself.

In addition, there is no regular review of the officer's training completion by management.

Risks

- **Governance & Decision Making** – a lack of clear end-to-end benefits realisation procedures, leading to a lack of understanding of roles and responsibilities, and best practice standards

- **Programme & Project Management** - inconsistent operational guidance and data management could lead to benefits, performance, and risks not being managed or reported consistently, reducing assurance over delivery
- **Financial & Budget Management** – lack of ownership and poor data quality increase the risk of inaccurate financial reporting and an inability to demonstrate value for money.
- **People** – without comprehensive and effective procedures, there is an exacerbated risk of key-person dependency.

Recommendations and Management Actions: Documented Procedures and Role-Specific Learning

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	<p>A comprehensive procedure covering all aspects of City Region Deal benefits realisation activities, with specific consideration of the elements set out in the finding, should be documented.</p> <p>The procedure should be reviewed by an appropriate manager and should include a version control and a review timetable to prompt regular review.</p>	<p>This will be incorporated into a revised Benefits Realisation Plan and Framework, which will be reviewed by the Head of the City Region Deal PMO.</p>	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027
1.2	<p>Minutes and action notes should be taken for the regular meetings between the Benefits Realisation Officer and project leads.</p> <p>The frequency of these meetings should be reviewed to ensure that key information is received in a timely manner.</p>	<p>Minutes and action notes will be taken for regular meetings and detailed in the benefits realisation governance spreadsheet.</p> <p>Frequency of these meetings to be reviewed with the Head of the City Region Deal PMO.</p>	Head of the City Region Deal PMO	Benefits Realisation Officer	01/03/2026
1.3	<p>Arrangements should be put in place so that the benefits realisations management process is able to continue in the absence of the Benefits Realisation Officer. The introduction of procedures at Recommendation 1.1 will aid this process.</p> <p>The arrangements should include ensuring that another officer can complete key tasks.</p>	<p>Specific and detailed desk instructions as well as a procedure notes will be prepared.</p>	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.4	<p>The role-specific learning matrix for the Benefits Realisation Officer should include specific training on the benefits realisation process. In addition, this training should include review of the new procedure (see Recommendation 1.1) and confirmation that it is fully understood.</p> <p>In line with requirements set out on the Orb, managers should check that their direct reports complete their learning in a timely manner.</p>	<p>Role specific learning for the benefits Realisation Officer will be explored and undertaken as appropriate.</p>	<p>Head of the City Region Deal PMO</p>	<p>Benefits Realisation Officer</p>	<p>01/02/2027</p>

Finding 2 – Alignment and Review of Key Frameworks and Documents

Finding
Rating

Medium
Priority

Benefits Realisation Measurement Framework

The City Region Deal [Benefits Realisation Measurement Framework](#) was put in place in March 2023, and sets out the structure, principles and methodology for identifying, measuring and communicating the benefits delivered. Project [business cases](#) should outline what is being proposed, why it is needed, what benefits it will deliver, and whether it is affordable and viable.

Business cases should fully align with the Framework containing all necessary details to support effective delivery. A sample of 4 business cases showed that the information stated in them does not fully align with the information stated in the Framework, for example:

- Transport theme – Inclusivity & Impact on Disadvantage Groups metrics are stated in the Framework but no disaggregated equality data is mentioned in the [West Edinburgh Transport Improvement Programme](#) outline business case (created in June 2024), but management have advised that it will be included in the final business case
- Housing theme – Community Benefit Tracking is stated in the Framework but there is no direct reference of these in [Dunfermline Strategic Transportation Intervention Measures](#) (created in June 2021) and [Granton Waterfront Regeneration](#) (created in December 2021) business cases.

The City Region Deal [website](#) should contain all necessary details from the Framework so that the public have full access to project plans and information. Some non-alignment between the website and the Framework was identified, for example:

- Culture theme – qualitative measures are stated in the Framework but no direct reference of these in the Cultural page on the [website](#)
- Transport theme – quantitative benefit indicators and measures are stated in the Framework but no baselines or targets on the [website](#)

- Housing theme – before and after baselines, and longitudinal tracking are stated in the Framework but not on the [website](#)

There are no regular checks performed to ensure that there is alignment between the Framework and the business cases and the website.

