

Annual Assurance and Risks Report

A review of 2024/25 local government audits in
Scotland



ACCOUNTS COMMISSION 

 AUDIT SCOTLAND

Prepared by Audit Scotland
March 2026

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of: Emma Brown, Jack Nixon, Liam Prior, and Kathrine Sibbald, under the direction of Blyth Deans.

Introduction

1. The Annual Assurance and Risks Report is an annual report by the Controller of Audit to the Accounts Commission, made public for the first time since 2021. It brings together a wealth of evidence from annual audit reporting.

2. This report highlights recurring themes across our 2024/25 audits, helping support individual bodies and the wider sector plan and deliver improvements. Alongside wider audit intelligence, it also helps inform the Accounts Commission's selection of a Best Value theme for 2026/27. Previous themes covered how councils are [responding to workforce challenges](#), [why leadership matters](#) and a report on how councils are redesigning and delivering more efficient services will be published in spring/summer 2026.

Context

3. The Accounts Commission continues to highlight the significant financial challenges across local government in Scotland. The cost of delivering services continues to rise, the cost of servicing debt is increasing, reserve levels are falling and there's continued reliance on non-recurring measures to close significant and growing budget gaps.

4. The [Local government in Scotland: Financial bulletin 2024/25](#) provides a detailed analysis of councils' financial performance in 2024/25. The accompanying [budget supplement](#) highlights these challenges will continue despite a real terms funding increase in the 2026/27 budget with a projected fall in funding from the Scottish Government in 2028/29. We will report on this further in June 2026.

5. The annual audit of local government bodies provides independent assurance on how well public money is being spent, ensuring it is properly accounted for, used for the intended purposes, and delivers positive outcomes for communities. While the value of an unmodified (or 'clean') audit opinion can't be underestimated, our annual audit reports also contain a wealth of information and recommendations to support public bodies to continue to improve.

What we found

6. In their annual audit reports, auditors highlighted that unaudited accounts are prepared to a good standard. Some councils, however, are struggling to meet statutory deadlines, with some challenges in meeting agreed audit timeframes. These delays have an impact on accountability

and reporting of risks. This is an area we will continue to monitor, ensuring auditors and audited bodies continue to work collaboratively to secure timely, high-quality audit delivery.

7. Auditors continued to raise significant concerns about the financial sustainability of councils and Integration Joint Boards (IJBs), reporting that councils and IJBs are overspending because of wider financial pressures. While in some cases auditors reported room for improvement in financial management, the overall sense is that poor financial management is not the cause of the financial sustainability challenge. There is an urgent need for a radical shift in how services are delivered.

8. This shift will need to be underpinned by stable leadership, robust workforce management and digital tools that support effective delivery.

The Accounts Commission has reported for some years that there is ongoing instability and change in senior leadership across IJBs. This has the potential to disrupt the longer-term strategic planning vital for change.

9. Where councils are undertaking workforce restructuring, auditors recommended business cases, transparency and elected member scrutiny could have been clearer.

10. Auditors also reported that IT assurance remains a recurring risk across councils, with many relying heavily on externally-hosted systems, but without formal assurance from third party providers. Councils must review and strengthen these arrangements.

11. As planning for the 2025/26 annual audit gets under way, the overall operating context remains challenging. Auditors will continue to keep the issues highlighted in this report under review as part of their upcoming audit work.

Structure of the Annual Assurance and Risks Report

12. The report covers the following:

- **Part 1** provides an overview of audit delivery and highlights the key risks raised in 2024/25 annual audit reports for councils and IJBs. It pulls out key messages from financial audit work to support wider reflection and learning. A comprehensive analysis of the nature and impact of auditors' recommendations will be available in our annual impact report, later in 2026.
- **Part 2** sets out the processes in place to identify emerging risks and address these through timely and high-quality audit work.
- More information on relevant recent publications can be found in the appendices to this report.



The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.

To find out more about the role of the Controller of Audit and the Accounts Commission go to our website: [Our people – Audit Scotland](#) and [Accounts Commission – Audit Scotland](#).

Part 1. 2024/25 council and IJB audits

Local and national audits have identified several risk areas which auditors will keep under review

13. The results of the range of audit work undertaken in 2024/25 highlight significant strategic areas of concern. The Commission, auditors and the local government sector may find this useful when reflecting on upcoming audit work, priorities and risks.

More annual audit reports were issued by the target date in 2025 following collaboration between councils and IJBs and their auditors, but some audits continue to be delayed

14. The Commission set a target completion date of 30 September 2025 for annual audit reports in the local government sector. Out of 32 councils and 30 IJBs:

- Fifteen councils and 17 IJBs met this deadline (compared to ten councils and 14 IJBs in 2024).
- Five councils and seven IJBs did not meet this deadline, but annual audit reports were submitted by January 2026 in time for consideration in this report.
- Annual audit reports for 12 councils and six IJBs were outstanding at the time of drafting this report in January 2026.

15. Under the Local Authority Accounts (Scotland) Regulations 2014, councils must publish a notice on their website by 17 June setting out their intention to display their unaudited accounts for public inspection and when and where they will be available. Twenty-eight councils met this deadline in 2025.

16. Four councils (Aberdeenshire, Clackmannanshire, East Dunbartonshire and Stirling) failed to meet the deadline to make available their unaudited accounts for public inspection by 1 July.

17. Financial reporting cycles were extended due to Covid-19, and auditors and audited bodies are now making efforts to return to pre-Covid reporting timelines. Auditors and the Controller of Audit have reported on the timeliness of audit delivery, while encouraging audited bodies and auditors to work collaboratively to secure timely, high-quality audit delivery.

18. Delays in reporting and audit sign-off may impact accountability and reporting of risks. Audit Scotland continues to take steps to promote timely delivery from auditors, while emphasising that audit quality must not be compromised. The Controller of Audit can publish **Section 102** reports where councils have had continuing challenges in enabling timely audit delivery.

Councils and IJBs generally have sufficient skills and capacity within their finance teams and provide unaudited accounts to a good standard

19. Overall, council finance teams are led by suitably qualified and experienced staff, with several auditors noting sufficient skills, capacity and capability within the core finance team and good support for the audit.

20. Likewise, IJB auditors did not generally highlight issues around finance team capacity or capability (outwith concerns raised around turnover of senior financial officers which are detailed in [paragraphs 55–58](#)). While the auditors of both Aberdeenshire and Moray IJBs did note risks around finance team capacity, auditors reported staff were suitably capable and qualified.

21. Of the 44 council and IJB annual audit reports reviewed, 42 noted receipt of the unaudited accounts being on time, though seven noted some missing information or supporting papers. The remaining two annual audit reports did not comment on the timeliness of the accounts.

22. Where auditors commented on the quality of unaudited accounts, it was usually to note that they were of a reasonable standard. Auditors also generally concluded that councils have appropriate financial scrutiny arrangements.

23. The majority of councils we reviewed required material audit adjustments. These were for a variety of issues with the most common being valuation of Property, Plant and Equipment. Auditors also reported adjustments relating to IFRS 16 ([paragraphs 33–35](#)) and pensions treatment at multiple councils. These are complex areas of the accounts where material adjustments are more likely.

24. The majority of IJBs did not require material audit adjustments.

Annual audit plans and reports highlight the key risks facing councils

25. Our review of annual audit plans and annual audit reports identified a range of risks across councils, which we have summarised below. As outlined in [paragraph 14](#), audit delays for some councils mean that this report draws upon the findings from 29 annual audit plans and 20 annual audit reports (out of 32 councils in total).



Section 102 of the [Local Government \(Scotland\) Act 1973](#) sets out arrangements for the Controller of Audit's reporting to the Accounts Commission. This includes reporting on matters arising from the accounts, or from the audit of those accounts.

Financial sustainability

26. All councils reviewed have medium-term financial plans, consistently forecasting significant budget gaps. This is within a context of inflationary pressures and high demand in certain service areas. Councils continued to take a range of measures to address budget gaps in 2024/25, with savings and use of reserves being the most significant across the sector.

27. Though auditors recognised the significant recurring savings delivered by councils, several flagged the use of unsustainable 'one-off' measures, such as reserves and non-recurring savings, to balance the budget (see Local government in Scotland: Financial bulletin 2024/25 for more detail on this). Some auditors also flagged risks around the deliverability of further savings.