Key documents, such as the Framework, should be reviewed on a regular basis and, if necessary, updated to ensure that they reflect current practices and activities. There is regular reporting of Framework activities to the Joint Committee amongst others, with comments received leading to changes in activities. However, although Framework activities have changed since the Framework was introduced in March 2023, the Framework document itself has not been updated to reflect this.

Some project KPIs have been exceeded: for example, for the Integrated Regional Employability and Skills theme (as at October 2025), the job outcomes target was 5,300 but has achieved 11,392 (+115%), and the skills improvement target was 14,700 but has achieved 131,580 (+795%). Given the overachievement of KPIs, a review should be undertaken to ensure KPIs remain appropriately linked to expected performance levels and objectives. Management have advised that the significant overachievement of the skills improvement target largely arose due to the pandemic, and the ability to reach a greater audience by moving to online delivery.

City Region Deal Benefits Realisation Plan

[The Edinburgh and South-East Scotland City Region Deal](#) was developed in 2018 and sets out mechanisms for accelerating economic and inclusive growth in the City Region.

The [City Region Deal Benefits Realisation Plan](#) was published in September 2020, and articulated a plan for each of the project themes in terms of benefit realisation.

As with the Framework, there is regular reporting of the Plan activities to the Joint Committee amongst others, with comments received leading to changes to activities. However, although Plan activities have changed since the Plan was introduced in March 2020, the Plan document itself has not been updated to reflect this. In addition, there is no update schedule in place. Regular updates to the Plan are important to ensure that it reflects an up-to-date overarching approach to reviewing and evaluating benefits.

Risks

- **Governance & Decision Making** – outdated frameworks are used to support decisions, leading to reduced oversight and accountability
- **Financial & Budget Management** - investment decisions rely on outdated benefits information, reducing assurance over value for money
- **Strategic Delivery** – if the Framework and the Plan do not reflect current work and priorities there is an increased risk that outcomes do not reflect strategic requirements.

Recommendations and Management Actions: Alignment and Review of Key Frameworks and Documents

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Work should be performed to ensure that the Benefits Realisation Measurement Framework and the business plans align. There should be regular reviews to ensure that they continue to align.	This will be incorporated into a revised Benefits Realisation Plan and Framework which will be regularly reviewed.	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027
2.2	Work should be performed to ensure that the Benefits Realisation Measurement Framework and the information on the City Region Deal website align. There should be regular reviews to ensure that they continue to align.	Both the website and Benefits Realisation Measurement Framework will be reviewed to ensure alignment.	Head of the City Region Deal PMO	Benefits Realisation Officer ESESCR Programme Management Office	01/02/2027
2.3	A timetable should be developed for the Benefits Realisation Measurement Framework to ensure the document is updated with a defined frequency.	This will be incorporated into a revised Benefits Realisation Plan and Framework.	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027
2.4	Reviews of the Benefits Realisation Measurement Framework should include the regular review of KPIs. The reviews of the KPIs should include ensuring that baselines and assumptions are accurate, and updating	This will be considered within the development of a revised Benefits Realisation Plan and Framework.	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	of KPIs as required to ensure that they continue to be both challenging and achievable.				
2.5	<p>The City Region Deal Benefits Realisation Plan should be updated as required, and a frequency set for reviews. Updates should ensure that they reflect an up-to-date overarching approach to reviewing and evaluating benefits.</p> <p>A review should be undertaken to ensure KPIs remain appropriately linked to expected performance levels and objectives.</p>	This will be considered within the development of a revised Benefits Realisation Plan and Framework.	Head of the City Region Deal PMO	Benefits Realisation Officer	01/02/2027

Finding 3 – Oversight and Governance

Finding Rating	Medium Priority
----------------	-----------------

The Benefit Realisation Officer maintains a Power BI dashboard for benefits realisation metrics. The dashboard provides data on a variety of benefit measures including employment, economic development, and environmental, and is provided on a six-monthly basis to the Joint Committee.