28. The Local government in Scotland: Financial bulletin 2024/25 reflected auditors' findings on reserves use, highlighting a decrease in usable reserves in 2024/25, a high proportion of reserves being committed for specific purposes, and a number of councils being in breach of their own reserves policies. It also noted a £1.2 billion increase in long-term external borrowing since the prior year, primarily to fund investment in assets. The report warned that councils face substantial challenges to maintain financial sustainability over the medium term.

Financial management

29. Almost all auditors found that councils had effective (or largely effective) arrangements in place for financial management, noting established budget setting and monitoring processes with clear, regular reporting to elected members.

30. Despite this, more than a third of councils overspent against their general fund revenue budget in 2024/25. The Local government in Scotland: Financial bulletin 2024/25 highlighted inflation and increasing demand as factors driving overspends in a range of areas, including adult social care and education.

31. Capital expenditure was an exception, with a trend of underspends against budget. Auditors highlighted capacity and supply chain issues as contributing factors. Auditors will report on these issues through their 2025/26 local Best Value thematic work on asset management.

32. As noted in [paragraph 27](#), councils delivered significant savings as part of measures aimed to close budget gaps, but reporting on savings at council level is mixed. The Local government in Scotland: Financial bulletin 2024/25 highlighted the need for improved clarity and comprehensiveness around savings performance in management commentaries.

IFRS 16 implementation

33. The International Financial Reporting Standard 16: Leases (IFRS 16), issued in January 2016, came into effect for local government bodies from

2024/25. It is a complex accounting standard with significant accounting impacts. Many councils used external advisors to support implementation.

34. Overall, the conclusion from 2024/25 audit work reported to date is that councils appropriately reflected the impact of IFRS 16 in their final accounts. However, there was scope for a smoother implementation process given the years available for councils to prepare.

35. Five councils had missing information (either financial or disclosures) in relation to this in their draft accounts presented for audit. Delays in receiving information from external advisors were often noted. In addition, auditors identified widespread errors, though in all cases these were either corrected or not material to the accounts.

Equal pay claims

36. Equal pay claims are creating ongoing financial uncertainty for some councils, with several recognising provisions or contingent liabilities. No widespread new settlements or major cash impacts were reported in 2024/25. Where issues were identified, audit attention focused on correct accounting treatment and disclosure.

37. Overall, equal pay claims do not represent a significant new financial risk for most councils but continue to require ongoing monitoring and transparent reporting.

Contract management

38. Across most councils, auditors reported no significant risks in relation to contract management, though there were isolated project-specific issues in a small number of councils. Highlighted risks focused on contract delivery issues with large capital projects, resulting in increased costs and the requirement to strengthen procurement governance.

Elected member behaviour

39. Auditors reported concerns about elected member behaviour at a small number of councils. Issues included a lack of cross-party collaboration, tensions with officers, and, on occasion, unprofessional behaviour.

40. Elsewhere, auditors pointed to robust elected member scrutiny and constructive relationships between political parties and between members and officers, as well as highlighting the importance of collaborative decision-making.

Workforce restructuring

41. Some councils have implemented reductions in senior management structures or broader organisational restructures in light of ongoing financial pressures. This has included the use of voluntary severance and early retirement schemes to reduce staffing costs and reshape capacity.

42. Governance and oversight of restructuring and exit decisions remains critical to ensure required savings are delivered. Auditors emphasise the need for clear business cases, transparency, and elected member scrutiny.

43. Exit packages represent a significant cost for some councils. This is primarily driven by voluntary severance and early retirement schemes. For example, North Ayrshire and Dundee City Councils have used or plan to use voluntary severance and early retirement schemes in 2024/25 and 2025/26, generating recurring savings of £2.5 and £1.2 million respectively.

44. Auditors highlighted scope for greater scrutiny and transparency around the exit of senior officers in the 2024/25 audits of North Lanarkshire and Perth and Kinross councils respectively and in a Section 102 report on Glasgow City Council (published in August 2025 following the 2023/24 annual audit). Perth and Kinross Council noted that its normal process would involve elected member approval (where possible), while North Lanarkshire and Glasgow City Councils committed to actions to strengthen arrangements.

System updates

45. Many councils are undergoing major system replacements or implementations in areas such as HR, payroll and finance, with a move to externally-hosted or cloud-based systems. These are often complex projects with an important role in business continuity, resilience, and transformation.

46. Auditors at Highland and South Lanarkshire Councils reported successful implementation of new systems with appropriate governance and assurance arrangements in place. Elsewhere, auditors reported delays, partial system go-lives, or gaps in post-implementation review and assurance. Such issues can have operational impacts and reduce officers' capacity for other priorities.

Assurance over third-party systems

47. Auditors reported that IT assurance remains a recurring risk across councils, with many relying heavily on externally-hosted finance, HR, payroll and procurement systems but not receiving formal assurance reports from third-party providers. This may increase the risk of data compromise or loss and insufficient resilience. This has led some auditors to raise recommendations that councils review and strengthen current assurance arrangements.

48. Auditors consider cybersecurity arrangements more broadly as part of annual audit work. A recent [Section 102 report](#) on a significant cyber-attack on Comhairle nan Eilean Siar shared learning for the sector.

IJBs face significant challenges around financial sustainability

49. Our review of annual audit plans and annual audit reports identified a range of risks across IJBs, with financial sustainability consistently raised as an area of significant challenge. As outlined in [paragraph 14](#), audit delays for some IJBs mean this report draws on findings from 28 annual audit plans and 24 annual audit reports (out of 30 IJBs in total).

Financial sustainability

50. Auditors consistently flagged acute risks to financial sustainability, highlighting budget gaps, depleted reserves, and overspends. IJBs often bridged budget gaps through one-off measures such as use of reserves or unplanned partner contributions.

51. This has caused an overall reduction in reserves across the sector: two IJBs (Aberdeenshire and Aberdeen City) have utilised all their reserves and a further 12 have utilised all contingency reserves. Meanwhile, unplanned partner contributions have knock-on effects on the financial sustainability of councils and NHS boards.

52. The recent [IJB financial bulletin 2024/25](#) sets out more detail on the financial challenges faced by IJBs.

Financial management

53. Though specific areas for improvement were identified at some IJBs, auditors broadly found financial management arrangements to be effective. Overspends were widespread across the sector, but auditors tended to attribute the level of spend to wider issues rather than to ineffective financial management. The IJB financial bulletin 2024/25 highlighted that IJBs must work closely with partners to ensure budgets and savings plans are realistic.

54. Overall, IJBs delivered 78 per cent of planned savings in 2024/25. However, auditors noted risks around the deliverability of recurring measures at the scale required to meet budget gaps moving forwards. The IJB financial bulletin 2024/25 highlighted that IJBs need to be more transparent on what proportion of savings are recurring.

Senior leadership turnover

55. Auditors reported high turnover across IJB senior leadership, with over half of IJBs experiencing a change at chief financial officer or chief officer level in 2024/25. This frequently led to interim appointments while a permanent replacement was sought.

56. Clackmannanshire and Stirling IJB was without a chief financial officer for two months in late 2025, during which time it did not meet its statutory duty for ensuring proper financial administration. Further detail will be provided in a forthcoming Section 102 report, due for publication in March 2026.

57. The auditors of Scottish Borders IJB also highlighted that the chief officer resigned in April 2025 and a successor had still to be appointed as of September 2025, noting an urgent need to fill the role. Similarly, the Cùram Is Slàinte nan Eilean Siar (Western Isles IJB) Chief Officer resigned in July 2025 and left his post in early October 2025. Applications for an Interim Chief Officer were invited in late September, with an appointment made in early November. In their 2023/24 annual audit report, auditors reported that there was a lack of clarity over who was fulfilling key responsibilities over the interim period.

58. Auditors emphasised the risk that instability in leadership teams can disrupt strategic planning to address the challenges faced by IJBs.

Workforce restructuring

59. Auditors noted that IJBs face challenges around workforce capacity. In some cases, they noted an appetite to shift away from the use of agency workers, but in some locations, local workforce demographics make this very challenging. Meanwhile, some IJBs are using vacancy management and/or wider restructures to reduce staffing costs in response to financial challenges.

60. The IJB financial bulletin 2024/25 noted ongoing recruitment challenges and staff vacancies across the sector as factors likely contributing to the general decline in performance and satisfaction across the health and social care sector.

System updates and IT assurance arrangements

61. IJBs rely on partner body systems at councils and NHS boards, with no standalone HR, payroll or finance systems in operation. Most auditors were satisfied with IJBs' IT assurance arrangements.

62. Some auditors raised concerns around reliance on legacy care systems that are now considered not fit for purpose, increasing the risk of IT application failure, data quality issues and cyber-attacks. Projects to replace legacy systems are under way but have long timescales and are often affected by delays.