The Power BI dashboard is not currently publicly accessible. During the last six-monthly update to the Joint Committee in [March 2025](#), a hyperlink to the dashboard was included in the papers but it did not work. Management have advised that work is underway to make the dashboard publicly accessible.

In addition, there is no narrative provided along with the dashboard to support committee members to fully understand the context and importance

of the data and to enable advance review to prepare questions and informed scrutiny and decision making.

Risks

- **Governance & Decision Making** – without contextual narrative, stakeholders may not have sufficient information to make informed decisions, and a lack of transparent data for decision making
- **Service Delivery** - limited access and unclear data interpretation may prevent timely identification of performance issues or benefits realisation gaps, reducing the effectiveness of projects.

Recommendations and Management Actions: Oversight and Governance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	A shareable version of the Power BI dashboard should be made publicly available, as part of the papers for the Joint Committee meetings. Officers should ensure the link provides access to data, and enables an accurate record of the performance for the period reported to be maintained.	This will be shared through the City Region Deal website.	Head of the City Region Deal PMO	Benefits Realisation Officer	01/04/2026
3.2	The covering report provided to the Joint Committee alongside the dashboard should include relevant narrative to aid understanding of the information provided to increase transparency, usability, and stakeholder confidence. This should include a summary of performance to date / in the period, and any areas of underperformance together with remedial actions.	This approach will be taken forward in Joint Committee meeting from the September Joint Committee.	Head of the City Region Deal PMO	Benefits Realisation Officer ESESCR Programme Management Office	04/09/2026

Finding 4 – Risk Management Training

Finding Rating	Low Priority
----------------	--------------

Effective risk management helps to ensure a clear focus on risks that could affect the achievement of objectives, alongside effective monitoring and mitigation efforts. The City Region Deal Programme has a risk register that is reported to the Joint Committee and overseen by the City of Edinburgh Council Chief Executive’s Office Risk Committee.

The Benefits Realisation Officer has stated that they would benefit from risk management training in order to more effectively discuss risks with project leads.





Risks

- **Programme & Project Management** - the absence of structured risk management training and guidance creates a risk that staff lack the capability to identify, assess, or escalate risks effectively, increasing the likelihood of errors or missed mitigation opportunities.

Recommendations and Management Actions: Risk Management Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	<p>Training should be arranged for the Benefits Realisation Officer which covers all key elements of risk management, allowing for more effective risk discussions with project leads.</p> <p>Risk management training including risk appetite should form part of role specific learning for current and future PMO officers.</p>	<p>PMO officers, including the Benefits Realisation Officer, will undertake the risk management training as necessary.</p>	<p>Head of the City Region Deal PMO</p>	<p>PMO officers</p>	<p>01/01/2027</p>

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 Areas	Control Objectives
Risk Management	<ul style="list-style-type: none"> risks related to benefits realisation are identified, recorded and managed within a risk register, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to the overall City Region Deal risk register where required.
Benefits Realisation and Measurement Framework	<ul style="list-style-type: none"> the framework is aligned to programme key themes and clearly sets out the approach to measuring benefits including the use of quantitative and qualitative data roles, responsibilities, and accountability for benefits realisation are clearly defined training and development on benefit realisation is in place, and it is relevant, clearly understood, completed on time, and monitored.
KPIs, Measurement and Evaluation	<ul style="list-style-type: none"> KPIs and baselines have been established using SMART principles appropriate tools (e.g. a Benefits Realisation logic model, dashboard, and activity trackers) are used to track progress data used for benefits tracking is reliable, validated, and appropriately sourced, and documentation is provided to support reported achievements benefits are tracked throughout project delivery and at key project stage gates, as well as at project closure.
Stakeholder Engagement	<ul style="list-style-type: none"> relevant stakeholders have been engaged in benefit design and evaluation and there is transparency, clarity, and buy-in on the benefit realisation model.
Governance, and Oversight	<ul style="list-style-type: none"> benefits delivery is regularly reported to governance forums and relevant external partners/bodies, ensuring transparency and accountability robust monitoring mechanisms and governance structures are in place to proactively track, manage, and support benefit realisation throughout the project lifecycle post-project reviews / lessons learned include an evaluation of benefits realisation to inform continuous improvement.