Best Value reporting highlighted a range of national and local issues

63. The [Delivering for the future: Responding to the workforce challenge](#) Best Value national thematic report (published in August 2025) drew together findings from 2023/24 local Best Value reporting on workforce. It highlighted that councils urgently need to make progress with workforce plans if they are to protect services and ensure financial sustainability.

64. Under the integrated approach to Best Value set out in [paragraph 85](#), 2024/25 council audits included thematic reports on transformation.

Twenty such reports have been published at the time of drafting this report in January 2026. The upcoming Best Value national thematic report on transformation (publishing in May 2026) will draw together local findings.

65. Since February 2025 the Controller of Audit has published seven Section 102 Best Value reports, as detailed in [Appendix 2](#). These highlighted the financial sustainability risks facing councils, with IJBs often a contributing factor. The Commission emphasised the importance of progressing transformation plans in light of budget gaps, and the need for open and meaningful engagement with communities when taking the difficult decisions required to balance budgets.

Conclusion

66. The local government sector continues to face significant pressures from rising demands, which are driving continued financial challenges across councils and IJBs. As levels of IJB reserves fall, IJBs will become increasingly reliant on partner contributions, which will impact council finances.

67. Most auditors reported sound financial management overall, which will be important as bodies respond to the challenges ahead. Councils and IJBs have delivered substantial savings, but a step change is required to achieve longer-term financial sustainability.

68. For IJBs, high levels of senior leadership turnover continue to present a risk to achieving the scale of change required. Meanwhile, some councils and IJBs have restructured senior management or the wider workforce in order to make savings.

69. The sustained and recurring pressures facing councils and IJBs must be addressed to secure financial sustainability in the medium term. Decisive action and difficult decisions about services will be required. Auditors will continue to keep this, and the issues highlighted in this report, under review as part of their upcoming 2025/26 annual audits.

Part 2. Assurance arrangements

Existing processes and engagement activities identify risks and provide assurance to the Commission

70. This section covers the arrangements in place to assure the Commission that the audit work undertaken on its behalf is informed by the emerging risks across the sector. It also sets out the arrangements for monitoring and reporting on audit delivery and quality.

The Code of Audit Practice includes significant wider-scope elements.

71. The [Code of Audit Practice](#) (June 2021) ('the Code') defines the independent audit of public bodies in Scotland. All auditors appointed by the Auditor General and the Accounts Commission are required to comply with the Code. It sets out the responsibilities of appointed auditors, alongside the independent role of the Controller of Audit to report to the Commission.

72. Reflecting the fact that public money is involved, public audit is undertaken from a wider perspective. This includes consideration of: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes. In local government, public audit also assesses arrangements for, and performance of, the audited body's duties for Best Value and community planning.

73. Under the approach adopted for the current five-year audit appointments, auditors integrate their assessment of these areas with the annual audit, taking a risk-based approach.

Robust arrangements are in place to support audit delivery and quality

74. The [Audit Quality Framework](#) sets out the overall approach to measuring high-quality public audit by all appointed auditors. It gives the Commission robust, objective and independent assurance over the quality of audit work carried out on its behalf. The current framework has been in place since November 2024 and there are plans to review and revise the framework ahead of the next five-year audit appointment from 2027/28.

75. To support audit quality, Audit Scotland issues annual guidance to all appointed auditors, incorporating wider scope requirements. In addition, a programme of audit quality reviews (both internal and external) is in place, with auditors supported to learn from findings. Monitoring arrangements allow oversight of compliance with ethical standards, quality standards, achievement of target dates, and stakeholder survey responses.

76. Each year, Audit Scotland publishes an annual report on the quality of public audit in Scotland. The report due to be published in June 2026 will set out progress against the Audit Quality Indicators set within the Audit Quality Framework for the 2024/25 audit year.

77. Audit Scotland also monitors whether audits are being delivered to target completion dates and planned timetables. This monitoring forms the basis of regular updates to the Commission by the Controller of Audit.

78. In February 2026, the Commission published a [Response Framework](#), which includes an escalation process for use where audit delivery concerns are highlighted by the auditor or the audited body. It emphasises the need for a partnership approach to be taken, with a clear focus on addressing delays as early as possible.

Statutory Performance Information (SPI) Directions and the Local Government Benchmarking Framework (LGBF) allow auditors to assess how councils are performing

79. The Commission directs councils to publish specific information on their performance through SPI Directions.

80. As part of annual audit work, auditors evaluate the effectiveness and appropriateness of performance management arrangements at each council, and conclude on compliance with the SPI Direction. All annual audit reports available at the time of drafting this report concluded that councils were compliant.

81. A revised SPI Direction will apply from the financial year 2025/26 onwards. This sets clear expectations that councils will use the [Local Government Benchmarking Framework \(LGBF\)](#) to report performance against their priorities over time and to draw comparisons with similar councils.

82. The LGBF itself is designed to support councils to scrutinise their services through measurable and comparable data. This is intended to support service improvement and effective targeting of resources. LGBF data is regularly considered by the Commission and through audit intelligence to inform reporting.

Audit work is informed by ongoing stakeholder engagement

83. Throughout the year, the Controller of Audit and auditors engage regularly with representatives from the local government sector. This informs audit work, while also providing a valuable opportunity to share key insights and consult on current issues.

84. A six-monthly intelligence report to the Commission highlights issues raised in correspondence to Audit Scotland or reported by other public sector oversight bodies.

Annual audit reporting ensures that the Commission is well informed about the challenges faced by individual councils

85. Reporting to the Commission on Best Value is fully integrated into annual financial audit work. Auditors present a Best Value report on a prescribed theme to each council annually, as well as reporting on aspects of Best Value within annual audit reports.

86. At a sector level, findings from local Best Value thematic reports are drawn together into an annual national report. At an individual council level, findings on Best Value over the course of the audit appointment are brought together in Section 102 Best Value reports.

87. The Controller of Audit also prepares Section 102 reports on matters arising from the audit of local government accounts. These report on specific concerns identified by auditors at individual councils or IJBs.

88. This suite of work provides an ongoing assessment of individual councils' achievement in embedding Best Value and continuous improvement, as well as more detailed assessment of the risks being faced by councils, both individually and as a sector. For further details on recent publications, see [Appendix 1 and 2](#).

Local government overview reporting plays an important role in highlighting areas of interest and concern

89. Local government overview reporting comprises two core annual outputs:

- Local government financial bulletin – covering the financial performance and position of Scotland's councils.
- Local government budgets – covering budgetary issues at a national and local level.

90. In 2024/25, the Commission's overview reporting also included a performance spotlight. This looked at the delivery and performance of councils' culture and leisure services.

91. In addition, a separate financial bulletin sets out the financial performance of IJBs.

92. To inform overview reporting, auditors consult an independent advisory panel drawn from across the sector. In addition, for each national audit output, two Accounts Commission members bring additional perspectives and insights as well as constructive challenge, based on their experience and expertise.

93. Sector overview reports distil findings from annual audit work, Best Value reporting and sectoral engagement to allow the Commission to make recommendations and set expectations for the sector. They allow the Commission to ensure that the challenges councils face are well understood.

94. These reports are supplemented by a range of performance audits and briefings on specific topics. A summary of key findings from overview reporting and wider performance audit work is included in [Appendix 1](#).

Appendix 1

The Accounts Commission published the following local government sector overview reports during 2025/26:

- [Local government budgets 2025/26](#) (May 2025) – Councils continue to face financial pressures in excess of funding uplifts, despite making a broad range of recurring savings. The report highlighted the need for greater transparency and accessibility of budget information to facilitate community engagement in decisions to address financial challenges.
- [Local government performance: Spotlight on culture and leisure services](#) (October 2025) – Funding for culture and leisure services fell by three per cent in real terms between 2018/19 and 2023/24, with an increasing reliance on charging service users. The report highlighted that, in order to support informed budgetary decisions, councils need to strengthen their understanding of how these services contribute to improved outcomes.
- [Local government in Scotland: Financial bulletin 2024/25](#) (January 2026) – The report warned that there are signs that councils will become financially unsustainable over the medium term if sustained and recurring cost pressures are not addressed.
- [Integration Joint Board Financial Bulletin 2024/25](#) (February 2026) – IJBs are facing increasing cost pressures and with total reserves now lower than the forecast budget gap, difficult decisions need to be made about how services are delivered, who is eligible for services, and where to reduce or discontinue services.

The Accounts Commission published the following national performance audits in partnership with the Auditor General in 2025/26:

- [Flooding in communities: Moving towards flood resilience](#) (August 2025) – While there are positive examples of public bodies and councils collaborating effectively to tackle flooding, gaps remain in leadership, data, resources, skills and capacity. Auditors highlighted the need for clarity over roles and responsibilities, timelines, and delivery and funding mechanisms, as well as the importance of having enough people with the right skills and experience to support councils to tackle flooding.
- [Improving care experience: Delivering The Promise](#) (October 2025) – The Promise is a commitment to improve Scotland's 'care system'. Plans have been slow to come together after insufficient early delivery planning by the Scottish Government and COSLA.

- **Community health and social care: Performance 2025** (January 2026) – There is a lack of comprehensive and consistent national performance information about community health and social care demand, workload, quality of care and outcomes. This makes it difficult to fully assess performance and progress, but from the available data there is a long-term picture of declining performance and satisfaction.
- **Delayed discharges: A symptom of the challenges facing health and social care** (January 2026) – Delayed discharges (when someone remains in hospital despite being medically ready to leave) are well above pre-pandemic levels. This is symptomatic of wider issues in health and social care. Better analysis and transparency are needed around the costs and impacts of this issue, and the outcomes of initiatives to address it.

Appendix 2

Plans are in place to ensure Section 102 Best Value reports for all 32 councils are presented to the Commission by the end of the current five-year audit appointment. The Controller of Audit has published the following such reports since February 2025:

- **Controller of Audit report: Fife Council** (February 2025) – The report concludes that the council must set out how it will respond to worsening inequalities, significant in-year financial challenges (including a large IJB overspend), Housing Revenue Account pressures and its significant use of reserves. The Commission welcomed improved performance reporting, cross-party collaboration on difficult decisions, and the council’s innovative approach to workforce challenges.
- **Controller of Audit report: Argyll and Bute Council** (April 2025) – The report recognised a long-standing culture of innovation as the council looks to close its budget gap. The council has delivered significant recurring savings, but the report emphasised that a more strategic approach to transformation is now required.
- **Controller of Audit report: The Highland Council** (April 2025) – The Commission welcomed the progress made since the council’s last Best Value Assurance Report in 2020, commending the council’s culture of transformation. The Commission also noted that savings challenges and financial risks still lie ahead.
- **Controller of Audit report: Renfrewshire Council** (June 2025) – The report recognised improvement following the recent Section 102 report on Dargavel school accommodation. The report details how past prudent financial management has helped smooth financial challenges and how the next phase of transformation will be critical in tackling the council’s growing budget gap. Additionally, the Commission welcomed the council’s commitment to leadership and creating a positive working culture across services.
- **Controller of Audit report: East Lothian Council** (July 2025) – The report sets out that performance has been maintained or improved in many areas, despite an increase in demand and financial challenges. However, the Commission highlighted that the use of reserves to balance budgets is unsustainable. It emphasised the need for an increased focus on transformation and continuing to develop opportunities to collaborate and share services as being crucial to future service delivery.

- **Controller of Audit report: North Ayrshire Council** (October 2025) – The report commended the council for working effectively with the other Ayrshire councils and local partners, exploring sharing services and doing things differently as it looks to tackle the significant financial challenges and future service pressures that lie ahead with sustainable solutions.
- **Controller of Audit report: North Lanarkshire Council** (January 2026) – The report commended the council’s ambitious vision, place-based approach and strong partnership working, alongside its high-performing housing and homelessness services. It also highlighted declining satisfaction levels and a large budget gap, noting that while the council is well placed to respond through transformation and effective financial management, it must set out how services will be delivered in the longer term.

95. The Controller of Audit also published the following reports under Section 102 over the last year based on the findings of 2023/24 annual audit work:

- **The 2023/24 audit of Glasgow City Council: Senior officer exit packages** (September 2025) – Auditors found that the processes, decisions and actions around significant early retirement and redundancy payments for five senior officers fell short of the behaviour and standards expected of public servants.
- **Cyber-attack affecting operations and services: The 2023/24 audit of Comhairle nan Eilean Siar** (November 2025) – The report highlighted that all Scottish councils must learn from the immediate and ongoing impacts of a significant cyber-attack on Comhairle nan Eilean Siar.

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audits in Scotland



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ISBN 978 1 918486 03 2